As filed with the Securities and Exchange Commission on September 20, 2021

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 20-F

☒ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Fiscal Year Ended

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

Commission file number:

VERANO HOLDINGS CORP.
(Exact Name of the Registrant as Specified in its Charter)

British Columbia, Canada
(Jurisdiction of Incorporation or Organization)

415 North Dearborn Street, 4th Floor, Chicago, Illinois 60654
(Address of Principal Executive Offices)

George Archos
Chief Executive Officer
415 North Dearborn Street, 4th Floor
Chicago, Illinois 60654
(312) 265-0730
(Name, Telephone, E-mail or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Class A subordinate voting shares
Title of Class

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: Not applicable

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES ☐ NO ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

YES ☐ NO ☐

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☐ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

YES ☐ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company.

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-accelerated Filer ☒ Emerging Growth Company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐
International Financial Reporting Standards as issued by the International Accounting Standards Board ☒
Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☐

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GENERAL MATTERS

Unless otherwise stated or the context requires otherwise, references in this registration statement on Form 20-F (this "**Registration Statement**") to the "Company," "Verano," "we," "us," and "our" refer to Verano Holdings Corp., a British Columbia corporation. The Company has prepared this Registration Statement to register Class A subordinate voting shares, without par value (the "**Subordinate Voting Shares**"), under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") with the Securities and Exchange Commission (the "**SEC**").

The Company is a leading vertically-integrated multi-state cannabis operator in the United States. An operator of licensed cannabis cultivation, processing and retail facilities, the Company's goal is the ongoing development of communal wellness by providing responsible access to regulated cannabis products to discerning high-end customers. The Company is licensed to operate in 14 U.S. states, with active operations in 11 U.S. states, which includes 83 active dispensaries and ten production facilities comprising approximately 832,000 square feet (including a 26,000 square foot facility in Massachusetts nearing completion of construction), with a focus on tightly regulated, limited license markets. Upon the consummation of pending acquisitions and the completion of construction, the Company will have 85 active dispensaries and 11 production facilities comprised of approximately 842,000 square feet.

The Company is a reporting issuer under applicable securities legislation in the Canadian provinces of Alberta, British Columbia and Ontario, and its Subordinate Voting Shares are listed on the Canadian Securities Exchange (the "**CSE**") under the symbol "VRNO". The Subordinate Voting Shares are also quoted in the United States on the OTCQX marketplace operated by the OTC Market Group (the "**OTCQX**") under the symbol "VRNOF".

The head office of the Company is located at 415 North Dearborn Street, 4th Floor, Chicago, Illinois 60654. The registered office of the Company is located at 20th Floor, 250 Howe Street, Vancouver, British Columbia V6C 3R8.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Investors should be aware that financial statements prepared in accordance with IFRS may differ in certain respects from financial statements prepared in accordance with U.S. generally accepted accounting principles.

The Company presents its financial statements in United States dollars. Except where otherwise indicated, all references to "$" or "US$" are to United States dollars, and all references to "C$" are to Canadian dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Registration Statement contains "forward-looking information" and "forward-looking statements" within the meaning of United States securities laws and Canadian securities laws (together, "**forward-looking statements**"). In addition, the Company or its affiliates may make or approve statements in future filings with United States and Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company or its affiliates 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 or its affiliates that address activities, events or developments that the Company or its affiliates expect or anticipate 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.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, expectations and assumptions concerning:

- the ability of the Company and its affiliates to obtain, maintain and renew regulatory approvals in all states and localities of its operations and planned operations on a timely basis;
- government regulations, including future legislative and regulatory developments involving medical and adult-use cannabis and the timing thereof;
- the Company's outlook on its expansion and growth of business and operations;
- the Company's ability to achieve its goals, business plans and strategy;
- the ability of the Company to access capital and obtain necessary financing to pursue its growth and business plans;
- operational results and other financial and business conditions and prospects of the Company;
- the timing and completion of acquisitions and other commercial transactions;
- the integration of acquired businesses;
- the timing and amount of capital expenditures;
- availability of equipment, skilled labor and services needed for cannabis operations;
- demand, developments and trends in the cannabis industry;
- competition in the cannabis industry in the markets in which the Company operates or plans to operate;
- the size of the medical cannabis market and the adult-use cannabis market in each state;
- conditions in general economic and financial markets; and
- the impacts of COVID-19 and future steps to be taken in response to COVID-19.

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, risks and uncertainties related to:

- the impacts of COVID-19 on the Company and global markets;
- the Company's limited operating history;
- the need to create and maintain strong brand identities;
- the resources required by litigation matters and adverse outcomes of litigation;
- reliance on management;
- outstanding indebtedness and potential indebtedness;
- integration of acquisitions;
- uninsured or underinsured losses;
- materially different results from management's expectations;
- the Company's lack of portfolio diversification;
- the Company's reliance on the performance of its subsidiaries and affiliates;
- the Company's expansion-by-acquisition strategy;
- the unconventional due diligence process in the medical and adult-use cannabis industry;
- existing competition and new market entrants;
- third-party suppliers, contractors and manufacturers, and availability of raw or other materials;
- wholesale and retail price fluctuations;
- the introduction of synthetic alternatives by pharmaceutical and other companies;
- potential product liability and recalls;
- physical security of the Company's assets and property, and potential fraudulent practices by insiders and third parties;
- agricultural and environmental risks and the impacts of regulations on the agriculture industries and environmental protections;
- regulatory and political changes to state laws;
- bonding and insurance costs;
- unknown future regulatory fees and taxes;
- disparate state-by-state regulatory landscapes and licensing regimes;
- potential difficulty accessing or maintaining banking or financial services due to the Company's business;
- required public disclosure and filings of personal information by the Company's officers, investors and other stakeholders;
- the ability to, and constraints on, promoting and marketing cannabis products;
- the United States regulatory landscape and enforcement related to medical or adult-use cannabis, including political risks, civil asset forfeiture and regulation by additional regulatory authorities;
- outcomes of clinical research studies and related activities on the use of cannabis products;
- public opinion and perception of the cannabis industry;
- the Company's inability to enforce its contracts or any liens granted to it;
- anti-money laundering laws and regulations;

- the lack of access to federal bankruptcy protections in the United States;
- heightened scrutiny from Canadian government authorities;
- limited trademark protection for cannabis products;
- reliance on information technology systems, the potential disclosure of personal information and cybersecurity risks;
- reliance on intellectual property, including trademarks and trade secrets, and the potential infringement by third parties;
- the Company's "Foreign Private Issuer" status and potential loss thereof;
- the Company's elimination of monetary liability and indemnification rights against its directors, officers and employees under British Columbia law;
- the Company's capital structure with the Subordinate Voting Shares and Proportionate Voting Shares;
- shareholders' limited participation in the Company's affairs;
- the Company's expectation to not pay out dividends;
- the limited research and reliable data available relating to the cannabis industry;
- access to capital markets and the availability of financing opportunities;
- the reliance on the expertise and judgment of senior management of the Company;
- the reliance on key inputs, suppliers and skilled labor;
- internal controls and the potential for fraudulent activity by employees, contractors and consultants;
- the limitation of certain remedies and the difficulty of enforcement of judgments and to effect service outside of Canada;
- the limited market for securities of the Company;
- the increased costs associated with the Company being a U.S. and Canadian reporting company and publicly traded company and maintaining such status;
- the taxation of cannabis companies; and
- other risks described in this Registration Statement, as more particularly described under the heading "*Risk Factors*," and described from time to time in documents filed by the Company with United States and Canadian securities regulatory authorities.

Although the Company believes that the expectations and assumptions on which 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. Forward-looking statements address future events and conditions, and thus involve inherent risks and uncertainties.

Consequently, all forward-looking statements made in this Registration Statement and other documents of the Company 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 or persons acting on its 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 applicable securities legislation.

PART I

ITEM 1: IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS.

A. Directors and Senior Management

For information regarding the Company's directors and members of senior management, see "*Item 6.A. - Directors and Senior Management*" and " *Item 6.C - Board Practices*".

B. Advisers

The Company's principal Canadian legal advisors are Dentons Canada LLP, located at 77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada. The Company's principal United States legal advisors are Dentons US LLP, located at 233 South Wacker Drive, Suite 5900, Chicago, IL 60606-6361.

C. Auditors

In June 2021, Baker Tilly US, LLP ("**Baker Tilly**") became the Company's independent auditor. Baker Tilly is registered with the Public Company Accounting Oversight Board (the "**PCAOB**").

Macias Gini & O'Connell LLP ("**MGO**") previously acted as the independent auditor for the Company and Verano Holdings, LLC ("**Verano LLC**"), and audited the consolidated financial statements of Verano LLC for the years ended December 31, 2020, 2019 and 2018. MGO is registered with the PCAOB.

Hill, Barth & King LLC ("**HBK**") previously acted as the independent auditor for, and audited the financial statements of, (i) Alternative Medical Enterprises LLC ("**AME LLC**"), Agronomy Innovations LLC, Fort Consulting LLC, Agronomy Holdings LLC, AltMed LLC, Cave Creek Real Estate LLC, MuV Health LLC, and NuTrae LLC (collectively with AME LLC, the "**AME Group**") for the year ended December 31, 2020 and (ii) Plants of Ruskin GPS, LLC and RVC 360, LLC (collectively, "**Plants of Ruskin**") for the years ended December 31, 2020 and 2019. HBK is registered with the PCAOB. ATLAS CPAs and Advisors PLLC ("**ATLAS**") previously acted as the independent auditor for the AME Group for the year ended December 31, 2019.

ITEM 2: OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3: KEY INFORMATION

A. Selected Financial Data

As part of the Business Combination described in Item 4.A "History and Development of the Company," in February 2021, the Company resulted from a reverse takeover transaction and Verano LLC and AME LLC became subsidiaries of the Company and the other members of the AME Group and Plants of Ruskin became subsidiaries of AME LLC. Plants of Ruskin and AME LLC are collectively referred to as the "**AME Parties**." Prior to the Business Combination, Verano LLC, the AME Group and Plants of Ruskin were not consolidated or combined.

The following table sets forth selected consolidated and combined financial data for the periods, and as of the dates, indicated. The (i) consolidated statements of operations data for the years ended December 31, 2020, 2019 and 2018 and (ii) consolidated and combined balance sheet data as of December 31, 2020, 2019 and 2018 have been derived from the audited consolidated financial statements of Verano LLC which are included in this Registration Statement. The selected consolidated financial data for the six months ended June 30, 2021 has been derived from the unaudited interim condensed consolidated financial statements of the Company, and the selected consolidated financial data for the six months ended June 30, 2020 has been derived from the unaudited interim condensed consolidated financial statements of Verano LLC included in this Registration Statement.

The data set forth below should be read in conjunction with "Item 5. Operating and Financial Review And Prospects", "Item 8. Financial Information", and the Consolidated and Combined Financial Statements, the Unaudited Pro Forma Condensed Combined Financial Statements and the accompanying notes presented in Item 8, Item 17 and Item 18 of this Registration Statement. The financial statements from which the data was derived have been prepared in accordance with IFRS.

	Six Months Ended June 30,		Years Ended December 31,		
	2021	2020	2020	2019	2018
Total Revenues, net of discounts	$ 319,601,554	$ 90,147,010	$ 228,530,083	$ 65,968,292	$ 31,095,461
Cost of Goods Sold	$ 144,845,799	$ 31,978,372	$ 94,386,849	$ 38,469,325	$ 18,380,350
Gross Profit	$ 220,686,136	$ 87,914,913	$ 255,744,212	$ 42,062,870	$ 18,926,314
Total Expenses	$ 86,655,590	$ 18,925,584	$ 45,861,967	$ 37,810,559	$ 10,630,442
Other Income (Expense)	$ (8,709,431)	$ (7,974,223)	$ (9,101,841)	$ (6,787,494)	$ (3,093,624)
Net Income (Loss)	$ 74,914,746	$ 32,839,844	$ 124,106,963	$ (18,434,020)	$ (561,983)
Earnings Per Share	$ 0.56	N/A	N/A	N/A	N/A
Total Assets	$ 2,193,138,135	268,454,252	$ 459,306,917	$ 194,114,696	$ 153,400,556
Long-Term Liabilities	$ 421,468,764	24,932,836	$ 94,463,800	$ 20,930,846	$ 3,668,993

B. Capitalization and Indebtedness

The following table sets forth the Company's capitalization and indebtedness as of June 30, 2021. Investors should read this information together with the other information provided in this Registration Statement, including "*Item 5. Operating and Financial Review and Prospects*," and the Company's financial statements, including the notes thereto, included in this Registration Statement.

Long-Term Indebtedness		
Long-term bank loan (secured) (non-current portion)[(1)]	$	131,041,859
Total long-term indebtedness	$	131,041,859
Equity		
Share capital	$	1,402,828,847
Reserves	$	4,979,110
Non-Controlling Interest		344,620
Net Income	$	76,353,992
Total equity	$	1,484,506,569
Total capitalization	$	1,615,548,428

(1) Excludes current portion of $2,969,277.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

The Company is subject to risks, certain of which are described below. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations. Due to the nature of the Company and its business, investors should carefully consider all such risks, including those set out in the discussion below.

Risks Related to Our Business and Operations - General

The Company remains subject to various risks and uncertainties as a result of the Coronavirus pandemic which could adversely affect its business, financial condition or results of operations.

The outbreak of COVID-19 has resulted in federal, state and local governments in the U.S. and worldwide enacting emergency measures to combat the spread of the virus. These measures, which have included the implementation of travel bans, self-imposing quarantine periods and social distancing, have caused material disruption to businesses in the U.S. and globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. Effects on the Company's business to date have included increased construction costs due to shortages of raw materials, a slowdown in the production and delivery of mechanical and other components needed in the construction or maintenance of the Company's facilities, and labor shortages.

Challenging global economic conditions may negatively impact the Company's business, financial condition or results of operations in the future.

Future disruptions and volatility in global financial markets and declining consumer and business confidence 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 trends and 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 its 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 or results of operations.

The Company is in its early stages and may experience unforeseen operating difficulties inherent in an early-stage business, which could negatively impact the Company's business, financial condition or results of operations.

The Company is in its early stages. 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 not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Company fails to do so, it could materially harm the Company's business to the point of having to cease operations and could impair the value of the Subordinate Voting Shares to such an extent that investors may lose their entire investment.

The Company expects to continue to commit significant resources and capital to develop and enter new geographic markets, market existing products and develop new products and services. The Company cannot assure that it will achieve market acceptance in new geographic areas or for its products and services that the Company may offer in the future. Moreover, the Company may face significant competition with offerings by new and existing competitors in the business. In addition, expansion into new markets and the development of new products and services may pose a variety of challenges and require the Company to attract additional qualified employees. The failure to successfully enter new markets, develop and market new products and services, or attract such employees could seriously harm the Company's business, financial condition or results of operations.

The Company is dependent upon promoting and maintaining strong brand identities and may have to incur significant expenses to maintain its brand identities, which could negatively affect its business, financial condition or results of operations.

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 the Company's success in providing high quality products. If customers and patients do not perceive the Company's products to be of high quality, or if the Company introduces new products or enters into new business ventures that are not favorably received by customers and patients, 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 substantially increase its 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 its brands, such efforts could have a material adverse effect on the business, financial condition or results of operations of the Company.

The Company may be a party to material litigation that requires outsized expenses or results in negative outcomes that could affect the Company's business, financial condition or results of operations.

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be concluded in a way which is adverse to the Company, such a decision could adversely affect the Company's ability to continue operating and could use significant resources. Even if the Company is involved in litigation and receives a successful outcome, litigation can redirect significant resources of the Company. See "*Item 8.A. Consolidated Statements and Other Financial Information – Legal Proceedings*".

The Company relies on the expertise of its management team and other employees experienced in the cannabis industry, and therefore the loss of key personnel could negatively affect its business, financial condition or results of operations.

The Company's future success largely depends upon the continued services of its executive officers and management team members. If one or more of the Company's executive officers or management members is unable or unwilling to continue in her or his present position, the Company may not be able to replace such individual readily, if at all. Additionally, the Company may incur additional expenses to recruit and retain new executive officers and management members. The Company does not maintain "key person" life insurance on any of its executive officers. Because of these factors, the loss of the services of any of these key persons could adversely affect its business, financial condition or results of operations.

The Company is a borrower under secured debt facilities, and the Company may be unable to repay such indebtedness. Further, such facilities contain covenants that may restrict the Company's business or be difficult or costly to comply with. If the Company is unable to pay its debts, it would have a material adverse effect on the business, financial condition or results of operations of the Company.

The Company has outstanding secured indebtedness and is subject to risks typically associated with secured debt financing. The Company's cash flows could be insufficient to satisfy its required payments of principal and interest. The Company's ability to make scheduled payments of principal and interest on its indebtedness depends on its future cash flow, which is subject to the financial performance of the Company's business, prevailing economic conditions, prevailing interest rate levels and other financial, competitive and operational factors, many of which are beyond the Company's control.

The covenants of its indebtedness may limit the Company's ability to engage in activities that may be in the Company's long-term best interest. In addition, the terms and conditions of the indebtedness include financial, operational and reporting covenants, and compliance with these covenants may increase the Company's legal and financial costs, make certain activities more difficult or restricted, and may be time-consuming or costly and increase demand on the Company's systems and resources. The Company's failure to comply with any such covenants could result in an event of default, which could result in the acceleration of repayment of the Company's debt or realization of the security granted. See - "*Item 4.A - History and Development of the Company - Credit Facility*".

The Company may incur additional debt. As funds are borrowed, debt service increases the expense of operating the Company. In addition, lenders may require restrictions on future borrowing, distributions and operating policies. The Company's ability to meet its debt obligations will depend upon the Company's future performance and will be subject to financial, business and other factors affecting the Company's business and operations, including general economic conditions. There are no assurances that the Company will be able to meet its debt obligations.

The Company is exposed to various operational risks, any of which may be uninsured or underinsured, and could have a material adverse effect on the business, financial condition or results of operations.

The Company may be affected by a number of operational risks and may not be adequately insured for certain risks, including labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; equipment defects, malfunction and failures; changes in the regulatory environment; impact of non-compliance with laws and regulations; and outbreak of a global pandemic (including COVID-19). Such risks can cause interruption of operations, shortage of staff, disruption of supply chain, and market volatility; and natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's properties, dispensary facilities and production facilities, or cause personal injury or death, environmental damage or have an adverse impact on the Company's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have a material adverse effect on the business, financial condition or results of operations of the Company.

The Company will continuously monitor its operations for quality control and safety. However, there are no assurances that the Company's safety procedures will always prevent such damages and the Company may be affected by liability or sustain losses in respect of risks and hazards. Although the Company will maintain insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. The Company may elect not to insure against certain risks due to cost of or ease of procuring such insurance. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Company, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the business, financial condition or results of operations of the Company.

Past performance is not necessarily indicative of future results; if the actual operations of the Company differ materially from management's expectations, it could have a material adverse effect on the business, financial condition or results of operations of the Company.

The operational performance of the Company is not indicative of the future operating results of the Company. There can be no assurance that the historical operating results achieved by the Company, its subsidiaries, or the Company's affiliates will be achieved by the Company, and the Company's performance may be materially different. See "*Cautionary Note Regarding Forward-Looking Statements*."

The Company's asset portfolio is not highly diversified; if its cannabis assets underperform, the Company's business, financial condition or results of operations would be negatively impacted.

The Company's assets are associated with the medical and adult-use cannabis industry. While the Company may purchase other assets and make other loans and investments not limited to the cannabis industry, the Company intends to maintain and acquire assets related to the cannabis industry. Thus, the Company has limited diversity as to asset type. Additionally, the assets held by the Company may be geographically concentrated from time to time. This lack of diversification could increase the risk associated with the revenue stream the Company expects to receive from the assets and, as a result, could have a material adverse effect on the business, financial condition or results of operations of the Company.

Risks Related to Our Business and Operations - Organizational Structure and Acquisition-Based Strategy

The Company depends on the performance of its subsidiaries and affiliates and therefore any material declines with these entities will adversely affect its business, financial condition or results of operations.

The Company is dependent on the operations, assets and financial health of its subsidiaries and affiliates. Accordingly, any decline in the financial performance of any subsidiary or affiliate will adversely affect the Company's investment in such subsidiary or affiliate and its ability to realize a return on such investment.

The Company engages in acquisitions, dispositions and other strategic transactions, which present numerous risks; the Company may encounter unforeseen obstacles related to these transactions that would negatively impact its business, financial condition or results of operations.

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company becoming more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions not being realized fully or at all, or taking longer to realize than expected; (v) an increase in the scope and complexity of the Company's operations; and (vi) a loss or reduction of control over certain of the Company's assets. Additionally, the Company may issue additional equity interests in connection with such transactions, which issuances would dilute a shareholder's holdings in the Company.

The Company's acquisitions are subject to varying degrees of approval which include in some, but not all cases, among other things (i) approval of the Company's shareholders; (ii) approval of the transfer of the cannabis-related licenses by local and state authorities in many of the markets where the Company's assets and licenses will be held, or approval of the transfer of ownership by the person or entity holding such cannabis-related licenses; and (iii) other regulatory approvals. The Company is unable to predict when all required approvals or authorizations will be obtained, if at all.

After acquisitions are approved, the presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, financial condition or results of operations of the Company.

The Company may be unable to identify and acquire assets or integrate acquired assets that it deems necessary to achieve its desired growth, which would negatively impact its business, financial condition or results of operations.

The ability to achieve desired growth will depend in part on the Company's ability to identify, evaluate, successfully negotiate and consummate investment opportunities with target companies. Achieving this objective in a cost-effective manner will be a product of the Company's sourcing capabilities, the management of the investment process, the ability to provide capital on terms that are attractive to target companies and the Company's access to financing on acceptable terms. Failure to effectively integrate acquired assets and manage future growth and successfully negotiate suitable investments could have a material adverse effect on the business, financial condition or results of operations of the Company.

Some of the companies in which the Company invests or may invest have limited operations or revenues; these businesses may underperform the Company's targets and thus negatively impact its business, financial condition or results of operations.

The Company may 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 that these companies will generate no revenue at all, which could have a material adverse effect on the business, financial condition or results of operations of the Company.

The uncertain and fragmented nature of the medical and adult-use cannabis industry often results in an unconventional due diligence process and acquisition terms that could result in unknown and materially detrimental consequences to the Company.

The uncertainty inherent in various aspects of the medical and adult-use cannabis industry can result in what otherwise would be inadequate investment due diligence information and uncertain legal consequences relative to 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/or 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 some professionals and advisors to represent cannabis industry participants in financings 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 will 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 its business and assets, which in turn could have a material adverse effect on the business, financial condition or results of operations of the Company. See "*Risks Related to our Business and Operations - Our Industry*".

The Company's assets may be purchased with limited representations and warranties from the sellers of those assets; these limited representations and warranties could result in a lack of legal remedies for unknown and materially detrimental problems with the assets, which in turn would negatively impact its business, financial condition or results of operations.

The Company may acquire assets, after conducting its 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 the payment of amounts owing on the assets are discovered, the Company may not be able to pursue a claim for damages against the former owners. The extent of damages that the Company may incur as a result of such matters cannot be predicted, but potentially could have a significant adverse effect on the value of the Company's assets and revenue streams. Further, some of the Company's assets consist of obligations of cannabis operations, and the Company's remedies against such obligors may be limited if deemed unenforceable under federal laws or for other reasons.

Risks Related to our Business and Operations - Our Industry

If the Company is unable to maintain its competitive advantages against current and potential market participants, the Company's business, financial condition or results of operations may be adversely impacted.

A number of other companies engage in, and may in the future engage in, businesses similar to the business of the Company, operate businesses in competition with the Company and purchase assets or make investments that the Company will also seek to purchase or make. This competition may increase the price the Company must pay for assets or make it more difficult for the Company to operate at a profit and to purchase additional assets. The inability to operate at a profit and acquire assets on terms favorable to the Company may adversely impact the revenue stream that the Company anticipates.

Large conglomerates and companies who also recognize the potential for financial success through investment in the cannabis 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 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, the industry remains nascent and the future regulatory landscape remains largely unknown, which in itself is a risk.

The Company also faces competition from the illicit market and illegal dispensaries 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 may be prohibited from offering to individuals due to certain U.S. state laws. Any inability or unwillingness of law enforcement authorities to enforce existing laws prohibiting the unlicensed production and sale of cannabis and cannabis products could result in the perpetuation of the illicit market for cannabis 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 or results of operations.

The Company relies on third-party suppliers, manufacturers and contractors and any significant interruption or negative change in the availability or economics of these relationships could have a material adverse effect on the business, financial condition or results of operations of the Company.

The cultivation, extraction, production, sale and distribution of cannabis and cannabis products is dependent on a number of key inputs from third party suppliers and their related costs including raw materials, electricity, water and other local utilities. 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.

The Company also relies on relationships with numerous other business partners and third party service providers located in the U.S. Unless and until the federal legal landscape with respect to medical or adult-use cannabis changes (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that business partners and third party service providers may be required to suspend or withdraw services and business relationships to avoid prosecution by U.S. federal authorities under U.S. federal laws. Any inability to secure required supplies and services or to do so on appropriate terms could have a material adverse effect on the business, financial condition or results of operations of the Company.

A drop in the wholesale and/or retail price of cannabis products would negatively impact the Company's business, financial condition or results of operations.

The demand for the Company's products depends in part on the price of commercially-grown cannabis. Fluctuations in economic and market conditions that impact the prices of commercially-grown cannabis, such as increases in the supply of such cannabis and the decrease in the price of products using commercially-grown cannabis, could cause the demand for cannabis products to decline, which would have a negative impact on its business, financial condition or results of operations.

Synthetic products may compete with cannabis and cannabis products.

The pharmaceutical industry may attempt to compete with or dominate the cannabis industry, and in particular, legal cannabis, through the development and distribution of synthetic products that 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 ability of the Company to secure long-term profitability and success through the sustainable and profitable operation of the businesses and investment targets and could have a material adverse effect on the business, financial condition or results of operations of the Company.

The Company may be subject to product liability claims which could adversely affect the business, financial condition or results of operations of the Company.

The Company manufactures, processes and distributes products designed to be ingested by humans, and therefore faces an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused loss or injury. In addition, the manufacture and sale of cannabis products involve risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. Although the Company has quality control procedures in place, the Company may be subject to various product liability claims, including, among others, that the products produced by the Company, or the products that will be purchased by the Company from third party licensed producers, caused injury or illness, 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 could result in increased costs, could adversely affect the reputation of the Company, and could have a material adverse effect on the business, financial condition or results of operations of the Company. There can be no assurances that product liability insurance will be obtained or maintained on acceptable terms or with adequate coverage against potential liabilities.

The Company's products may be recalled, which could damage its brand identity and adversely affect the business, financial condition or results of operations of the Company.

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 products produced by the Company, 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, and may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. A recall for any of the foregoing reasons could lead to a deterioration in the Company's brand identity, decreased demand for products produced by the Company or purchased from a third-party producer and could have a material adverse effect on the business, financial condition or results of operations of the Company.

The Company faces physical security risks; any security event could lead to losses that would negatively affect the business, financial condition or results of operations. If a security breach resulted in substantial cannabis diversion the Company could become a target for federal cannabis enforcement.

The business premises of the Company's operating locations may be targets for theft. While the Company has implemented security measures at each location and continue to monitor and improve their security measures, their cultivation, production and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and a subsidiary or affiliate fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and production equipment could have a material adverse effect on the business, financial condition or results of operations of the Company. Furthermore, if such losses resulted in cannabis diversion, especially diversion to minors or across state lines, the Company could become a target for federal enforcement action, which could lead to criminal or civil sanctions that would materially impact the Company's business, financial condition or results of operations.

There is a risk of fraudulent or illegal activity by Company employees, contractors and consultants; such acts could negatively affect the business, financial condition or results of operations.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and state healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. 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. If any such actions are instituted against the Company, and the Company is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business of the Company, 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 operations of the Company, any of which could have a material adverse effect on the business, financial condition or results of operations of the Company.

The cannabis industry is subject to the risks inherent in an agricultural business, including environmental factors and the risk of crop failure; such risks could negatively impact the Company's business, financial condition or results of operations.

The growing of cannabis is an agricultural process. As such, the Company is subject to the risks inherent in the agricultural business, including risks of crop failure presented by weather, climate-change, water scarcity, fires, insects, plant diseases and similar agricultural risks. Although some cannabis production is indoors under climate controlled conditions, cannabis continues to be grown outdoors and in partially open greenhouses, and there can be no assurance that environmental factors will not entirely interrupt production activities or have an adverse effect on the production of cannabis and, accordingly, the operations of the Company. These factors could have an adverse effect on the Company's business, financial condition or results of operations.

The Company is subject to environmental risks and regulations, and future changes in environmental regulation could have a material adverse effect on the business, financial condition or results of operations.

The operations of the Company are subject to environmental regulation in the various jurisdictions in which it operates. 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 (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not have a material adverse effect on the business, financial condition or results of operations of the Company.

Risks Related to our Business and Operations - United States Cannabis Regulatory Regime

Cannabis, other than hemp, remains illegal under federal law, and therefore any change in federal enforcement could have material adverse impact on the business, financial condition or results of operations of the Company.

All but three U.S. states have legalized, to some extent, cannabis for medical purposes. Thirty-seven states, the District of Columbia, Puerto Rico and Guam have legalized some form of whole-plant cannabis cultivation, sales and use for specified medical purposes. Eighteen of those states and the District of Columbia and Northern Mariana have also legalized cannabis for adults for non-medical purposes (sometimes referred to as adult-use or recreational use). Ten additional states have legalized low-tetrahydrocannabinol ("**THC**")/high-cannabidiol ("**CBD**") extracts for select medical conditions.

Under U.S. federal law, however, those activities are illegal. Cannabis, other than hemp (defined by the U.S. government as Cannabis sativa L. with a THC concentration of not more than 0.3% on a dry weight basis), is a Schedule I controlled substance under the *Controlled Substances Act* ("**CSA**") which means it is viewed by the U.S. federal government as a drug that has a high potential for abuse and no therapeutic value. Therefore, even in states or territories that have legalized cannabis to some extent, the cultivation, possession and sale of cannabis violates the CSA and is punishable by imprisonment, substantial fines and forfeiture. Moreover, individuals and entities may violate federal law if they aid and abet another in violating the CSA, or conspire with another to violate the law. Violating the CSA is also a predicate for other crimes, including money laundering laws and the Racketeer Influenced and Corrupt Organizations Act. The U.S. Supreme Court has ruled that the federal government has the authority to regulate and criminalize the sale, possession and use of cannabis, even for individual medical purposes, regardless of whether it is legal under state law. For over six years, however, the U.S. government has not enforced those laws against companies (and their vendors) complying with state cannabis law.

The likelihood of any future adverse enforcement against companies complying with state cannabis laws remains uncertain. In 2018, then-U.S. Attorney General Jefferson Sessions issued a memorandum (known as the "Sessions Memo") rescinding the U.S. Department of Justice's ("**DOJ**") previous guidance (known as the "Cole Memo") that had given federal prosecutors discretion not to enforce federal law in states that legalized cannabis, as long as the state's legal regime adequately addressed specified federal priorities. The Sessions Memo, which remains in effect, states that each U.S. Attorney's Office should follow established principles that govern all federal prosecutions when deciding which cannabis activities to prosecute. As a result, federal prosecutors could and still can use their prosecutorial discretion to decide to prosecute state-legal cannabis activities. Since the Sessions Memo was issued over three years ago, however, U.S. Attorneys have not targeted state law compliant entities. The policy of not prosecuting companies complying with state cannabis laws is likely to continue under current U.S. Attorney General Merrick Garland. At his confirmation hearing, Attorney General Garland stated that he did not see enforcement of Federal Cannabis Law as a high priority use of resources for the DOJ:

> This is a question of the prioritization of our resources and prosecutorial discretion. It does not seem to me a useful use of limited resources that we have, to be pursuing prosecutions in states that have legalized and that are regulating the use of marijuana, either medically or otherwise. I don't think that's a useful use. I do think we need to be sure there are no end-runs around the state laws that criminal enterprises are doing. So that kind of enforcement should be continued. But I don't think it's a good use of our resources, where states have already authorized. That only confuses people, obviously, within the state.

Additionally, since 2014, versions of the U.S. omnibus spending bill have included a provision prohibiting the DOJ, which includes the U.S. Drug Enforcement Administration ("**DEA**"), from using appropriated funds to prevent states from implementing their medical-use cannabis laws. In *United States vs. McIntosh*, the U.S. Court of Appeals for the Ninth Circuit held that this provision prohibits the DOJ from spending funds to prosecute individuals who engage in conduct permitted by state medical-use cannabis laws and who strictly comply with such laws. The court noted that, if the spending bill provision were not continued, prosecutors could enforce against conduct occurring during the statute of limitations even while the provision was previously in force. Other courts that have considered the issue have ruled similarly, although courts disagree about which party bears the burden of proof of showing compliance or noncompliance with state law.

While the omnibus spending bill affords some protection to medical cannabis businesses, the Company also operates adult-use cannabis businesses that are permissible under state and local laws. Consequently, some of the Company's operations may be outside any protections extended to medical-use cannabis under the spending bill provision. This could subject the Company to greater and/or different federal legal and other risks as compared to businesses where cannabis is sold exclusively for medical use, which, in turn, could materially and adversely affect the Company's business. Furthermore, any change in the federal government's enforcement posture with respect to state-licensed cannabis sales, including the enforcement postures of individual federal prosecutors in judicial districts where the Company operates, would lead to an inability to execute its business plan, likely resulting in significant losses with respect to the Company's customer base and adversely affecting its business, financial condition or results of operations.

In addition to criminal liability for producing, manufacturing, distributing and selling cannabis, other subsections of the CSA criminalize related activities with expanded sentences and increased penalties for corporations. For example, entities or persons who manage or control a property and knowingly make that property available for the purposes of manufacturing, distributing or using any controlled substances can be found liable under section 856(a) of the CSA ("maintaining a drug involved premise"). The Company owns properties on which prohibited activities occur. Therefore, a federal prosecutor could prosecute the Company as an owner of "drug-involved premises" and the Company could be found to violate federal law by virtue of these assets.

Additionally, the Company intends to invest in businesses that are directly or indirectly engaged in the medical and adult-use cannabis industry in the U.S. where state and local law permits such activities.

The Company's anticipated funding of the activities of businesses engaged in the medical and adult-use cannabis industry, whether through loans or through other forms of investment, is illegal under applicable U.S. federal laws. Any criminal charges brought against the Company could result in the inability to execute its business plan and could further result in significant fines, penalties and losses with respect to transactions with cannabis industry participants in the United States, which would adversely affect the Company's business, financial condition or results of operations.

THE CONSEQUENCES OF SUCH GOVERNMENTAL ENFORCEMENT WOULD LIKELY BE MATERIALLY DETRIMENTAL TO THE COMPANY, THE COMPANY'S BUSINESS AND THE HOLDERS OF THE COMPANY SHARES AND COULD RESULT IN THE FORFEITURE OR SEIZURE OF ALL OR SUBSTANTIALLY ALL OF THE COMPANY'S ASSETS.

The Company's business is subject to a variety of laws regarding financial transactions related to cannabis, which could subject it to legal claims or otherwise adversely affect its business, financial condition or results of operations.

The Company is subject to a variety of laws and regulations that prohibit money laundering, including the Money Laundering Control Act (U.S. Code Title 18 Sections 1956 and 1957), 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. or any other jurisdiction in which we have business operations. Financial institutions in the U.S. that the Company relies on are subject to the Bank Secrecy Act, as amended by Title III of the USA Patriot Act. The penalties for violation of these laws include imprisonment, substantial fines and forfeiture.

In 2014, the DOJ directed federal prosecutors to exercise restraint in prosecuting money laundering violations arising in the state legal cannabis programs and to consider the federal enforcement priorities enumerated in the Cole Memo when determining whether to charge institutions or individuals based upon cannabis-related activity. In the same year, the Treasury Department issued guidance that clarified how financial institutions can provide services to cannabis-related businesses, consistent with financial institutions' obligations under the Bank Secrecy Act. Then Attorney General Sessions' rescission of the DOJ's guidance on the state cannabis programs in early 2018 increased uncertainty and heighted the risk that federal law enforcement authorities could seek to pursue money laundering charges against entities or individuals, engaged in supporting the cannabis industry. On January 31, 2018, the Treasury Department issued additional guidance that the 2014 guidance would remain in place until further notice, despite the rescission of the DOJ's earlier guidance memoranda.

If any of the Company's business activities, any dividends or distributions therefrom, or any profits or revenue accruing thereby are found to be in violation of money laundering statutes, it could be subject to criminal liability and significant penalties and fines. Any violations of these laws, or allegations of such violations could disrupt the Company's operations and involve significant management distraction and expenses. As a result, money laundering charges could materially affect the Company's business, financial condition or results of operations. Additionally, proceeds from the Company's business activities could be subject to seizure or forfeiture if they are found to be illegal proceeds of a crime transmitted in violation of anti-money laundering laws, which could have a material adverse effect on its business, financial condition or results of operations.

THE CONSEQUENCES OF SUCH GOVERNMENTAL ENFORCEMENT WOULD LIKELY BE MATERIALLY DETRIMENTAL TO THE COMPANY, THE COMPANY'S BUSINESS AND THE HOLDERS OF THE COMPANY SHARES AND COULD RESULT IN THE FORFEITURE OR SEIZURE OF ALL OR SUBSTANTIALLY ALL OF THE COMPANY'S ASSETS.

There is a substantial risk of regulatory or political change to state laws permitting cannabis activities; such changes could have material adverse impact on the business, financial condition or results of operations of the Company.

Continued development of the cannabis industry depends upon continued legislative authorization of cannabis at the state level. The status quo of, or progress in, the regulated cannabis industry, while encouraging, is not assured and any number of factors could slow or halt further progress in this area. The political environment surrounding the cannabis industry in the United States in general can be volatile and the regulatory framework remains in flux. While there may be ample public support for legislative action permitting the production and use of cannabis, numerous factors impact and can delay the legislative and regulatory processes. If pro-cannabis regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of the Company, and thus, the effect on the return of investor capital, could be limited or reduced.

Additionally, recent state legislation throughout the U.S. has prioritized minority and diversity participation in the cannabis industry, even going so far as to provide licensing preferences to minority owners, individuals with specified criminal convictions, and individuals from economically depressed or disadvantaged areas. As new medical and adult-use legislation is passed, multi-state operators such as the Company may be prevented or discouraged from obtaining new licenses or from participating in new markets. Such a result could adversely impact the Company's ability to maintain market share or obtain a positive return on investment in existing markets.

Further, there is no guarantee that, at some future date, voters or the applicable legislative bodies will not repeal, overturn or limit any such legislation legalizing the cultivation, manufacture, sale, distribution and/or consumption of medical or adult-use cannabis. It is also important to note that local and city ordinances may strictly limit or restrict the distribution of cannabis in a manner that may make it extremely difficult or impossible to transact business that is necessary for the continued operation of the cannabis industry generally and the Company specifically. Any one of these factors could slow or halt additional legislative authorization of cannabis, which could harm the Company's business, financial condition or results of operations.

There is a risk of high bonding and insurance costs which could materially impact the Company's business, financial condition or results of operations.

There is risk that some or all state regulatory agencies will require entities and individuals engaged in aspects of the business or industry of legal cannabis to post a bond when applying for a cannabis-related license or renewal as a guarantee of payment of sales and franchise tax. It remains an unknown cost that could have a negative impact on the ultimate success of the Company or the Company's participation in the business opportunities ultimately selected.

Unknown additional regulatory fees and taxes may be assessed in the future, which could materially impact the Company's business, financial condition or results of operations.

Various localities have imposed (or may in the future impose) fees to fund, among other things, schools, road improvements and low-income and moderate-income housing. Additionally, multiple states in the United States are considering or may be considering special taxes or fees on businesses in the cannabis industry. The imposition of such additional taxes or fees could adversely affect the Company's operating results and expected returns on future investments or business opportunities.

Disparate state-by-state regulatory landscapes and the constraints related to holding cannabis licenses in various states results in operational and legal structures that could cause 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 Services Agreements, Consulting Agreements, and Licensing Agreements (any such arrangement, as used herein, a "**Management Agreement**"), often with unaffiliated third parties. Management 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, including but not limited to the following risks, each of which could have a material adverse effect on the business, financial condition or results of operations of the Company:

- A governmental body or regulatory entity may determine that these Management Agreement structures are in violation of a legal or regulatory requirement or change the legal or regulatory requirements such that the contractual structure violates such requirements. The Company cannot provide 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 the 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 or production 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 has contractual rights with respect to 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 fails 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 or production license, thus jeopardizing the status and economic value of the license holder (and, by extension, the Company).

- 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 Company may be required to divest certain licenses, which would adversely impact its business, financial condition or results of operations.

Some states in which the Company operates, or expects to operate, limit or may in the future limit, the number of licenses that can be held by one entity within that state. The Company may hold more than the prescribed number of licenses in a state, and accordingly may be required to divest licenses in order to comply with applicable regulations. The divestiture of licenses may result in a material adverse effect on the business, financial condition or results of operations of the Company.

The Company is dependent on its banking relations, and it may have difficulty accessing or consistently maintaining banking or other financial services due to the nature of its business, which could adversely impact its business, financial condition, or results of operations.

The Company's connection to the cannabis industry may hamper its efforts to do business or establish collaborative relationships with others that may fear disruption or increased regulatory scrutiny of their own activities.

The Company is dependent on the banking industry. Its business operating functions, including payroll for employees, equipment and property leases, and the payment of other expenses, are reliant on traditional banking. The Company requires access to banking services to make and receive payments in a timely manner, and these could be jeopardized if the Company loses access to a bank account. Most federal and federally-insured state banks currently do not serve cannabis businesses on the stated ground that growing and selling cannabis is illegal under federal law, even though the Treasury Department's Financial Crimes Enforcement Network ("**FinCEN**"), issued guidelines to banks in February 2014 that clarified how financial institutions can provide services to cannabis-related businesses, consistent with financial institutions' obligations under the Bank Secrecy Act. When cannabis businesses are able to find a bank that will provide services, they face extensive customer due diligence in light of complex state regulatory requirements and guidance from FinCEN, and these reviews may be time-consuming and costly, potentially creating additional barriers to financial services for, and imposing additional compliance requirements on, the Company. While the federal government has generally not initiated financial crime prosecutions against state-law compliant cannabis companies or their vendors, the government theoretically could initiate such prosecutions, at least against companies in the adult-use markets. The continued uncertainty surrounding financial transactions related to cannabis activities and the subsequent risks this uncertainty presents to financial institutions may result in their discontinuing services to the cannabis industry or limiting their ability to provide services to the cannabis industry or ancillary businesses providing services to the cannabis industry.

The Company, its officers, investors or other stakeholders may be required to disclose personal information to government or regulatory entities; failing to do so could put some licenses in jeopardy and negatively impact the Company's business, financial conditions or results of operations.

The Company owns, manages, or provides services to various U.S. state-licensed cannabis operations. Acquiring even a minimal or indirect interest in a U.S. state-licensed cannabis business can trigger requirements to disclose officers', investors' and other stakeholders' 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 specified percentage of equity of the applicant. While some 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 apply to the Company, investors, officers and other stakeholders are 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.

Investors in the Company and the Company's directors, officers and employees may be subject to the risk of being barred from entry into the United States; if investors or personnel of the Company are barred from entering the United States, it could negatively impact its business, financial condition or results of operations.

Because cannabis remains illegal under U.S. federal law, those 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 Customs Border Patrol ("**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 U.S. 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 U.S. federal laws regarding controlled substances and, because cannabis continues to be a controlled substance under U.S. federal law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal, or in 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 who are not U.S. 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.

Applicable state laws may prevent the Company from maximizing its potential income, including by restricting its sales and marketing activities; if the Company's profits are constrained by such regulations, it could negatively impact its business, financial condition or results of operations.

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the United States 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 prices for its products, the Company's sales and operating results could be adversely affected.

Clinical research with respect to the Company's products is ongoing, and negative findings could lead to rollbacks of state legalizations laws, which would negatively affect the Company's business, financial condition or results of operations.

Research in the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance 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 relies on the articles, reports and studies that support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Further, the cannabis industry is highly dependent upon consumer perception, which can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research or findings, regulatory investigations, litigation, media attention or other publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity.

Future research studies and clinical trials may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could lead to rollbacks in state regulation or otherwise have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the business, financial condition or results of operations of the Company. There is no assurance that such adverse research studies or clinical trials will not arise.

Cannabis and industrial hemp may become subject to increased regulation by the FDA; if the Company is unable to comply with such regulations, it could have a material adverse effect on the business, financial condition or results of operations of the Company.

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government de-schedules cannabis or reclassifies cannabis to a Schedule II controlled substance, it is possible that the FDA would regulate it under the *Food, Drug and Cosmetics Act of 1938* ("**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. The FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of food, drugs and cosmetics sold in interstate commerce. Because cannabis is federally illegal to produce and sell, and because it has no 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 cannabis 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 and processing of cannabis or industrial hemp. Clinical trials may be needed to verify the efficacy and safety of both cannabis products and industrial hemp products. It is also possible that the FDA would require facilities that grow medical-use cannabis to register with the FDA and comply with federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the Company is unable to comply with the regulations or registration as prescribed by the FDA, it may have a material adverse effect on the business, financial condition or results of operations of the Company.

Inconsistent public opinion and perception of the medical and adult-use use cannabis industry may hinder 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 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 medical and adult-use cannabis may hinder growth and state adoption, which could have a material adverse effect on the business, financial condition or results of operations of the Company.

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. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of adult-use 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. 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.

The Company may be unable to enforce its contracts, which could negatively impact its business, financial condition or results of operations.

Because cannabis is illegal at a federal level, judges in multiple U.S. states have on several occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate federal law, even if there is no violation of state law. Therefore, there is uncertainty that the Company will be able to legally enforce its agreements, including agreements that are material to the Company.

The Company may not be able to enforce any liens it may be granted on the inventory or licenses of third parties that secure its right to payment or other contractual rights.

In general, the laws of the various states that have legalized the sale and cultivation of cannabis 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, that do not possess the requisite licenses and entitlements to cultivate, 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 produce cannabis to third parties that have not been granted such licenses and entitlements by the applicable state agency. The inability of the Company to enforce liens on the inventory and licenses of third parties that secure its payment and other contractual rights 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 the business, financial condition or results of operations of the Company.

The Company lacks access to U.S. bankruptcy protections, which could negatively impact its business, financial condition or results of operations.

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

Additionally, there is no guarantee that the Company will be able to effectively enforce any interests it may have in the Company's 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 the business, financial condition or results of operations of the Company. 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 business, financial condition or results of operations of the Company.

Lastly, some state cannabis laws preclude entities which become insolvent from holding medical or adult-use cannabis licenses. Any insolvency proceedings by the Company could therefore put the operations of its subsidiaries or affiliates at risk, which would have a negative impact on the business, financial condition or results of operations of the Company.

The Company may be subject to heightened scrutiny by Canadian authorities, which could negatively affect its business, financial condition or results of operations.

The business, operations and investments of the Company in the U.S., and any future businesses, operations and investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with Canadian public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of restrictions on the Company's ability to invest or hold interests in other entities in the U.S. or any other jurisdiction.

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.

The Canadian Depository for Securities Ltd. ("**CDS**") is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. On February 8, 2018, following discussions with the Canadian Securities Administrators and the TMX Group, which is the owner and operator of CDS, CDS announced the signing of a Memorandum of Understanding (the "**TSX MOU**") with Aequitas NEO Exchange Inc., the CSE and the Toronto Stock Exchange confirming that it relies on such exchanges to review the conduct of listed issuers. The TSX 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 TSX MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the U.S.

Even though the TSX MOU indicated that there are no plans of banning the settlement of securities of cannabis issuers through the CDS, there can be no guarantee that the settlement of such securities will continue in the future. If such a ban were to be implemented, 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 was implemented, and shareholders would have no ability to effect a trade of the Subordinate Voting Shares through the facilities of a stock exchange.

Risks Related to our Business and Operations - Information Technology, Cybersecurity and Intellectual Property

There is limited trademark protection for cannabis products; if the Company is unable to protect its trademarks, it could negatively affect its business, financial condition or results of operations.

The Company may not be able to register U.S. federal trademarks for cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling and using cannabis is illegal under the CSA, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the Company likely will be unable to protect its cannabis product trademarks beyond the geographic areas in which it conducts business. The use of their trademarks outside the states in which the Company operates by one or more other persons could have a material adverse effect on the value of such trademarks.

The Company is subject to risks related to its information technology systems, including cyber-security risks; Successful cyber-attacks or technological malfunctions can result in, among other things, financial losses, the inability to process transactions, the unauthorized release of confidential information and reputational risk, all which would negatively impact the Company's business, financial condition or results of operations.

The Company's use of technology is critical to its continued operations. The Company is susceptible to operational, financial and information security risks resulting from cyber-attacks or technological malfunctions. Successful cyber-attacks or technological malfunctions affecting the Company or its respective service providers can result in, among other things, financial losses, the inability to process transactions, the unauthorized release of customer information or confidential information and reputational risk. 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 security vulnerabilities, which could have a material adverse effect on the business, financial condition or results of operations of the Company.

The Company is reliant on its intellectual property; failure by the Company to protect its intellectual property could negatively affect its business, financial condition or results of operations.

The Company's success will depend in part on its ability to use and develop new extraction technologies, recipes, know-how and new strains of cannabis. The Company may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of acquired businesses. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in the U.S. due to federal illegality or in foreign countries and may be unenforceable under the laws of some jurisdictions. Failure of the Company to adequately maintain and enhance protection over its proprietary techniques and processes, as well as over the Company's unregistered intellectual property, including its policies, procedures and training manuals, could have a material adverse effect on the business, financial condition or results of operations of the Company.

The Company licenses intellectual property; failure by the Company to retain such licenses could negatively affect its business, financial condition or results of operations.

The Company holds exclusive licenses to intellectual property. These licenses include provisions whereby the licensor of the intellectual property may unilaterally terminate the license. If a licensor were to terminate the license, the Company would no longer have the right to use any of the licensed intellectual property or produce or sell any of the licensed products thereunder. Failure to maintain these licenses could have a material adverse effect on the business, financial condition or results of operations of the Company. See "*Item 10.C - Material Contracts*".

The Company's trade secrets may be difficult to protect; failure to obtain or maintain meaningful trade secret protection could adversely affect the Company's competitive position and its business, financial condition or results of operations.

The Company's success depends upon the skills, knowledge, and experience of its scientific and technical personnel, its consultants and advisors, as well as its licensees and contractors. Because the Company operates in a highly competitive industry, the Company relies in part on trade secrets to protect its proprietary technology and processes. However, trade secrets are difficult to protect. The Company enters into business protection, 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 it during the course of the receiving party's relationship with it. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to it will be its exclusive property, and the Company enters into assignment agreements to perfect its rights.

These confidentiality, inventions, assignment and business protection agreements may be breached and may not effectively assign intellectual property rights to the Company. The Company's trade secrets also could be independently discovered by competitors, in which case the Company would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using its trade secrets could be difficult, expensive and time consuming and the outcome would be unpredictable. In addition, courts may be less willing to protect trade secrets. The failure to obtain or maintain meaningful trade secret protection could adversely affect the Company's competitive position.

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, negatively impacting its business, financial condition or results of operations.

The Company's success will depend in part 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 in 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 proceeding to which the Company may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties or pay ongoing royalties or subject the Company to injunctions prohibiting the development and operation of its applications.

Risks Related to our Securities

The Company benefits from its status as a Foreign Private Issuer, and a change in its status as a Foreign Private Issuer could negatively impact its business, financial condition or results of operations.

The Company has been a "Foreign Private Issuer", which means any non-U.S. company, other than a foreign government, *except* any issuer meeting the following conditions:

1. more than 50% of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; *and*

2. any one of the following:

   (a) the majority of the executive officers or directors are U.S. citizens or residents, *or*

   (b) more than 50% of the assets of the issuer are located in the United States, *or*

   (c) the business of the issuer is administered principally in the United States.

For purposes of determining whether more than 50% of its outstanding voting securities are held "of record" by U.S. residents, the Company must "look through" the record ownership of brokers, dealers, banks or nominees holding securities for the accounts of their customers, and also consider any beneficial ownership reports or other information available to the Company. It must conduct this "look through" in three jurisdictions: the United States; the Company's home jurisdiction; and the primary trading market for the Company's voting securities, if different from the Company's home jurisdiction. Additionally, if the Company is not able to obtain information about the record holders' accounts after reasonable inquiry, the Company may rely on the presumption that such accounts are held in the broker's, dealer's, bank's, or nominee's principal place of business.

In December 2016, the SEC issued a Compliance and Disclosure Interpretation to clarify that issuers with multiple classes of voting stock carrying different voting rights may, for the purposes of calculating compliance with this threshold, examine either (i) the combined voting power of its share classes, or (ii) the number of voting securities, in each case held of record by U.S. residents. Based on this interpretation, each issued and outstanding Proportionate Voting Share is counted as one voting security and each issued and outstanding Subordinate Voting Share is counted as one voting security for the purposes of determining the 50% U.S. resident threshold. Accordingly, the Company has qualified as a Foreign Private Issuer. However, should the SEC's guidance and interpretation change, the Company may lose its Foreign Private Issuer status. Additionally, the Company anticipates that it may no longer qualify as a Foreign Private Issuer beginning on the final day of its second fiscal quarter during the year ended December 31, 2022 (the "**FPI Determination Date**"). If the Company no longer qualifies as a Foreign Private Issuer as of the FPI Determination Date, the Company may continue to utilize relaxed reporting and governance obligations available to Foreign Private Issuers until December 31, 2022, but will be deemed a "foreign issuer" beginning January 1, 2023. As a foreign issuer, the Company would be required to comply with U.S. domestic filing and registration obligations with the SEC, which carry significant additional capital and human resources.

The elimination of monetary liability against the Company's directors, officers, and employees under British Columbia law and the existence of indemnification rights for the Company's obligations to its directors, officers and employees may result in substantial expenditures by it and may discourage the Company from bringing lawsuits against its directors, officers, and employees, which could negatively impact its business, financial condition or results of operations.

The Company's articles contain a provision permitting it to eliminate the personal liability of its directors to the Company and its shareholders for damages incurred by a director or officer to the extent provided for under British Columbia law. The Company may also have contractual indemnification obligations under employment agreements with its officers or agreements entered into with its directors. These 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 it 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 against the Company's directors and officers even though such actions, if successful, might otherwise benefit it and its shareholders.

The Company's capital structure may negatively impact the trading price of the Subordinate Voting Shares, which could affect the Company's business, financial condition or results of operations.

Although other Canadian-based companies have dual class or multiple voting share structures, the capital structure of the Company could result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares and may result in adverse publicity to the Company or other adverse consequences.

Planned issuances of additional Subordinate Voting Shares and Proportionate Voting Shares will result in dilution to the Company's investors.

The Company plans to issue additional securities in the future in connection with its planned acquisitions, offerings and financing transactions (including through the sale of securities convertible into or exchangeable or exercisable for Subordinate Voting Shares), which will dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Subordinate Voting Shares and Proportionate Voting Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The board of directors of the Company (the "**Board**") has discretion to determine the price and the terms of further issuances. The Company cannot predict the effect that future issuances and sales of its securities will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional securities of the Company, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of the Company's securities, investors will suffer dilution to their voting power and the Company may experience dilution in its revenue per share.

Issuances and sales of substantial amounts of Subordinate Voting Shares may have an adverse effect on the market price of the Subordinate Voting Shares.

Issuances and sales of substantial amounts of Subordinate Voting Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Subordinate Voting Shares. A decline in the market prices of the Subordinate Voting Shares could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

Upon issuance, transfer restrictions are placed on a substantial number of Subordinate Voting Shares and Proportionate Voting Shares that expire periodically in increments. When transfer restrictions expire, the holders of the unrestricted Subordinate Voting Shares may seek to sell the shares in the public markets, and the increase in the volume of available shares for sale may have an adverse effect on the market price of the Subordinate Voting Shares.

When issued, Subordinate Voting Shares and Proportionate Voting Shares may be subject to restrictions on transfer, which restrictions expire in increments. In anticipation of and following the periodic expiration of these transfer restrictions, the sales price of the Subordinate Voting Shares may experience a decline due to additional shares being available for sale on the public markets. The sale of a significant amount of Subordinate Voting Shares by existing shareholders or the perception by investors that such sales may occur could adversely affect the prevailing market price for the Subordinate Voting Shares.

The Subordinate Voting Shares are subject to price volatility.

The market price for the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's annual and quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the cannabis industry;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Subordinate Voting Shares;
- sales or perceived sales of additional Subordinate Voting Shares;
- operating and financial performance that varies from the expectations of management, securities analysts and investors;
- regulatory changes affecting the cannabis industry generally and the Company's business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- dual class share structure of the Company;
- public announcements by the Company; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the cannabis industry or the Company's target markets.

In recent years, the securities markets in the U.S. and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in price of the Subordinate Voting Shares will not occur. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Subordinate Voting Shares. There can be no assurance that fluctuations in price of the Subordinate Voting Shares will not occur.

Shareholders have little or no rights to participate in the Company's affairs.

With the exception of the limited rights of shareholders under applicable laws, the day-to-day decisions regarding the management of the Company's affairs will be made exclusively by the Board and the Company's officers. Shareholders will have little or no control over the Company's future business and investment decisions, its business, and its affairs, including, without limitation, the selection and investment in dispensaries, cultivation operations and real estate. The Company may also retain other officers and agents to provide various services to the Company, over which the shareholders will have no control. There can be no assurance that the Board, officers or its other agents will effectively manage and direct the affairs of the Company.

The Company does not expect to pay dividends.

Holders of the Subordinate Voting Shares or Proportionate Voting Shares will not have a right to receive dividends on such shares unless declared by the Board. The Company has not paid dividends in the past, and it is not anticipated that the Company will pay any dividends in the foreseeable future. The declaration of dividends is at the discretion of the Board, even if the Company has sufficient funds, net of its liabilities, to pay dividends, and the declaration of any dividend will depend on the Company's financial results, cash requirements, future prospects and other factors deemed relevant by the Board. Dividends paid by the Company would be subject to withholding taxes as further summarized under the heading "*Risks Related to Taxation*."

The Company is to subject to significant costs and expenses as a result of being a public reporting company in Canada and the U.S. and a listed company on the Canadian Securities Exchange.

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of Canadian Securities Administrators, the CSE and the SEC require reporting and 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 a non-reporting company otherwise would on communications and other activities involving shareholders, investors and analysts which are typically considered important for publicly traded companies.

Risks Related to Taxation

The Company is 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 Income Tax Act (Canada) (the "**Tax Act**") generally applicable to corporations residing 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 Internal Revenue Code of 1986, as amended (the "**Code**"), and is subject to United States federal income tax on its worldwide income. As a result, the Company will be 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. Accordingly, all prospective investors and shareholders of the Company should review the discussion under "*Certain U.S. Federal Income Tax Consequences*," and consult with their own tax advisors in this regard.

The application of Section 280E of the Code may substantially limit the Company's ability to deduct certain expenses for United States tax purposes.

Pursuant to Section 280E of the Code, any business trafficking in certain controlled substances may not take certain deductions for U.S. federal income tax purposes. Cannabis is currently a controlled substance within the meaning of Schedule I of the CSA. As a result, the U.S. federal taxable income of the Company and its subsidiaries is likely to exceed its actual profits. While recent legislative proposals, if enacted into law, could eliminate or diminish the application of Section 280E of the Code to cannabis businesses, the enactment of any such law is uncertain. Accordingly, Section 280E of the Code may apply to the Company indefinitely.

Dividends, if ever paid, on the Subordinate Voting Shares or Proportionate Voting Shares are subject to Canadian and/or United States withholding tax.

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

To the extent dividends are paid on the Subordinate Voting Shares, dividends received by Non-U.S. Holders who are residents of Canada for purposes of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the U.S.-Canada income tax treaty ("**U.S.-Canada 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 shareholders who are residents of the United States ("**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 generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by Non-U.S. Holders who are not residents of Canada for purposes of the Tax Act 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 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 treaty. Each shareholder should seek tax advice, based on such shareholder's particular facts and circumstances, from an independent tax advisor.

The transfer of Subordinate Voting Shares may be subject to United States estate and generation-skipping transfer tax.

Because the Subordinate Voting Shares will be 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 the Subordinate Voting Shares. Each shareholder should seek tax advice, based on such shareholder's particular facts and circumstances, from an independent tax advisor.

Changes in tax laws may affect the Company and its shareholders.

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 its shareholders.

On March 31, 2021, the current United States presidential administration (the "**Administration**") proposed the "American Jobs Plan" to create domestic jobs, rebuild national infrastructure and increase American competitiveness. To fund its expected US$2 trillion cost, the Administration also proposed the "Made in America Tax Plan" in April 2021, which is intended to raise that amount or more over 15 years through several methods including higher income tax rates on corporations. If the Administration's legislative tax proposals are enacted, among other changes, the Company's federal corporate income tax rate would increase from 21% to 28%. Any increase in the Company's federal corporate tax rate would require the Company to pay larger amounts in federal taxes, thus reducing the Company's net revenue.

ITEM 4: INFORMATION ON THE COMPANY

A. History and Development of the Company

Overview

The Company is a leading vertically-integrated multi-state cannabis operator in the United States. As an operator of licensed cannabis cultivation, processing and retail facilities, the Company's goal is the ongoing development of communal wellness by providing responsible access to regulated cannabis products to discerning high-end customers. The Company is licensed to operate in 14 U.S. states, with active operations in 11 U.S. states, which includes 83 active dispensaries and ten production facilities comprising approximately 832,000 square feet (including a 26,000 square foot facility in Massachusetts nearing completion of construction) with a focus on tightly regulated, limited license markets. Upon the consummation of pending acquisitions and the completion of construction, the Company will have 85 active dispensaries and 11 production facilities comprised of approximately 842,000 square feet. The Company produces a suite of premium, artisanal cannabis products sold under its portfolio of consumer brands, including Encore™, Avexia™, MÜV™ and Verano™. The Company designs, builds and operates branded dispensary environments including Zen Leaf™ and MÜV™ that deliver a cannabis shopping experience in both medical and adult-use markets.

The Company is a reporting issuer under applicable securities legislation in the Canadian provinces of Alberta, British Columbia and Ontario and its Subordinate Voting Shares are listed on the CSE under the symbol "VRNO". The Subordinate Voting Shares are also quoted for trading in the United States on the OTCQX marketplace operated by the OTC Market Group under the symbol "VRNOF".

The head office of the Company is located at 415 North Dearborn Street, 4th Floor, Chicago, Illinois 60654. The registered office of the Company is located at 20th Floor, 250 Howe Street, Vancouver, British Columbia V6C 3R8. The Company's telephone number is (312) 265-0730. The Company's Internet address is www.verano.com. Unless and to the extent specifically referred to herein, the information on the Company's website shall not be deemed to be incorporated by reference in this Registration Statement.

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov. The Company also files its annual reports and other information with the securities regulatory authorities of Canada via the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Verano LLC

Verano LLC was the start of the Company's business operations. Verano LLC is a Delaware limited liability company that was co-founded by George Archos and Sam Dorf in September 2017. Verano LLC was formed as a Chicago, Illinois based holding company to consolidate cannabis operations initially in Illinois, including cultivation facilities and dispensaries.

Beginning in August 2018, Verano LLC began to acquire control, management, ownership, and other rights to medical and adult-use cannabis licenses across multiple U.S. states in which Verano LLC or Verano LLC's co-founders held an existing ownership or management stake.

Starting in January 2019, Verano LLC implemented an expansion strategy whereby Verano LLC, either directly or through subsidiaries or affiliates, began acquiring control, management, sole or joint-ownership, and other rights to medical and adult-use cannabis businesses across multiple U.S. states.

Recent Developments

RTO

On December 14, 2020, Verano LLC, Majesta Minerals, Inc., an Alberta corporation ("**Majesta Minerals**"), 1276268 B.C. Ltd., a British Columbia corporation ("**Verano FinCo**"), 1277233 B.C. Ltd, a British Columbia corporation, and 1278655 B.C. Ltd., a British Columbia corporation, entered into an Arrangement Agreement (as amended January 26, 2021, the "**Arrangement Agreement**"), pursuant to which the Company would result from a reverse takeover transaction as a British Columbia public reporting company (the "**RTO**").

In accordance with the plan of arrangement forming part of the Arrangement Agreement (the "**Plan of Arrangement**"), Majesta Minerals completed a consolidation of its common shares on the basis of 100,000 issued and outstanding common shares on a post-consolidation basis. Further in accordance with the Plan of Arrangement, Majesta Minerals reorganized its capital by altering its notice of articles and articles to (i) attach special rights and restrictions to its common shares, (ii) change the identifying name of its common shares to "subordinate voting shares" and (iii) create a new class of proportionate voting shares. As part of the Plan of Arrangement, prior to the RTO Majesta Minerals also changed its name to "Verano Holdings Corp.".

In connection with the RTO and Plan of Arrangement, the Company consummated a private placement conducted on a commercially reasonable best-efforts basis (the "**Financing**"), whereby 10,000,000 subscription receipts (the "**Subscription Receipts**") were issued by Verano FinCo prior to the RTO in January 2021, at a price per Subscription Receipt of $10.00, for aggregate gross proceeds of $100,000,000. Pursuant to the Plan of Arrangement, the net proceeds of the Financing transferred to the Company, as the resulting corporation in the RTO.

The RTO was completed on February 11, 2021. Upon the consummation of the RTO, the Company's authorized capital consisted of (i) an unlimited number of subordinate voting shares (the "**Subordinate Voting Shares**"), and (ii) an unlimited number of proportionate voting shares (the "**Proportionate Voting Shares**"). The shareholders of Verano FinCo received one Subordinate Voting Share for each share of Verano FinCo for a total of 10,000,000 Subordinate Voting Shares in the aggregate. The members of Verano LLC, and owners of some of its subsidiaries, through a series of transactions, exchanged their ownership interests in Verano LLC and such subsidiaries for an aggregate of 96,892,040 Subordinate Voting Shares and 1,172,382 Proportionate Voting Shares, resulting in Verano LLC becoming a wholly-owned subsidiary of the Company. In connection with the Financing, the Company issued 578,354 Subordinate Voting Shares to the offering agents as a broker fee. See "*Item 10.A - Share Capital*".

The Subordinate Voting Shares were listed on the Canadian Securities Exchange and began trading on February 17, 2021 under the trading symbol "VRNO."

The foregoing is merely a summary of the RTO and the Plan of Arrangement, and is qualified in its entirety by reference to the Arrangement Agreement and amendment thereto, which are filed hereto as Exhibits 4.1 and 4.2.

AME Merger Agreement

On November 6, 2020, Verano LLC entered into an agreement and plan of merger (as amended on December 14, 2020 and February 5, 2021, the "**AME Merger Agreement**") with the AME Parties, pursuant to which the Company, as the assignee of all of Verano LLC's rights and obligations thereunder, would acquire the AME Group via a series of merger transactions. The merger transactions were contingent upon, and were to close contemporaneously with, the RTO, resulting in the creation of the Company as a Canadian publicly-traded parent company of Verano LLC, AME LLC and their respective subsidiaries.

The RTO and the merger transactions with the AME Parties (collectively, the "**Business Combination**"), each closed on February 11, 2021. The members of the AME Parties, through a series of transactions, exchanged their membership interests in the AME Parties for an aggregate of 18,092,987 Subordinate Voting Shares and 470,984 Proportionate Voting Shares, plus cash consideration of $35 million, of which $20 million was paid at the closing of the mergers, $10 million was paid on August 11, 2021, and the $5 million balance is payable on February 11, 2022.

The foregoing is merely a summary of the AME Merger Agreement and the transactions contemplated thereby, and is qualified in its entirety by reference to the AME Merger Agreement and amendments thereto, which are filed hereto as Exhibits 4.3, 4.4 and 4.5.

Acquisitions During 2021

The Company is an early-stage growth company and acquisitions of cannabis businesses and related licenses and assets is an important part of the Company's growth strategy. In 2021, the Company and its subsidiaries entered into a number of strategic transactions, thereby expanding its footprint across the United States.

Glass City Alternatives, LLC

In January 2021, Verano LLC acquired all of the ownership interest of an owner of one dispensary located in Ohio. The total purchase price was $2,700,000 plus a $329,345 purchase price adjustment. The Company paid $500,000 in shares upon consummation of the RTO. The deferred consideration of $1,081,915 is due in January 2022.

Perpetual Healthcare Inc.

On February 24, 2021, the Company entered into an agreement pursuant to which Perpetual Healthcare Inc. ("**PHI**") agreed to transfer the management and governance of PHI to the Company. PHI operates a dispensary located in Phoenix, Arizona. The transaction closed on March 10, 2021. Total consideration includes cash consideration of $11,250,000 plus a $326,426 purchase price adjustment, and 541,994 Subordinate Voting Shares. The remaining $6,175,342 obligation was paid through the issuance of 350,644 Subordinate Voting Shares.

The Herbal Care Center, Inc.

On February 24, 2021, the Company entered into an agreement to acquire The Herbal Care Center, Inc. ("The Herbal Care Center"). The Herbal Care Center operates one of Illinois' largest and top-performing combined medical and adult-use dispensaries, located in Chicago's Medical District, and plans to open a second adult-use dispensary in the city's West Loop/Greektown neighborhood. The transaction closed on March 17, 2021. Total consideration includes cash consideration of $18,750,000, payable over 12 months, plus a $2,107,499 purchase price adjustment, and 90,464 Subordinate Voting Shares and 9,625 Proportionate Voting Shares.

NSE Holdings, LLC

On February 24, 2021, a subsidiary of the Company entered into an agreement pursuant to which it acquired all the equity interests of a licensee that holds one dispensary permit in Pennsylvania, which gives the subsidiary of the Company the ability to open three dispensaries. The transaction closed on March 9, 2021. Pursuant to the agreement, the Company paid cash consideration of $7,350,000 upon closing and issued 666,587 Subordinate Voting Shares and Proportionate Voting Shares equivalent to 666,586 Subordinate Voting Shares on an as-converted basis. Unpaid consideration is related to earnouts due in July 2022, 2023, and 2024 and are expected to be settled by the issuances of Subordinate Voting Shares and Proportionate Voting Shares.

Local Joint

On March 22, 2021, an affiliate of the Company entered into an asset purchase agreement with Flower Launch LLC, the manager of Patient Alternative Relief Center, Inc., d/b/a Local Joint, an Arizona nonprofit corporation, which holds a dispensary license, an authorization to operate a second dispensary, and an authorization to operate an offsite cultivation facility, all in the state of Arizona. The transaction closed on March 30, 2021. Total consideration includes cash consideration of $13,500,000, with $10,000,000 paid on the closing date and $3,500,000 paid within 120 days after the closing date, plus 179,767 Subordinate Voting Shares.

Territory Dispensary

On February 24, 2021, the Company entered into an agreement to acquire three active dispensaries and one cultivation and production facility in Arizona from NZCO LLC, Murff & Company LLC, JWC1 LLC, Hu Commercial Properties LLC and BISHCO LLC (collectively, "**Territory**"). The transaction closed on April 8, 2021. Total consideration includes $19,735,684 paid upon closing, subject to a purchase price adjustment, 997,453 Subordinate Voting Shares and 29,924 Proportionate Voting Shares. The remaining consideration is payable in cash 50% on March 31, 2022, and the remaining payable in shares or in cash at the election of the recipient on March 31, 2023.

TerraVida Holistic Centers, LLC

On February 24, 2021, subsidiaries of the Company entered into an agreement to acquire three active Pennsylvania dispensaries. The transaction closed on May 11, 2021. Total consideration includes cash consideration of $62,500,000, of which $15,000,000 plus a purchase price adjustment of $3,795,515 was paid on the closing date, $10,000,000 was paid within 90 days after closing, and the remaining $37,500,0000 is payable within 180 days after the closing date. In addition, the consideration includes 1,506,750 Subordinate Voting Shares and 15,067 Proportionate Voting Shares.

The Healing Center, LLC

On March 29, 2021, the Company entered into an agreement to acquire three active dispensaries in Pittsburgh, Pennsylvania by purchasing all the issued and outstanding equity interests of The Healing Center, LLC ("**The Healing Center**"). The transaction closed on May 14, 2021. Total consideration includes cash consideration of $56,892,320, plus a $2,354,886 purchase price adjustment, of which $31,463,479 was paid upon closing and $25,428,841 was paid within 60 days after the closing date. In addition, the merger consideration included 454,302 Subordinate Voting Shares and 25,744 Proportionate Voting Shares.

Ohio Grown Therapies, LLC

On June 30, 2021, a subsidiary of the Company entered into a letter agreement regarding the final closing of an option purchase agreement entered into on January 14, 2019, which would allow the Company to operate one dispensary located in Newark, Ohio. The final closing had no impact on operations as the Company already exerted control over the dispensary through a consulting agreement entered into in 2019.

Mad River Remedies, LLC

On April 1, 2021, the Company announced it had entered into an agreement to acquire Mad River Remedies, LLC, a dispensary of medical marijuana in Dayton, Ohio. The transaction closed on July 8, 2021. Total consideration includes cash consideration of $12,000,000 (subject to adjustment) of which $10,000,000 was paid at closing and $2,000,000 was placed in escrow subject to release upon certain conditions. In addition, the merger consideration included 488,861 Subordinate Voting Shares.

Agri-Kind, LLC, and Agronomed Holdings Inc.

On April 21, 2021, the Company entered into an agreement to acquire all of the equity interests in both Agri-Kind, LLC ("**Agri-Kind**"), an operator of a 62,000 square foot cultivation and production facility of medical marijuana located in Chester, Pennsylvania, and Agronomed Holdings Inc., the owner of the cultivation and processing facility operated by Agri-Kind. These transactions closed on July 12, 2021. The total consideration includes cash consideration of $66,000,000, the issuance of 3,208,035 Subordinate Voting Shares and an earnout of $31,500,000, which may be increased based upon financial performance metrics of Agri-Kind for 2021. The earnout is payable in Subordinate Voting Shares, unless cash payment is elected by the recipient.

Agronomed Biologics, LLC

On April 21, 2021, the Company entered into an agreement to acquire all of the equity interests in Agronomed Biologics, LLC ("**Agronomed**"), which holds a clinical registrant license (including cultivation and production and six dispensaries, to be developed) in Pennsylvania. As a clinical registrant, Agronomed has partnered with the Drexel University College of Medicine to conduct medical marijuana research. This transaction closed on July 12, 2021. The total consideration includes cash consideration of $10,000,000, 3,240,436 Subordinate Voting Shares and an earnout of $15,000,000, which is payable in Subordinate Voting Shares unless cash payment is elected by the recipient.

WSCC, Inc.

On July 26, 2021, the Company announced it had entered into an agreement to acquire all of the equity interests in WSCC, Inc., a Nevada corporation doing business as Sierra Well. The total consideration is $29,000,000, which is payable in a combination of cash and Subordinate Voting Shares. Closing of the acquisition is subject to customary conditions, contingencies, and approvals, including regulatory approval.

Willow Brook Wellness, LLC

On September 13, 2021, the Company entered into an agreement to acquire all of the equity interests in Willow Brook Wellness, LLC, a Connecticut limited liability company which operates Willow Brook Wellness, one of 18 dispensaries in the state of Connecticut. The total consideration is $22,000,000, which is payable in a combination of cash, including pursuant to a 12 month promissory note, and Subordinate Voting Shares. Closing of the acquisition is subject to customary conditions, contingencies, and approvals, including regulatory approval.

Credit Facility

On May 10, 2021, the Company and certain of its subsidiaries entered into an amended and restated credit agreement with the agent and the lenders named therein, which was amended by the parties on May 20, 2021, (as amended, the "**Credit Agreement**"), pursuant to which an additional $100,000,000 was funded to the Company resulting in a total of $130,000,000 in term loan commitments being funded and outstanding under the Credit Agreement. The Credit Agreement provides for, among other things, (i) the term loans being secured by a first priority lien on substantially all of the assets of the Company and its subsidiaries (other than immaterial subsidiaries and specified assets), (ii) the original $30,000,000 loan bearing interest at a rate of 15.25% per annum and the incremental $100,000,000 loan bearing interest at a rate of 9.75% per annum; (iii) no principal amortization with the entire $130,000,000 plus applicable interest being due in full on the stated maturity date of May 30, 2023; (iv) prepayment fees generally of 1% of any principal amount being prepaid; (v) restrictive covenants which apply to the operations of the Company and its subsidiaries, including limitations on the ability to incur additional debt, limitations on the granting of liens and the terms of permitted acquisitions; and (vi) financial covenants requiring the Company to maintain on a consolidated basis specified levels of liquidity, a minimum quarterly amount of earnings before interest, taxes, depreciation and amortization and a minimum fixed charge coverage ratio. Funding of the additional $100,000,000 term loan occurred on May 21, 2021.

The foregoing is merely a summary of the Credit Agreement and the transactions contemplated thereby, and is qualified in its entirety by reference to the Credit Agreement and amendment thereto which are filed hereto as Exhibit 4.6 and Exhibit 4.7.

B. Business Overview

The Company is a leading vertically-integrated multi-state cannabis operator in the United States. As an operator of licensed cannabis cultivation, processing and retail facilities, the Company's goal is the ongoing development of communal wellness by providing responsible access to regulated cannabis products to discerning high-end customers. The Company, through its subsidiaries and affiliates, holds, operates, manages, consults, licenses, and/or controls licenses/permits in the States of Illinois, Florida, Arizona, New Jersey, Pennsylvania, Ohio, Maryland, Massachusetts, Nevada, Michigan, Arkansas, West Virginia, California and Missouri. Each state has a unique approach to licenses and vertical integration for cultivation, manufacturing, distribution, and sale of cannabis.

The Company's strategy is to vertically integrate as a single cohesive company through the consolidation of cultivating, manufacturing, distributing, and dispensing premium brands and products at scale. The Company's cultivation and wholesale distribution of cannabis consumer packaged goods supports the national retail dispensary chain, operating under brand names including Zen Leaf™ and MÜV. This model was developed to guarantee shelf-space in the Company's retail stores, and foster long term relationships with third-party dispensary customers though supply arrangements.

As a vertically-integrated company with a portfolio of brands and products including a proprietary portfolio of over 1,000 product SKUs, the Company, through its subsidiaries and affiliates, manufactures and sells a comprehensive array of premium cannabis products. The Company's products are designed and developed with various consumer segments in mind and include premium flower, concentrates for dabbing and vaporizing, edibles, and topicals. The Company distributes its portfolio of brands to the majority of cannabis retail stores in its active markets, including its own retail outlets.

The Company's strategy is to establish its footprint in such a manner to enable it to adapt to changes in both industry and market conditions seamlessly and profitably. The Company believes that the following have positioned it for growth:

- The Company's business plan centers around four foundational pillars: cultivation, production, brand creation and retail.
- Diversity in revenue streams positions the Company to respond positively to changes in economics, regulations and healthcare, as well as navigating ever-evolving consumer habits.
- The Company operates and manages the entire vertical cannabis operation and supply chain, from seed to sale.
- The Company's historical approach deliberately focuses on large markets where it aims to be the first involved.
- The Company will seek to continue its growth through acquisitions of new licenses and existing businesses as well as leveraging relationships within the research and development sectors.
- The Company's network encompasses a market of nearly 150 million Americans in Illinois, Florida, Arizona, New Jersey, Pennsylvania, Ohio, Maryland, Massachusetts, Nevada, Michigan, Arkansas, West Virginia, California and Missouri.
- The Company emphasizes developing premium, handcrafted products in controlled quantities. The quality, positive reviews and finite availability elevate the Company's products' market desirability and value.
- The Company grows pesticide-free, meeting testing and state regulatory requirements, and, while no facilities have a Good Manufacturing Practice (GMP) certification, the Company believes it adheres to Current Good Manufacturing Practices (cGMP) with respect to its facilities. The Company adheres to standard operating procedures across all of its production facilities.
- The Company espouses a customer-and patient-driven business philosophy to deliver value to its downstream customers and consumers.

The United States federal government regulates drugs through the *Controlled Substances Act* ("CSA") (21 U.S.C. § 801 *et seq.*) (the "**CSA**"), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any indication.

In the United States, cannabis is largely regulated at the state level. State laws regulating cannabis are in direct conflict with the federal CSA, which makes cannabis use and possession federally illegal. Although some states authorize medical and/or adult-use cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any cannabis-related drug paraphernalia is illegal and any such acts are criminal acts under federal law.

Products and Services

The Company has two primary operating subsidiaries, Verano LLC and AME LLC, and offers its products and services through various direct and indirect subsidiaries of Verano LLC and AME LLC.

The Company, which has one of the largest footprints for multi-state, vertically-integrated cannabis owners and operators in the U.S., derives its revenues from a balanced contribution of sources through its wholesale cannabis business and national retail dispensaries under brands including Zen Leaf™ and MÜV™. The Company's objective is to support its national retail dispensary chain through its wholesale cannabis consumer packaged goods business (cultivation and manufacturing).

Currently the wholesale and retail channels are vertically-integrated across multiple highly-regulated, limited license (and therefore limited legal supply markets) in Illinois, Maryland, Florida, West Virginia, Pennsylvania, Arizona, New Jersey, Nevada and Ohio. In addition, the Company has dispensaries, licenses, or interests in several other key markets, including Massachusetts, Arkansas, Michigan, California and Missouri. The Company's primary markets, where the Company believes supply and demand can be reasonably predicted and forecasted, create the foundation upon which the Company has sought to build sustainable and profitable growth.

Ownership of both wholesale and retail supports the Company's strategy of distributing brands at scale by enabling the Company to capture large market share, generate brand awareness, and earn customer loyalty in its operating markets. The Company plans to continue expansion of its operations by winning merit-based processes or acquiring licenses in limited license markets and increasing its presence in current markets.

Operational Foundation & Current Geographic Markets

The Company currently operates wholesale and retail businesses in Illinois, Maryland, Massachusetts, Nevada, Ohio, New Jersey, Pennsylvania, Florida, Arizona and West Virginia. The Company also has dispensaries, licenses or other commercial interests in Arkansas, Michigan, California and Missouri. The Company's businesses and operations are subject to applicable state regulations that vary state-by-state, and many of these regulations have, from time to time have been modified and amended since initial enactment. In addition, municipalities may individually determine what local permits or licenses are required to operate cannabis businesses within their boundaries. The Company actively monitors state and local statutory and regulatory developments which may impact the Company.

Revenue Streams

The Company engages in the cultivation, manufacturing and distribution of cannabis products with wholesale and retail business operations.

Illinois Operations

Subject to state regulations, Illinois currently allows access to cannabis for both medical and adult-use. A subsidiary of the Company is licensed to operate a cultivation center in the state of Illinois. The cultivation center license permits the licensee to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell medical and adult use cannabis and related supplies to medical and adult-use dispensing organizations. Company affiliates also own and/or operate ten medical and adult-use dispensaries across the state of Illinois.

Maryland Operations

Subject to state regulations, Maryland currently allows access to cannabis for medical use. A subsidiary of the Company is licensed to operate a cultivation facility and a retail medical cannabis dispensary in Maryland. The retail dispensary license permits it to purchase medical cannabis from cultivation facilities, cannabis and cannabis products from product manufacturing facilities and cannabis from other retail stores and allows the sale of cannabis and cannabis products to registered patients. The cultivation license permits the licensee to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell cannabis and related supplies to medical marijuana dispensaries, and medical cannabis cultivation facilities. A subsidiary of the Company also is licensed to operate a processing facility. The processing license permits it to purchase medical cannabis from cultivation facilities, manufacture cannabis products, and sell those products to licensed medical cannabis dispensaries. In addition, through direct ownership and Management Agreements, the Company's subsidiaries own or manage four dispensaries in Maryland and one processor licensee.

Massachusetts Operations

Subject to state regulations, Massachusetts currently allows access to cannabis for both medical and adult-use. A subsidiary of the Company holds licenses with the Massachusetts Cannabis Control Commission (which regulates Massachusetts' medical and recreational marijuana programs) for medical and adult-use licenses to operate retail dispensaries, cultivation facilities, and manufacturing facilities in Sharon and Plymouth, Massachusetts. This licensee has received approval for dispensary locations in both Sharon and Plymouth.

Nevada Operations

Subject to state regulations, Nevada currently allows access to cannabis for both medical and adult-use. Company affiliates are owners, operators, managers, consultants, and/or have licensing or other commercial arrangements with cannabis licensees to operate retail dispensaries, a cultivation facility, and a manufacturing facility in Nevada. On July 26, 2021, the Company also announced that it had entered into an agreement to purchase two additional fully-operational dispensaries in Reno and Carson City as well as a cultivation and production facility in Reno. The closing of this transaction is subject to customary conditions, contingencies, and approvals, including regulatory approval.

Ohio Operations

Subject to state regulations, Ohio currently allows access to cannabis for medical use. The Company owns and operates, through its wholly-owned subsidiaries, a cultivation facility, and five medical cannabis dispensaries in Cincinnati, Canton, Bowling Green, Dayton, and Newark.

New Jersey Operations

Subject to state regulations, New Jersey currently allows access to cannabis for medical use, and in December 2020 passed legislation legalizing adult-use. The Company's affiliates are owners, operators, managers, consultants, and/or have licensing or other commercial arrangements with an alternative treatment center in the state of New Jersey.

Michigan Operations

Subject to state regulations, Michigan currently allows access to cannabis for both medical and adult-use. The Company's affiliates are owners, operators, managers, consultants, and/or have licensing or other commercial arrangements with a cannabis dispensary licensee in the state of Michigan.

Arkansas Operations

Subject to state regulations, Arkansas currently allows access to cannabis for medical use. The Company's affiliates are owners, operators, managers, consultants, and/or have licensing or other commercial arrangements with a cannabis dispensary licensee in the state of Arkansas.

Pennsylvania Operations

Subject to state regulations, Pennsylvania currently allows access to cannabis for medical use. Subsidiaries of the Company are owners and operators of four cannabis dispensary permittees in Pennsylvania, as well as one grower and processor permit and one clinical registrant permit (which allows for cultivation, processing, and dispensing).

Florida Operations

Subject to state regulations, Florida currently allows access to cannabis for medical use. The Company holds a license under a subsidiary. This licensee operates a cultivation and manufacturing facility as well as 37 medical cannabis dispensaries across the State of Florida. AME LLC also educates patients and potential patients on the Company's products and services through its certifying physicians, community outreach events and ongoing staff education, all of which are supported by a patient care call center with more than 30 staff for direct phone, email and online chat support.

Arizona Operations

Subject to state regulations, Arizona currently allows access to cannabis for medical use, and in November 2020 passed legislation legalizing adult-use. The Company's affiliates have licensing or other commercial arrangements with six cannabis licensees in the state of Arizona.

California Operations

Subject to state regulations, California currently allows access to cannabis for both medical and adult-use. In February 2019, Verano LLC entered into an agreement with a holder of cannabis manufacturing and distribution licenses in the state of California, and another party creating a joint venture to extract cannabis oil and manufacture and distribute cannabis products in the state. The joint venture and its affiliated entities control manufacturing and distribution licenses in California.

Missouri Operations

Subject to state regulations, Missouri currently allows access to cannabis for medical use. An affiliate of the Company was awarded three manufacturing licenses by the state of Missouri's Department of Health & Senior Services (responsible for Missouri's licensing regime) for the same location, which were merged into one. As such, this affiliate holds one manufacturing and one dispensary license in the state of Missouri, neither of which are operational.

West Virginia Operations

Subject to state regulations, West Virginia currently allows access to cannabis for medical use. The Company's affiliates are owners, operators, managers, consultants, and/or have licensing or other commercial arrangements with one medical cultivation license, one medical processor license, and seven medical dispensary licenses.

Research and Development

The Company's research and development activities have primarily focused on the development and improvement of efficient and sustainable cannabis cultivation and manufacturing methodologies and technologies to increase yields and maintain and improve the quality of its products. This includes research on lighting methods, air controls, racking and stacking, growing media, nutrient mixtures, pest management techniques, ambient controls, and automation.

The Company also engages in research and development activities focused on creating new extracted or infused products, and breeds new strains and varietals. The Company's dedicated and experienced product development team includes members from all relevant product disciplines, who actively monitor existing and prospective markets, as well as test and evaluate the financial viability of all new products.

Marketing, Sales and Business Development

The Company is licensed to operate in 14 U.S. states, with active operations in 11 U.S. states. The Company has enacted and plans to continue an active expansion-by-acquisition strategy. Sales revenue is derived from the Company's wholesale cannabis business and national retail dispensaries under brands including Zen Leaf™ and MÜV™.

Some of the states in which the Company operates have regulations that restrict marketing and sales activities of cannabis products. Restrictions may specify what, where and to whom product information and descriptions may appear 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 Company deploys a diverse range of marketing and brand recognition strategies, subject to applicable local and state laws and regulations.

In Florida the Company seeks to educate patients and potential patients about its products and services through its certifying physicians, community outreach events and ongoing staff education, all of which are supported by a patient care call center with more than 30 staff for direct phone, email and online chat support.

Cultivation and Production

The Company's portfolio includes eight cultivation licenses and ten processing and manufacturing licenses with a focus on tightly regulated, limited license markets. The Company's production facilities currently have approximately 832,000 square feet (including a 26,000 square foot facility in Massachusetts nearing completion of construction). Upon the consummation of pending acquisitions and the completion of construction, the Company will have 11 production facilities comprising approximately 842,000 square feet. Each new manufacturing suite is built to ISO 8 clean room specifications and employs advanced nutritional and pharmaceutical formulations technology for the most optimal delivery methods. While no facilities have a Good Manufacturing Practice (GMP) certification, the Company believes it adheres to Current Good Manufacturing Practices (cGMP) with respect to its facilities.

The Company grows pesticide-free, meeting testing and state regulatory requirements, and, while no facilities have a Good Manufacturing Practice (GMP) certification, the Company believes it adheres to Current Good Manufacturing Practices (cGMP) with respect to its facilities. The Company adheres to standard operating procedures across all of its cultivation and manufacturing facilities.

Intellectual Property

The Company has developed proprietary cultivation techniques for operating ethanol, butane, and carbon dioxide extraction machinery, including best production practices, procedures, and methods. This requires specialized skills in cultivation, extraction and refining.

The Company, through its subsidiaries, has a suite of registered trademarks including with respect to products, retail branding and educational offerings. The Company's subsidiaries have exclusive perpetual licenses to patents and patent applications held by some of the Company's subsidiaries, and also license intellectual property related to cannabis-infused products from a third party on an exclusive basis. For additional details, see "*Item 3.D - Risk Factors- Risks Related to Our Business and Operations - Information Technology, Cybersecurity and Intellectual Property"* and "*Item 10.C - Material Contracts*".

The Company has several website domains, including www.verano.com, numerous social media accounts across all major platforms and various phone and web application platforms.

The Company relies on non-disclosure/confidentiality agreements to protect its intellectual property rights. To the extent the Company describes or discloses its proprietary cultivation or extraction techniques in its applications for cultivation or processing licenses, the Company redacts or requests redaction of such information prior to public disclosure. For additional details on the risks associated with the Company's intellectual property, see "*Item 3.D - Risk Factors- Risks Related to Our Business and Operations - Information Technology, Cybersecurity and Intellectual Property"*.

Specialized Skill and Knowledge

To remain a leader in its field, the Company relies on a motivated and experienced team, focused on offering the highest quality products and services in a highly-regulated industry. The Company, through its subsidiaries, employs a diverse group of, hand-picked for their respective administrative, operational, and/or financial expertise, and where appropriate, chosen for their experience and demonstrated skill in the cultivation and operations of medical and adult-use cannabis.

The Company has established training and education tools designed to align the Company's employee training efforts and resources with the Company's core principles and strategic goals. Employees are expected to complete at least 20 hours of continued training and education annually. The Company's training tools are designed to be flexible to include new policies and procedures, and can be revised as necessary based on new or ongoing operational concerns, management observations, and new or improved best practices. The Company's employees undergo significant and diverse training, tailored to each employee based on their function and business-lines. Training includes but is not limited to the following topics: (i) applicable laws, rules, and regulations; (ii) propagation, cloning, and nursery management; (iii) transplanting and vegetative growth; (iv) fertigation and nutrient management; (v) irrigation and water conservation; (vi) integrated pest management and biosecurity; (vii) flower canopy management; (viii) harvesting; (ix) drying and curing; (x) waste and disposal procedures; (xi) trimming and packaging preparation; (xii) sampling, laboratory testing, and quality assurance; (xiii) extraction, infusion, and food handling; (xiv) surveillance and security; (xv) inventory control; (xvi) emergency preparedness and response; (xvii) diversion control and prevention; (xviii) health, safety, sanitation and hygiene; (xvix) recordkeeping and reporting: (xvx) recall and quarantine procedures; (xvxi) regulatory inspection preparedness; and (xvxii) law enforcement interactions.

Competitive Conditions

The fast-growing market for legalized cannabis in the U.S. has created a competitive environment for cannabis producers as well as other types of companies who provide goods and services to the cannabis industry. The Company competes with a variety of different operators across the several states in which it currently operates. In the majority of these states, there are specific license caps that create high barriers to entry. Management of the Company views multi-state operators that have vertical operations as the most direct competition, including Green Thumb Industries Inc., Cresco Labs, Inc., Curaleaf Holdings, Inc., Harvest Health and Recreation, Inc., and Acreage Holdings, LLC.

Aside from this direct competition, out-of-state operators that are capitalized well enough to enter those markets through acquisitions are also considered part of the competitive landscape. Similarly, as the Company executes its national growth strategy, operators in future state markets will inevitably become direct competitors. Additionally, the Company, along with all legally operating competitors, face competition from the illicit markets. See "*Item 3.D - Risk Factors- Risks Related to our Business and Operations - Our Industry*". However, as state and local regulators increase scrutiny on these markets, management of the Company believes this competitive threat will be meaningfully reduced.

There remains a significant lack of traditional sources of bank lending and equity capital available to fund the operations of companies in the cannabis sector. Financing for companies in the cannabis sector is more difficult than other sectors, particularly in the United States, due to the fact that cannabis is still classified as a Schedule I drug and illegal at a federal level, which creates barriers to entry. The changing regulatory environment at a state level further complicates financing for companies in this sector. Competitors may have better access than the Company to financing and the capital markets.

Components

The principal components in the production of the Company's cannabis consumer packaged goods include cannabis grown internally or acquired through wholesale channels, other agricultural products, and packaging materials (including glass, plastic and cardboard).

Due to the U.S. federal prohibition on cannabis, the Company must source cannabis within each individual state in which it operates. While there are opportunities for centralized sourcing of some packaging materials, given each state's unique regulatory requirements, multi-state operators do not currently have access to nationwide packaging solutions.

Cycles

Although cannabis is an agricultural product, the Company's cultivation methodologies employ a perpetual harvest system whereby plants are propagated and thereafter harvested on a staggered schedule. This ensures limited variability in the availability of finished products and minimizes the otherwise cyclical or seasonal nature of the business.

Dependence on Material License Approvals and Renewals

The Company is dependent upon the maintenance and renewal of its cannabis licenses and permits in the states and localities in which it operates its business. Maintenance and renewal of these licenses and permits requires the Company to remain in compliance with state and local law and the rules and regulations promulgated by state and local jurisdictions.

Employees and Human Capital

As of September 13, 2021, the Company had 3,481 employees across its operating jurisdictions, primarily employed in the Company's cultivation, manufacturing, and processing operations and support thereof. Other significant departments include retail and other operations, logistics and supply chain, sales and marketing, legal and compliance, and other administrative and support functions. The Company recruits, hires and promotes individuals that it believes are best qualified for each position, priding itself on using a selection process that recruits people who are trainable, cooperative and share its core values as a company. None of the Company's employees are party to any collective bargaining agreements. The Company considers its relationship with its employees to be good.

Reorganizations

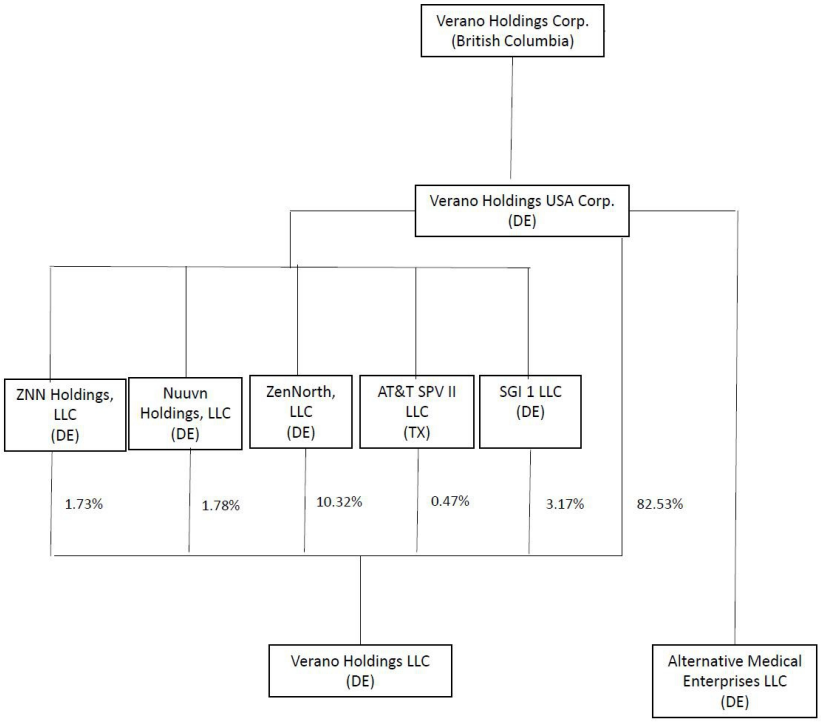
See "*Item 4.A - History and Development of the Company*" for a description of the RTO, Plan of Arrangement and Business Combination, and "*Item 4.C - Organizational Structure*" for a description of the Company's current organizational structure.

Social or Environmental Policies

The Company has implemented social or environmental policies that are fundamental to its operations. Notwithstanding, ensuring that the Company's operations are environmentally sustainable, low impact, and respectful of environmental concerns and effects is an integral part of the Company's ethos and guiding mission. From the selection of cultivation equipment and lighting to air handling, water usage, conservation and sustainable procurement policies, environmental consciousness is interwoven into each and every facet of the Company's building design, management, and operations. To promote sustainable practices on a day-to-day level, the Company has also developed policies and procedures focused on improving environmental efficiencies and reducing the Company's resource demand. The Company has also developed programs in which the Company's employees and purchasers across the Company's markets alike can participate in offsetting any environmental impact the Company's operations may have. As advocates for environmental stewardship and sustainability, the Company hopes to serve as an example that other operators nationwide will emulate to collectively lessen and mitigate the environmental impact businesses in the cannabis industry have on the environment.

C. Organizational Structure

The following chart sets forth the corporate structure of the Company and its material subsidiaries, Verano LLC and AME LLC. In connection with the RTO and Plan of Arrangement, the Company, through a series of transactions, formed Verano Holdings USA Corp., a Delaware corporation ("**BlockerCo**"), ZNN Holdings, LLC, a Delaware limited liability company, Nuuvn Holdings, LLC, a Delaware limited liability company, ZenNorth LLC, a Delaware limited liability company, A&T SPV II LLC, a Texas limited liability company and SGI 1 LLC, a Delaware (together with ZNN Holdings, LLC, Nuuvn Holdings, LLC, ZenNorth LLC and A&T SPV II LLC, the "**Blocker Members**"). BlockerCo and the Blocker Members have no business or operations and exist solely to effect the taxation of the Company as a U.S. corporation rather than a British Columbia corporation.



D. Property, Plants and Equipment

The following tables set forth the Company's owned and leased physical properties as of September 14, 2021, which include corporate offices, a call center, dispensaries (operating, planned and under construction) and cultivation and production facilities (operating and under construction).

Property Type	Owned/ Leased	County	State
Dispensary	Owned	Anne Arundel County	MD
Dispensary	Leased	Baltimore County	MD
Dispensary (under construction)	Leased	Anne Arundel County	MD
Cultivation facility of 38,000 square feet	Leased	Howard County	MD
Cultivation facility of 20,000 square feet	Owned	Navajo County	AZ
Cultivation facility of 42,000 square feet	Owned	Clark County	NV
Dispensaries (five)	Owned	Maricopa County	AZ
Cultivation facilities of 90,000 square feet (expanding additional 71,200 square feet)	Owned	Pinal County	AZ
Cultivation facility of 192,000 square feet	Owned	Edwards County	IL
Cultivation facility of 120,000 square feet	Leased	Hunterdon County	NJ
Dispensary	Owned	Berrien County	MI
Dispensary	Owned	Maricopa County	AZ
Dispensaries (two, plus two under construction)	Owned	Clark County	NV
Two-unit commercial building – one unit is leased to a third party, other is vacant)	Owned	Clark County	NV
Cultivation facility of 25,732 square feet	Owned	Norfolk County	MA
Dispensary	Leased	Norfolk County	MA
Dispensary	Leased	Plymouth County	MA
Dispensary	Leased	Wood County	OH
Dispensary	Owned	Stark County	OH
Cultivation facility of 22,000 square feet	Owned	Stark County	OH
Dispensary	Leased	Philadelphia County	PA
Dispensary	Leased	Dauphin	PA
Dispensary	Leased	Logan County	PA
Dispensary	Leased	York County	PA
Dispensary and office	Leased	Montgomery	PA
Dispensary	Leased	Bucks	PA
Dispensaries (one and one under construction)	Leased	Delaware	PA
Dispensary	Owned	Venango	PA
Dispensary	Owned	Allegheny	PA
Dispensary	Owned	Washington	PA
Dispensary	Leased	Chester County	PA
Dispensary	Owned	Chester County	PA
Cultivation facility of 62,000 square feet	Owned	Chester County	PA
Cultivation facility (under construction)	Owned	Chester County	PA

Property Type	Owned/ Leased	County	State
Dispensary	Owned	Licking County	OH
Dispensary	Leased	Montgomery	OH
Dispensary	Leased	Hamilton	OH
Cultivation facility of 220,000 square feet	Owned	Hillsborough County	FL
Call center	Owned	Hillsborough County	FL
Dispensaries (two)	Leased	Manatee County	FL
Dispensaries (three operating and one to be constructed)	Leased	Lee County	FL
Dispensaries (three)	Leased	Palm Beach County	FL
Dispensaries (four)	Leased	Pinellas County	FL
Dispensary (one and one to be constructed)	Leased	Broward County	FL
Dispensary	Leased	Alachua County	FL
Dispensary (two and one to be constructed)	Leased	Duval County	FL
Dispensary (two)	Leased	Monroe County	FL
Dispensary	Leased	Lake County	FL
Dispensary	Leased	Polk County	FL
Dispensaries (six)	Leased	Hillsborough County	FL
Dispensary	Leased	Brevard County	FL
Dispensary (under construction)	Owned	Brevard County	FL
Dispensary (one and one under construction)	Leased	Miami-Dade County	FL
Dispensaries (two)	Leased	Sarasota County	FL
Dispensary (two and one under construction)	Leased	Volusia County	FL
Dispensaries (three)	Leased	Orange County	FL
Dispensary	Leased	Escambia County	FL
Dispensary	Leased	St. Lucie County	FL
Dispensary	Leased	Indian River County	FL
Dispensary	Leased	Okaloosa County	FL
Dispensary	Leased	Pasco County	FL
Dispensary	Leased	St. Johns County	FL
Dispensary	Owned	Seminole County	FL
Dispensary	Owned	Leon County	FL
Dispensary (one under construction)	Leased	Martin County	FL
Dispensary (one under construction)	Leased	Charlotte County	FL
Dispensary (one under construction)	Leased	Clay County	FL
Dispensary (one under construction)	Leased	Collier County	FL
Dispensary	Leased	Maricopa County	AZ
Dispensary	Owned	Union County	AR
Corporate office	Leased	Cook County	IL
Dispensaries (five operating and one to be constructed)	Leased	Cook County	IL

Property Type	Owned/ Leased	County	State
Dispensary	Owned	Kane County	IL
Dispensary (one under construction)	Leased	Kane County	IL
Dispensary	Leased	Lake County	IL
Dispensaries (two)	Leased	DuPage County	IL
Dispensary	Leased	Effingham County	IL
Dispensary	Leased	Coles	IL
Dispensary	Leased	Montgomery County	MD
Dispensary	Leased	Monmouth	NJ
Dispensary	Leased	Mercer	NJ
Dispensary	Leased	Union	NJ
Dispensaries (two under construction)	Leased	Monongalia	WV
Cultivation facility of 39,000 square feet (under construction)	Leased	Raleigh	WV
Dispensary (under construction)	Leased	Harrison	WV
Dispensary (under construction)	Leased	Ohio	WV

Properties Subject to an Encumbrance.

Substantially all of the Company's and its current subsidiaries assets and owned real property is subject to mortgages that secure outstanding indebtedness for borrowed money or pledged as collateral securing the obligations owing under the Credit Agreement.

ITEM 4A: UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 5: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Results of Operations

The RTO, Plan of Arrangement and Business Combination were each consummated in February 2021. See "*Item 3.A - History and Development of the Company*". Upon the consummation of the RTO, (i) the Company resulted from the amalgamation contemplated by the Plan of Arrangement, (ii) Verano LLC and AME LLC became subsidiaries of the Company, and (iii) the other members of the AME Group and Plants of Ruskin became subsidiaries of AME LLC. Previously, the financial results of Verano LLC, the AME Group and Plants of Ruskin were not consolidated or combined with each other.

The information set forth in this Item 5.A represents the respective results of operations for (i) the three and six months ended June 30, 2021 of the Company compared to the three and six months ended June 30, 2020 of Verano LLC; (ii) the year ended December 31, 2020 compared to the year ended December 31, 2019 of Verano LLC; (iii) the year ended December 31, 2020 compared to the year ended December 31, 2019 of Plants of Ruskin, (iv) the year ended December 31, 2020 compared to the year ended December 31, 2019 of the AME Group, and (v) the year ended December 31, 2019 compared to the year ended December 31, 2018 of Verano LLC.

Three Months Ended June 30, 2021 of the Company, Compared to Three Months Ended June 30, 2020 of Verano LLC

Revenue

Revenue for the three months ended June 30, 2021, was $198,706,561, an increase of $151,408,321 or 320% compared to revenue of $47,298,240 for the three months ended June 30, 2020. The increase was primarily driven by retail expansion in the Florida and Illinois markets, along with the acquisitions that closed during the quarter in the Arizona and Pennsylvania markets, comprised of Territory, TerraVida Holistic Centers, and The Healing Center. In addition, production output and sales of flower expanded in the Illinois, New Jersey, and Maryland markets.

Cost of Goods Sold and Biological Assets

Cost of goods sold includes the costs directly attributable to cultivating and processing cannabis and for retail purchases of finished goods, such as flower, edibles, and concentrates. Cost of goods sold, excluding any adjustments to the fair value of biological assets for the three months ended June 30, 2021, was $98,577,575, an increase of $75,063,850 or 319% compared to the three months ended June 30, 2020. This increase was primarily due to production costs of cannabis increasing in tandem with increase in sales. Additionally, increased cost of goods sold was driven by the IFRS 3, Business Combinations requirement to report inventory acquired in business combinations at fair value. In accordance with guidance, the Company initially measured the inventory of its acquisitions at the selling price, less cost to sell. The step-up to adjust inventory to fair value was expensed through cost of goods sold.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is booked to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by the Company.

Biological asset transformation totaled a net loss of $24,920,937 for the three months ended June 30, 2021, a decrease of $41,760,812 or (248)% compared to the three months ended June 30, 2020. The decrease was primarily driven by a change in cultivation methods focused in research and development to reduce plant count at certain cultivation facilities to increase yields to be realized over time.

Gross Profit

Gross profit before biological asset adjustments for the three months ended June 30, 2021, was $100,128,986, representing a gross margin on the sale of cannabis, cannabis extractions and edibles, and from related accessories of 50%. This is compared to gross profit before biological asset adjustments for the three months ended June 30, 2020, of $23,784,515, which represented a 50% gross margin. Gross profit after net gains on biological asset transformation for the three months ended June 30, 2021, was $75,208,049, representing a gross margin of 38% compared with gross profit after net gains on biological asset transformation of $40,624,390 or 86% gross margin for the three months ended June 30, 2020. The increase in gross profit margin is primarily due to top-line growth catalyzed by strong market growth in Illinois and Florida and continued expansion into the Arizona and Pennsylvania markets.

Total Expenses

Total expenses for the three months ended June 30, 2021, was $57,581,879, an increase of $47,682,490 or 482%, compared to total expenses of $9,899,389 for the three months ended June 30, 2020. Total expenses as a percentage of revenue, net of discounts, was 29% and 21% for the three months ended June 30, 2021, and 2020, respectively. The increase was primarily due to a $29,616,443 or 784% increase in general and administrative costs and a $14,257,925 or 446% increase in salaries in benefits, which was driven by an increase in earnout-related expenses, acquisition expenses and other one-time transaction expenses, start-up costs in new markets, and expanded headcount in the Company’s primary operating markets.

The Company expects to continue to invest organically and in new markets to support expansion plans and adapt to the increasing complexity of the cannabis business. Furthermore, the Company expects to incur acquisition and transaction costs related to expansion.

Total Other Income (Expense)

Total other expense for the year three months June 30, 2021, was $5,619,164, an increase of $1,713,862 or 44% compared to $3,905,302 for the three months ended June 30, 2020. The increase was primarily due to increased interest expense related to the $100 million upsize of debt in May 2021.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the three months ended June 30, 2021, provision for income taxes totaled $5,087,824 compared to $15,131,857 for the prior three months ended June 30, 2020. The decrease in income tax expense was primarily driven by the decrease in taxable income in the second quarter of 2021 compared to June 30, 2020.

Six Months Ended June 30, 2021 of the Company, Compared to Six Months Ended June 30, 2020 of Verano LLC

Revenue

Revenue for the six months ended June 30, 2021, was $319,601,554, an increase of $229,454,544 or 255% compared to revenue of $90,147,010 from the six months ended June 30, 2020. The increase was primarily driven by retail expansion in the Florida and Illinois markets, along with the acquisitions in the Arizona and Pennsylvania markets, comprised of Territory, TerraVida Holistic Centers, and The Healing Center. In addition, production output and sales of flower expanded in the Illinois, New Jersey, and Maryland markets.

Cost of Goods Sold and Biological Assets

Cost of goods sold includes the costs directly attributable to cultivating and processing cannabis and for retail purchases of finished goods, such as flower, edibles, and concentrates.

Cost of goods sold, excluding any adjustments to the fair value of biological assets, for the six months ended June 30, 2021, was $144,845,799, an increase of $112,867,427 or 353% from the six months ended June 30, 2020. This increase is primarily due to production costs of cannabis increasing in tandem with the increase in sales. Additionally, increased cost of goods sold was driven by the IFRS 3, Business Combinations requirement to report inventory acquired in business combinations at fair value. In accordance with guidance, the Company initially measured the inventory of its acquisitions at selling price, less cost to sell. The step-up to adjust inventory to fair value was expensed through cost of sales.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is booked to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by the Company. Biological asset transformation totaled a net gain of $45,930,381 for the six months ended June 30, 2021, an increase of $16,184,106 or 54% from the prior the six months ended June 30, 2020. The increase was primarily driven by the Business Combination in February 2021, and continued expansion at existing cultivation facilities.

Gross Profit

Gross profit before biological asset adjustments for the six months ended June 30, 2021, was $174,755,755, representing a gross margin on the sale of cannabis, cannabis extractions and edibles and from related accessories of 55%. This is compared to gross profit before biological asset adjustments for the six months ended June 30, 2020, of $58,168,638, which represented a 65% gross margin.

Gross profit after net gains on biological asset transformation for the six months ended June 30, 2021, was $220,686,136, representing a gross margin of 69%, compared with gross profit after net gains on biological asset transformation of $87,914,913, or 98%, gross margin for the six months ended June 30, 2020, which includes sales from both wholesale and retail. The increase in gross profit is primarily due to top-line growth catalyzed by strong market growth in Illinois and Florida and entrances into four new markets. The 28% decrease in the gross profit margin is primarily due to the inventory step-ups related to the 2021 acquisitions that were expensed through the cost of sales and the net impact of biologicals, which was 14% and 33% as percentage of net revenues for the periods ended June 30, 2021, and 2020, respectively.

Total Expenses

Total expenses for the six months ended June 30, 2021, were $86,655,590, an increase of $67,730,007 or 358%, compared to total expenses of $18,925,584 for the six months ended June 30, 2020. Total expenses as a percentage of revenue, net of discounts, was 27% and 21% for the six months ended June 30, 2021, and 2020, respectively. The increase was primarily due to a $40,133,033 or 500% increase in general and administrative costs, in addition to a $22,648,336 or 401% increase in salaries in benefits, which was driven by an increase in earnout-related expenses, acquisition expenses and other one-time transaction expenses, start-up costs in new markets, and expanded headcount in the Company's primary operating markets. The Company expects to continue to invest organically and in new markets to support expansion plans and adapt to the increasing complexity of the cannabis business. Furthermore, the Company expects to incur acquisition and transaction costs related to expansion.

Total Other Income (Expense)

Total other expense for the year six months June 30, 2021, was $8,709,431, an increase of $735,208 or 9% compared to $7,974,223 for the six months ended June 30, 2020. The increase was primarily due to increased interest expense related to the $130 million credit facility.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the six months ended June 30, 2021, provision for income taxes totaled $50,414,686, an increase of $21,410,950 or 74% compared to $29,003,736 for the prior the six months ended June 30, 2020. The increase in income tax expense was driven by a $64,630,782 increase in taxable income.

Verano LLC - Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the six months ended June 30, 2021, provision for income taxes totaled $50,414,686, an increase of $21,410,950 or 74% compared to $29,003,736 for the prior the six months ended June 30, 2020. The increase in income tax expense was driven by a $64,630,779 increase in taxable income.

Cost of Goods Sold and Biological Assets

Cost of goods sold includes the costs directly attributable to cultivating and processing cannabis and for retail purchases of finished goods, such as flower, edibles, and concentrates. Cost of goods sold, excluding any adjustments to the fair value of biological assets, for the year ended December 31, 2020 was $94,386,849, an increase of $55,917,524, or 145.4%, from the year ended December 31, 2019. This increase is primarily due to production costs of cannabis in the Illinois cultivation facility, along with start-up costs in New Jersey and Ohio. On the retail side, this increase is due to expansion of sales and continued store openings.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is booked to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by Verano LLC. Biological asset transformation totaled a net gain of $121,600,978, for fiscal year ended December 31, 2020, up 734.9% or $107,037,075 from prior fiscal year ended December 31, 2019.

Gross Profit

Gross profit before biological asset adjustments for the fiscal year ended December 31, 2020 was $134,143,234, representing a gross margin on the sale of cannabis, cannabis extractions and edibles and from related accessories of 58.7%. This is compared to gross profit before biological asset adjustments for the fiscal year ended December 31, 2019 of $27,498,967, which represented a 41.7% gross margin.

Gross profit after net gains on biological asset transformation for fiscal year ended December 31, 2020 was $255,744,212, representing a gross margin of 111.9%, compared with gross profit after net gains on biological asset transformation of $42,062,870, or 63.8% gross margin, for the fiscal year ended December 31, 2019, which includes sales from both the wholesale and retail segments combined. The increase in gross profit margin was primarily due to top-line growth in the Illinois market as well as the opening of 15 dispensaries.

Total Expenses

Total expenses for fiscal year ended December 31, 2020 were $45,861,967, an increase of $8,051,408 or 21.3%, compared to total expenses of $37,810,559 for fiscal year ended December 31, 2019. Total expenses as a percentage of revenue, net of discounts, was 20.1% and 57.3% for the years ended December 31, 2020 and 2019, respectively. The increase was primarily due to a $9,996,801 or 160.4% increase in salaries and benefits, which was driven by an increase in headcount from Verano LLC's primary operating markets, start-up costs in new markets, and transaction costs relating to the RTO (as defined in the 'Proposed Transactions' section below) of $2,763,526.

Total Other Income (Expense)

Total other expense for the year ended December 31, 2020 was $9,101,841, an increase of $2,314,347 or 34.1% as compared to the year ended December 31, 2019. The increase is due to amortization of debt issuance costs for warrants and convertible debt.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For fiscal year ended December 31, 2020, provision for income taxes totaled $76,831,828, compared to $15,203,221 for the prior fiscal year ended December 31, 2019. The increased income tax expense was primarily driven by greater taxable income in 2020.

Net Income (Loss)

Net income attributable to Verano LLC for fiscal year ended December 31, 2020 was $124,106,963, an increase of $142,540,983, compared to a net loss of $18,434,020, for fiscal year ended December 31, 2019. The increase in net income was driven by the factors described above.

Plants of Ruskin- Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Revenue for the fiscal year ended December 31, 2020, was $105.7 million, representing an increase of $66.3 million, or 168%, compared to revenue of $39.4 million for the fiscal year ended December 31, 2019. The increase in revenue was driven by a full fiscal year of revenue from the 11 retail locations opened in prior years plus the addition of 18 locations.

Cost of Goods Sold and Biological Assets

Cost of goods sold are derived from costs related to the internal cultivation. Cost of goods sold, excluding any adjustments to the fair value of biological assets, for the fiscal year ended December 31, 2020 was $26.4 million, representing an increase of $13.3 million or 102% compared to cost of goods sold, excluding any adjustments to the fair value of biological assets, of $13.0 million for the fiscal year ended December 31, 2019. The increase was primarily driven by the increased revenue due to expansion. Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is booked to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by Plants of Ruskin. Biological asset transformation totaled a net gain of $63.0 million and $12.1 million, for fiscal years ended December 31, 2020, and 2019, respectively, due to flower sales not approved for sale in Florida until 2019. In calculating the value of biological assets, a higher value is placed on oil infused products versus flower products.

Gross Profit

Gross profit before biological asset adjustments for the fiscal years ended December 31, 2020, and 2019, was $79.3 million and $26.3 million respectively, representing a gross margin on the sale of cannabis, cannabis extractions, and from related accessories of 75% and 67%, for the years ended December 31, 2020, and 2019, respectively. The increase in gross profit margin is mainly due to the expansion of the cultivation site. Gross profit after net gains on biological asset transformation for fiscal years ended December 31, 2020, and 2019, was $142.3 million and $38.4 million respectively, representing a gross margin of 135% and 98% for fiscal years ended December 31, 2020, and 2019, respectively.

Operating Expenses

Operating expenses for the fiscal year ended December 31, 2020, was $24.7 million, representing an increase of $16.1 million or 186% compared to operating expenses of $8.6 million for the fiscal year ended December 31, 2019, which represents 23% of revenue for the fiscal year ended December 31, 2020, compared to 22% of revenue for the prior year. The increase in operating expenses was attributable to the continued expansion in Florida.

Additionally, Plants of Ruskin had marketing and advertising expense of $1.0 million in 2020 which represented an increase from 2019 marketing and advertising expense of $0.6 million. This increase is primarily due to Plants of Ruskin’s operations in Florida of 29 retail dispensaries as of December 31, 2020, as compared to 11 retail dispensaries as of December 31, 2019. In addition, each retail location incurred a large amount of marketing expenses, particularly around the opening, ongoing online presence, and search engine optimization strategies for each location. Plants of Ruskin continues to implement certain key advertising and marketing strategies to raise awareness in the market of the brand and additional retail locations. Depreciation and amortization expense was $5.8 million for the fiscal year ended December 31, 2020, representing a $3.7 million increase from $2.1 million for the fiscal year ended December 31, 2019. The increase was due to the expansion of the cultivation site and continued expansion of retail dispensary locations.

Income from Operations

Income from operations for the fiscal year ended December 31, 2020, was $117.6 million, an increase of $87.8 million, or 294%, compared to income from operations of $29.8 million for the fiscal year ended December 31, 2019. The increase was driven by a full fiscal year of revenue from the 11 retail locations opened in prior years plus the addition of 18 retails locations (29 operating retail locations by year-end 2020).

Other Income (Expenses)

Other Income

Other income was $109,000 for the fiscal year ended December 31, 2020, compared to $36,000 for the fiscal year ended December 31, 2019. The increase was due to the increase in ATM commissions from the additional retail dispensary locations.

Other Expenses

Other expenses were $1.4 million for the fiscal year ended December 31, 2020, compared to $345,000 for the fiscal year ended December 31, 2019. The increase was primarily due to increased leased dispensary locations and implementing IFRS 16 – Lease Accounting ("IFRS 16").

Total Assets

Total assets increased by $109.7 million to $186.9 million for the fiscal year ended December 31, 2020, from $77.2 million for the fiscal year ended December 31, 2019. The increase was due to the continued expansion of retail

AME Group - Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Operating Revenue for fiscal year ended December 31, 2020 and 2019 was $20.6 million and $14.5 million respectively, an increase of $6.1 million year over year. Operating revenue consists of sales out of the Müv dispensary, wholesale sales consisting of product sold to other dispensaries within the state of Arizona, MüvHealth CBD products, and other revenue. Most sales come from dispensary sales and wholesale sales.

Wholesale Revenue increased $1.5 million year over year. The increase is due to two main drivers. The first is the increase in gummy sales. During 2020, the AME Group produced Wana gummy products increased in sales by $2.1 million. This is due in large part to the popularity of the product and the introduction of a 300 mg product. The second driver for the increase in sales relates to bulk flower. In the fourth quarter of 2019 the bulk price per pound of Müv flower was increased. As demand increased in 2020, the AME Group continued to increase the price. The average wholesale price for a pound of flower increased on average $635/lb. from 2019. While the total pounds sold through wholesale decreased year over year, total revenue related to bulk flower sales remained unchanged. The flower that would have been sold wholesale was routed to the dispensary where flower sales averaged $360/lb. more than if sold wholesale.

During 2020, the cultivation site reached capacity and some product categories were no longer sold through the wholesale channel. Concentrates (shatter, crumble, etc.) and Vape Cartridges were sold through the dispensary but not wholesale. With the limitations in production capacity biomass resources were allocated to the production of gummies, flower, and enough of the other product categories to sell through the dispensary.

In 2020 total pounds sold of flower were 2,548 lbs., an increase of 448 lbs. (21%) from 2019. While this allowed for record sales in 2020, it was determined early in 2020 that the AME Group needed to expand production capacity. An additional 2,000+ square foot flower room was placed in service in Q4 of 2020. The first harvest date was in the fourth quarter of 2020, with the biomass beginning to be sold in 2021. In addition, the AME Group entered a contract to build a semi-enclosed greenhouse on the property it purchased in 2020. Phase One of the Greenhouse (55,000 square feet) is set to be completed in Q3 of 2021. Phase one is anticipated to produce over 8,000 lbs. of flower per year, and a similar volume of trim will be available for extraction.

Cost of Revenues and Biological Assets

Cost of Revenues are derived from cost related to the internal cultivation and production of cannabis and from retail and wholesale purchases made from other licensed producers operating within our state markets. Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is booked to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by the AME Group. In 2020, the AME Group focused on selling their Müv products out of their dispensaries. This resulted in a 254% increase in products sold through the AME Group dispensaries. This in turn reduced the Cost of Revenue for Dispensary sales since the produced product have a lower cost than 3rd party products that would have otherwise been purchased.

General and Administrative Expenses

2020 Selling, General, and Administrative ("**SG&A**") expenses are comprised of General and Administrative expenses and the costs associated with operating the dispensary and wholesale sales departments. Year over Year these costs increased by $236,000. The driver of the increase is related to legal expenses accrued at year end to account for fees incurred stemming from the Business Combination. At the beginning of the COVID pandemic the dispensary also extended its hours to try and avoid large crowds. This also factors into the increase for the year. If the accrued legal fees are excluded, then year over year SG&A costs are flat.

Depreciation and Amortization

In 2020 certain assets were written off. This resulted in a loss on the disposal of the assets, but the overall Depreciation expense for the year was also reduced. Amortization expense for the year consists of 3 intangible assets. The Cultivation and Management Fee Agreement between Agronomy Innovations LLC and Fort Consulting, a Right to Use agreement, and a buyout of investor equity dating back to 2015. Both the Right to Use and Buyout intangible assets were written down to zero in 2020. Going forward, the only intangible asset to be amortized is the Cultivation and Management Fee Agreement to the dispensary where flower sales averaged $360/lb. more than if sold wholesale.

Provision for Income Taxes

Fort Consulting, LLC is a non-profit entity for Arizona income tax purposes and elected to be taxed as a C-corporation for U.S. Federal tax purposes. Therefore, income taxes are provided for the tax effects of transactions in the financial statements and consist of taxes currently due, plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting.

Deferred taxes are provided on the asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and labilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in the tax laws and rates on the date of enactment. AME LLC accounts for uncertain tax positions in accordance with the provisions of IFRS 12, Income Taxes ("**IFRS 12**"). IFRS 12 provides a comprehensive model for the recognition, measurement, and disclosure in the financial statements of uncertain tax positions that AME LLC has taken or expects to take on a tax return. Under this standard, AME LLC can recognize the benefit of an income tax position only if it is more likely than not (greater than 50%) that the tax position will be sustained upon tax examination, based solely on the technical merits of the tax position. Otherwise, no benefit can be recognized. The tax benefits recognized are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Verano LLC - Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

Revenue

Revenue for the year ended December 31, 2019 was $65,968,292 an increase of $34,872,831, or 112%, compared to revenue of $31,095,461 from the year ended December 31, 2018. The increase was primarily due to increased supply capacity and demand in Illinois, along with strong performance in Maryland and Nevada.

Cost of Goods Sold and Biological Assets

Cost of goods sold includes the costs directly attributable to cultivating and processing cannabis and for retail purchases of finished goods, such as flower, edibles and concentrates.

Cost of goods sold, excluding any adjustments to the fair value of biological assets, for the year ended December 31, 2019 was $38,469,325 an increase of $20,088,975, or 109%, from the year ended December 31, 2018. This increase is primarily due to production costs of cannabis in the Illinois cultivation facility, along with Maryland and Nevada. On the retail side, this increase is due to expansion of sales and continued store openings.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is booked to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by Verano LLC.

Biological asset transformation totaled a net gain of $14,563,903, for fiscal year ended December 31, 2019, up 134% or $6,211,203 from prior fiscal year ended December 31, 2018.

Gross Profit

Gross profit before biological asset adjustments for the fiscal year ended December 31, 2019 was $27,498,967, representing a gross margin on the sale of cannabis, cannabis extractions and edibles and from related accessories of 41.7%. This is compared to gross profit before biological asset adjustments for the fiscal year ended December 31, 2018 of $12,715,111, which represented a 40.9% gross margin.

Gross profit after net gains on biological asset transformation for fiscal year ended December 31, 2019 was $42,062,870, representing a gross margin of 63.8%, compared with gross profit after net gains on biological asset transformation of $18,926,314, or 60.9% gross margin, for the fiscal year ended December 31, 2018.

Total Expenses

Total expenses for fiscal year ended December 31, 2019 were $37,810,559, an increase of $27,180,117 or 209%, compared to total expenses of $10,630,442 for fiscal year ended December 31, 2018, which represents 57.3% of revenue for the fiscal year ended December 31, 2019 compared to 34.2% of revenue for the prior year. Increase in total expenses was attributable to an increase in general and administrative expenses, totaling $28,106,966 for fiscal year ended December 31, 2019, an increase of $21,327,796 or 314.6%, due to an increase in headcount from Verano LLC's primary operating markets, start-up costs in new markets, and significant transaction expense related to the acquisition by Harvest Health & Recreation.

Total Other Income (Expense)

Total other income for the year ended December 31, 2019 was $6,787,494, an increase of $3,693,870 when compared to the year ended December 31, 2018. The increase is due to a loss on deconsolidation in 2019 related to an Illinois dispensary offset by amortization of debt issuance costs for warrants in 2018.

Provision for Income Taxes

In 2019, Verano LLC elected to be taxed as a C Corporation. For the year December 31, 2018, Verano LLC was treated as a limited liability company and, accordingly, taxable income and losses flowed through to the respective members. Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For fiscal year ended December 31, 2019, provision for income taxes totaled $15,203,221 compared to $1,771,912 for the prior fiscal year ended December 31, 2018.

On September 15, 2018, Verano LLC closed on a roll-up transaction of its licenses and operations, which combined all of Verano LLC's operational and ownership structure. Prior to the roll-up transaction, these businesses were managed by Verano LLC's senior management.

Net Income (Loss)

Net operating loss for fiscal year ended December 31, 2019 was $18,434,020, an increase of $17,872,037, compared to a net loss of $561,983 for fiscal year ended December 31, 2018. The increase in net operating loss was driven by the factors described above.

B. Liquidity and Capital Resources

Six Months Ended June 30, 2021

As of June 30, 2021, the Company had total current liabilities of $287,162,802 and cash and cash equivalents of $149,671,398 compared to Verano LLC as of December 31, 2020, which had current liabilities of $122,524,484 and cash and cash equivalents of $16,494,365 to meet its current obligations. As of June 30, 2021, the Company had working capital of $284,867,278 compared to Verano LLC's working capital of $80,499,032 as of December 31, 2020. The significant increase in working capital is due to the increases in cash, inventory and biological assets driven by market expansion and accretive acquisitions made in Illinois, Arizona, Florida and Pennsylvania, and the Company's $100 million upsize in its debt facility.

Cash Flows

Cash Flow from Operating Activities

Net cash provided in operating activities was $65,623,790 for the six months ended June 30, 2021, an increase of $22,910,583 or 54%, compared to cash provided of $42,713,207 for the six months ended June 30, 2020. The increase in net cash provided in operating activities was primarily due to an increased operational footprint from the prior year.

Cash Flow from Investing Activities

Net cash used in investing activities was $(39,374,825) for the six months ended June 30, 2021, an increase of $7,017,893 or 22%, compared to $(32,356,931) for the six months ended June 30, 2020. The increase in net cash used in investing activities was primarily due to an increase in investment of property and equipment.

Cash Flow from Financing Activities

Net cash provided by financing activities was $106,928,068 for the six months ended June 30, 2021, an increase of $106,449,340 compared to $478,728 of cash provided for the six months ended June 30, 2020. The increase in net cash provided by financing activities was primarily due to significant increases in proceeds from the reverse take-over financing, cash received in warrant private placement, and $100 million credit upsize that occurred in May 2021.

Contractual Obligations

The Company's contractual obligations primarily consist of lease liabilities related to real estate as well as promissory and convertible notes to fund business activity such as acquisitions and capital expenditures.

Contractual Obligations	**Payments Due by Period**				
	Total	**Less Than 1 Year**	**1-2 Years**	**3-4 Years**	**5 Years and After**
Long Term Debt	$ 139,450,916	$ 1,156,119	$ 135,351,818	$ 364,486	$ 2,578,493
Capital Lease Obligations	Nil	Nil	Nil	Nil	Nil
Operating Leases	$ 61,778,620	$ 4,345,623	$ 16,824,141	$ 14,210,045	$ 26,398,811
Purchase Obligations (1)	Nil	Nil	Nil	Nil	Nil
Other Long Term Obligations (2)	Nil	Nil	Nil	Nil	Nil
Total Contractual Obligations	$ 201,229,536	$ 5,501,742	$ 152,175,959	$ 14,574,531	$ 28,977,304

Notes

(1) "Purchase Obligations" means an agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price considerations; and the approximate timing of the transaction.

(2) "Other Long-Term Obligations" means other long-term liabilities reflected on the Company's balance sheet, excluding deferred income taxes."

The financial performance and its cash flows for the six months ended on June 30, 2021, and 2020 were evaluated in accordance with IFRS. All future financial information and documents will be reported under IFRS.

Off-Balance Sheet Arrangements

As of June 30, 2021, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

C. Research and Development

During the past three years, research and development activities of the Company, Verano LLC and the AME Parties have primarily focused on developing and improving more efficient and sustainable cultivation and manufacturing methodologies and equipment in order to increase yields and maintain the quality of its products. This includes research on lighting methods, air controls, racking and stacking, growing media, nutrient mixtures, pest management techniques, ambient controls, and automation.

The Company also engages in research and development activities focused on creating new extracted or infused products, and breeding new strains and varietals.

The Company estimates that costs associated with ongoing research and development will be approximately $1,000,000 through the end of 2021, including costs associated with obtaining the necessary equipment for production.

D Trend Information

The Company operates in competitive, highly regulated markets that require expertise in cultivation, manufacturing, retail and logistics. The Company collects and analyzes internal data and market data for predictive analysis to be used in its strategic and tactical business decisions involving marketing, product demand and expansion. Market inputs include product trends and purchasing patterns by area to enable the Company to predict desirable products, product mix and quantities in specified markets. Historical data includes sales transactions which allows the Company to assess sales trends, quantities dispensed and category of products sold by location and time period. The data is used for regression and predictive analysis to enable the Company to meet market trends and evolving demand through cultivation and production planning, expansion and marketing.

E. Critical Accounting Estimates

Not applicable.

ITEM 6: DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The below table and biographies provide information regarding the Company's directors (the "**Directors**") and executive officers as of September 20, 2021. The business address for each director and executive officer is 415 North Dearborn Street, 4th Floor, Chicago, Illinois, 60654.

Name, Age and Residence	Positions	Previous Occupation	Officer/Director Since
George Archos[(1)] Age: 42 Illinois, USA	Chairman, Chief Executive Officer and Director	Chairman and Chief Executive Officer of Verano Holdings, LLC	February 11, 2021
John Tipton Age: 60 Florida, USA	President	Chief Executive Officer of Plants of Ruskin GPS, LLC and RVC 360, LLC	February 11, 2021
Brian Ward Age: 34 Illinois, USA	Chief Financial Officer	Chief Financial Officer of Verano Holdings, LLC	February 11, 2021
Darren Weiss Age: 37 Maryland, USA	General Counsel and Chief Legal Officer	General Counsel of Verano Holdings, LLC	February 11, 2021
Aaron Miles Age: 43 Illinois, USA	Chief Investment Officer	Head of Capital Markets of Verano Holdings, LLC; Head of Capital Markets of Cresco Labs, Inc.	June 1, 2021
R. Michael Smullen Age: 66 Florida, USA	Director and Corporate Secretary	Co-Founder, Chairman & Chief Executive Officer of Alternative Medical Enterprises, LLC	February 11, 2021
Edward Brown[(1), (2)] Age: 58 Florida, USA	Director	Chairman of Clear Golf; Chairman of Selfless Love Foundation; Chief Executive Officer of The Patron Spirit's Company AG	February 11, 2021
Cristina Nuñez[(1), (2)] Age: 36 Florida, USA	Director	Co-Founder & Partner, True Beauty Ventures LP; Founder, Kensington Venture Partners LLC	February 11, 2021

Notes:

(1) Member of the audit committee of the Board.
(2) Member of the compensation committee of the Board.

George Archos, Chairman and Chief Executive Officer

Mr. Archos has served as Chairman and Chief Executive Officer of the Company since February 2021. Mr. Archos co-founded Verano LLC in September 2017, and served as Verano LLC's Chairman and Chief Executive Officer until February 2021 when Verano LLC became a subsidiary of the Company. Mr. Archos has significant executive-level experience in the logistics, delivery and operations business verticals. Mr. Archos entered the cannabis industry in 2014 when he founded Ataraxia Grow and Labs, an Illinois based medical cannabis growth and cultivation company ("**Ataraxia**"), where he led Ataraxia's successful effort to obtain Illinois' first issued medical cannabis growth license. Mr. Archos began his career in the hospitality industry in 2001, and is President and Owner of eight restaurants located throughout the state of Illinois. Mr. Archos received his Bachelor's Degree from Loyola University where he studied communications and philosophy.

John Tipton, President

Mr. Tipton has served as President of the Company since February 2021. Beginning in 1997, Mr. Tipton served as Chief Executive Officer of Artesian Farms, Dickman Investments and Plants of Ruskin, a subsidiary of the Company since February 2021. Mr. Tipton's acumen in accounting, finance, agriculture, and construction have been directly applied in his role as founder and Chief Executive Officer of Plants of Ruskin. As Chief Executive Officer of Plants of Ruskin, Mr. Tipton successfully spearheaded the acquisition of a highly coveted vertically integrated medical marijuana treatment center license in Florida. From 1989 to 1997, Mr. Tipton acted as Chief Financial Officer of Harloff Farms. Mr. Tipton earned a degree in accounting (*magna cum laude*) from Wheeling College in 1988 and has been a registered CPA since 1993.

Brian Ward, Chief Financial Officer

Mr. Ward has served as Chief Financial Officer of the Company since February 2021. From December 2019 to February 2021, Mr. Ward served as Chief Financial Officer of Verano LLC, a subsidiary of the Company since February 2021. Mr. Ward was employed with Navigant Consulting ("**Navigant**"), a large publicly-traded consulting firm in various leadership capacities from February 2016 to December 2019. His roles with Navigant spanned from Finance Director & Controller for a successful start-up healthcare joint venture to leading internal audit, corporate governance compliance, and enterprise risk management functions. Mr. Ward began his career working in financial analysis for 3M in 2009 before spending a number of years in consulting. Mr. Ward led large global teams with Baker Tilly in 2010 and 2011, and KPMG International Limited, one of the "big four" accounting firms ("**KPMG**"), from 2011 to 2015. During his time with KPMG and Baker Tilly, Mr. Ward served clients across numerous industries, and advised multiple clients through IPO readiness and successful public offerings. Mr. Ward received his Bachelor's Degree in 2009 from the University of Wisconsin, La Crosse.

Darren Weiss, General Counsel and Chief Legal Officer

Mr. Weiss has served as General Counsel and Chief Legal Officer of the Company since February 2021. Mr. Weiss joined Verano LLC in September 2017, and served as Verano LLC's General Counsel and Chief Legal Officer until February 2021 when Verano LLC became a subsidiary of the Company. From March 2015 to September 2017, Mr. Weiss was a Principal at Offit Kurman, a prominent law firm, where he led the firm's cannabis practice. Mr. Weiss currently sits on the Executive Committee and Board of the Maryland Wholesale Medical Cannabis Trade Association, was named to the *Baltimore Business Journal's* 40 Under 40 List, was awarded the 2016 Innovator of the Year prize, and is identified as a 2017 People to Know in the Law. Mr. Weiss received his Bachelor's Degree *magna cum laude* from Washington University in St. Louis in 2005 and his Juris Doctorate *cum laude* from George Mason University School of Law in 2010. Prior to his legal career, from 2005 through 2007, Mr. Weiss worked as a business consultant with performancesoft, Inc. (later Actuate Corp.), where he provided performance management and business operational consulting services for public and private-sector clients.

Aaron Miles, Chief Investment Officer

Mr. Miles has served as Chief Investment Officer of the Company since June 2021. Mr. Miles joined Verano LLC in September 2020, and served as Head of Investor Relations of Verano LLC and the Company until his promotion in June 2021. Mr. Miles has worked in a finance capacity for more than 19 years with capital markets, investor relations, treasury, mergers and acquisitions and communication responsibilities throughout a career that has spanned organizations including Cresco Labs from September 2018 to May 2019 and December 2019 to September 2020, the New York Stock Exchange from May 2019 to December 2019, Tribune Publishing from June 2017 to August 2019, Navigant Consulting from December 2014 to June 2017, the CME Group from May 2011 to October 2014, and Abbott Labs from June 2008 to May 2011. Mr. Miles graduated from Central Michigan University in 2002 with a Bachelor of Science in Economics, and from Walsh College in 2005 with a Master of Science in Finance.

R. Michael Smullen, Director and Corporate Secretary

Mr. Smullen has served as Corporate Secretary and a Director of the Company since February 2021. Mr. Smullen co-founded AME LLC in October 2014, and served as AME LLC's Chief Executive Officer and Chairman until February 2021 when the AME Parties were acquired by the Company. Prior to entering the cannabis industry, Mr. Smullen spent 31 years in the pharmaceutical and biotech industries, where he built and led commercial operations for several companies. From May 1994 to July 2007, Mr. Smullen held various executive-level positions with MedImmune, LLC, a pharmaceutical company based in Maryland ("**MedImmune**"), which successfully launched the first monoclonal antibody approved in the U.S. for an infectious disease. In 2007, Mr. Smullen was part of the executive team that secured MedImmune's $15.8 billion acquisition by AstraZeneca plc. Mr. Smullen graduated from Norwich University in 1976 and holds degrees in History and Criminal Justice.

Cristina Nuñez, Director

Ms. Nuñez has served as a Director of the Company since February 2021. Ms. Nuñez is a Partner with True Beauty Ventures, which she co-founded in April 2021. True Beauty Ventures is an emerging growth venture capital fund focused on identifying, partnering with, and scaling beauty, wellness and personal care companies. Prior to launching True Beauty Ventures in 2020, Ms. Nuñez spent half of her career as an operator in beauty and wellness. From May 2017 through April 2019, she was the General Manager and Chief Operating Officer of Clark's Botanicals, a clean, botanical skincare brand with international ecommerce and prestige wholesale distribution. From October 2014 to May 2017, Ms. Nuñez held various executive leadership and operating roles at Laura Geller Beauty, a global, prestige makeup brand. Ms. Nuñez spent seven years with various prominent private equity firms and investment banks, including Tengram Capital Partners, L Catterton and UBS. Ms. Nuñez graduated *magna cum laude* from Duke University in May 2007 and holds a Bachelor of Arts with Highest Distinction in Public Policy Studies and Political Science.

Edward Brown, Director

Mr. Brown has served as a Director of the Company since February 2021. Since January 2020, Mr. Brown has served as Chairman and Chief Executive Officer of Clear Sports, an innovative sports equipment company. From June 2000 through December 2019, Mr. Brown served as Chief Executive of The Patron Spirit's Company AG ("**Patron**"), where he led the growth of the Patron brand as one of the largest ultra-premium tequilas in the world. In 2018, Mr. Brown completed the sale of the Patron brand to Bacardi Limited for $5.1 billion, the single largest reported brand sale at such time. Prior to joining Patron, Mr. Brown spent ten years with Seagram Company Ltd., then one of the largest liquor companies in the world, where he held many executive positions between 1990 and 2000. Mr. Brown graduated from the University of Texas in 1985 and holds a Bachelor of Business Administration in Marketing.

B. Compensation

The following table sets forth all compensation paid, payable, awarded, given or otherwise provided, directly or indirectly, by the Company or any subsidiary of the Company, to our Directors, and named executive officers (as determined in accordance with Canadian securities laws applicable to the Company) ("**Named Executive Officers**"), that served in such capacities for the year ended December 31, 2020, for whom disclosure is required pursuant to the securities laws of Canada applicable to the Company.

The Company's non-employee Directors, Mr. Brown and Ms. Nuñez, joined the Board upon the consummation of the RTO, and as such did not receive any compensation from the Company or any of its subsidiaries during the year ended December 31, 2020.

Name and Position	Year	Salary, Consulting Fee, Retainer or Commission	Bonus	Committee or Meeting Fees	Value of All Other Compensation	Total Compensation
George Archos, *Chairman, Chief Executive Officer and Director*(1)	2020	$ 475,000	$ 81,250	Nil	Nil	$ 556,250
John Tipton, President(2)	2020	$ 340,000	$ 250,000	Nil	Nil	$ 590,000
Brian Ward, Chief Financial Officer(1)	2020	$ 166,346	$ 82,500	Nil	Nil	$ 248,846
R. Michael Smullen, *Director and Corporate Secretary*(2)	2020	$ 225,000	Nil	Nil	Nil	$ 225,000
Cristina Nuñez, Director(3)	2020	Nil	Nil	Nil	Nil	Nil
Edward Brown, Director(3)	2020	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Reflects compensation paid to Messrs. Archos and Ward from Verano LLC during the year ended December 31, 2020.

(2) Reflects compensation paid to Messrs. Tipton and Smullen from Plants of Ruskin and AME LLC, respectively, during the year ended December 31, 2020.

(3) Ms. Nuñez and Mr. Brown joined the Board in February 2021, and received no compensation during the year ended December 31, 2020.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to members of our management team and directors during the year ended December 31, 2020.

Exercise of Compensation Securities by Directors and Named Executive Officers

There were no compensation securities exercised by the Company's Named Executive Officers and directors during the year ended December 31, 2020.

Employment, Consulting and Management Agreements

During the year ended December 31, 2020, the Company did not have any employment agreements with any of its employees and did not have any termination or change of control obligations.

Since the completion of the RTO, the Company has entered into employment agreements with its officers. The following are merely summaries of the relevant agreements the Company has with the Named Executive Officers (as determined in accordance with Canadian securities laws applicable to the Company) and are qualified in their entirety by reference to the full text of the agreements with Messrs. Archos, Tipton, Ward and Smullen which are filed as Exhibits 4.9, 4.10, 4.11 and 4.12 hereto.

George Archos, Chief Executive Officer and Chairman

On February 18, 2021, the Company entered into an employment agreement (the "**Archos Employment Agreement**") with George Archos in his capacity as Chief Executive Officer of the Company, for a period of three years. The Archos Employment Agreement automatically renews following the initial three-year term for successive one-year terms unless either party gives the other party at least 30 days' notice of its election not to renew.

Mr. Archos is entitled to a base annual salary of no less than $375,000 and a cash bonus at the end of each calendar year in a targeted amount of $200,000 that is based upon the Company's and the executive's performance. Mr. Archos is also eligible to receive awards of equity incentives granted pursuant to the Company's 2021 Equity Incentive Plan.

The Archos Employment Agreement terminates upon Mr. Archos' death or permanent disability or incapacity or may be terminated by the Company at any time with or without Cause (as defined in the Archos Employment Agreement). If the Archos Employment Agreement is terminated either by the Company for Cause or by Mr. Archos during the employment period, Mr. Archos will be entitled to receive his accrued obligations up to the termination date and will not be entitled to any other compensation. If the Archos Employment Agreement is terminated without Cause by the Company, then Mr. Archos will receive, for a period of ten consecutive months, (i) his base salary (prorated monthly), and (ii) an amount equal to the monthly premiums or cost of coverage under COBRA for Mr. Archos applicable to the Company's group health plans. If the Archos Employment Agreement is terminated as a result of Mr. Archos' death, permanent disability or incapacity during the employment period, Mr. Archos' representatives or beneficiaries will be entitled to receive the accrued obligations.

The Archos Employment Agreement is subject to restrictive covenants including a non-competition covenant and non-solicitation covenant for a period terminating on the second anniversary of the termination date along with restrictive covenants regarding confidentiality and intellectual property.

John Tipton, President

On March 31, 2021, the Company entered into an employment agreement (the "**Tipton Employment Agreement**") with John Tipton in his capacity as President of the Company for a period of two years. The Tipton Employment Agreement renews automatically following the initial two-year term for successive one-year terms unless either party gives the other party at least 30 days' notice of its election not to renew.

Mr. Tipton is entitled to a base annual salary of no less than $100,000. He is also entitled to four separate performance bonuses, each paid in combination of one-half cash and one-half Proportionate Voting Shares (or Subordinate Voting Shares, at the Company's discretion) based upon the gross sales for the Company's Florida and Arizona operations acquired in the Business Combination. Mr. Tipton received the first $1,000,000 bonus in April 2021. Mr. Tipton also received a signing bonus in the amount of $1,000,000**.**

The Tipton Employment Agreement terminates upon Mr. Tipton's death or permanent disability or incapacity or may be terminated by the Company at any time with or without Cause (as defined in the Tipton Employment Agreement). If the Tipton Employment Agreement is terminated either by the Company or by Mr. Tipton during the employment period, then Mr. Tipton will be entitled to receive his accrued obligations up to the termination date and unpaid performance bonuses. If the Tipton Employment Agreement is terminated as a result of Mr. Tipton's death, permanent disability or incapacity during the employment period, Mr. Tipton's representatives or beneficiaries will be entitled to receive the accrued obligations and any performance bonuses unpaid as of the termination date.

The Tipton Employment Agreement is subject to restrictive covenants including a non-competition covenant and non-solicitation covenant for a period terminating on the third anniversary of the Termination Date along with restrictive covenants regarding confidentiality and intellectual property.

Brian Ward, Chief Financial Officer

On February 18, 2021, the Company entered into an employment agreement (the "**Ward Employment Agreement**") with Brian Ward in his capacity as Chief Financial Officer of the Company for a period of three years. The Ward Employment Agreement automatically renews following the initial three-year term for successive one-year terms unless either party gives the other party at least 30 days' notice of its election not to renew.

Mr. Ward is entitled to a base annual salary of no less than $350,000 and a cash bonus at the end of each calendar year in a targeted amount of $150,000 that is based upon the Company's and the executive's performance. Mr. Ward is also eligible to receive certain stock-based awards granted pursuant to the Company's 2021 Equity Incentive Plan.

The Ward Employment Agreement terminates upon Mr. Ward's death or permanent disability or incapacity or may be terminated by the Company at any time with or without Cause (as defined in the Ward Employment Agreement). If the Ward Employment Agreement is terminated either by the Company for Cause or by Mr. Ward during the employment period, Mr. Ward will be entitled to receive his accrued obligations up to the termination date and will not be entitled to any other compensation. If the Ward Employment Agreement is terminated without Cause by the Company, then Mr. Ward will receive, for a period of ten consecutive months, (i) his base salary (prorated monthly), and (ii) an amount equal to the monthly premiums or cost of coverage under COBRA for the executive applicable to the Company's group health plans. If the Ward Employment Agreement is terminated as a result of Mr. Ward's death, permanent disability or incapacity during the employment period, Mr. Ward's representatives or beneficiaries will be entitled to receive the accrued obligations.

The Ward Employment Agreement is subject to restrictive covenants including a non-competition covenant and non-solicitation covenant for a period terminating on the second anniversary of the Termination Date along with restrictive covenants regarding confidentiality and intellectual property.

R. Michael Smullen, Corporate Secretary and Director

On March 31, 2021, the Company entered into an employment agreement (the "**Smullen Employment Agreement**") with R. Michael Smullen in his capacity as Secretary of the Company for a period of two years. The Smullen Employment Agreement renews automatically following the initial two-year term for successive one-year terms unless either party gives the other party at least 30 days' notice of its election not to renew.

Mr. Smullen is entitled to a base annual salary of no less than $100,000. He is also entitled to four separate performance bonuses, each paid in combination of one-half cash and one-half Proportionate Voting Shares (or Subordinate Voting Shares, at the Company's discretion) based upon the gross sales for the Company's Florida and Arizona operations acquired in the Business Combination. Mr. Smullen received the first $1,000,000 bonus in April 2021. Mr. Smullen also received a signing bonus in the amount of $1,000,000**.**

The Smullen Employment Agreement terminates upon Mr. Smullen's death or permanent disability or incapacity or may be terminated by the Company at any time with or without Cause (as defined in the Smullen Employment Agreement). If the Smullen Employment Agreement is terminated either by the Company or by Mr. Smullen during the employment period, then Mr. Smullen will be entitled to receive his accrued obligations up to the termination date and unpaid performance bonuses. If the Smullen Employment Agreement is terminated as a result of Mr. Smullen's death, permanent disability or incapacity during the employment period, Mr. Smullen's representatives or beneficiaries will be entitled to receive the accrued obligations and any performance bonuses unpaid as of the termination date.

The Smullen Employment Agreement is subject to restrictive covenants including a non-competition covenant and non-solicitation covenant for a period terminating on the third anniversary of the termination date along with restrictive covenants regarding confidentiality and intellectual property.

Stock Option Plans and Other Incentive Plans

The Company's 2021 Equity Incentive Plan (the "**Equity Incentive Plan**") was adopted by the Company's shareholders and became effective upon the consummation of the RTO in accordance with the Plan of Arrangement.

Purpose

The purpose of the Equity Incentive Plan is to enable the Company and its affiliated companies to: (i) promote and retain employees, officers, consultants, advisors and directors capable of assuring the future success of the Company; (ii) to offer such persons incentives to put forth maximum efforts; and (iii) to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership, thereby aligning the interests of such persons and shareholders.

The Equity Incentive Plan permits the grant of: (i) nonqualified stock options ("**Company NQSOs**") and incentive stock options ("**Company ISOs**") (collectively, "**Company Options**"); (ii) restricted stock awards; (iii) restricted stock units ("**Company RSUs**"); (iv) stock appreciation rights ("**Company SARs**"); (v) performance compensation awards; and (vi) other stock-based awards, which are referred to herein collectively as "**Awards**", as more fully described below.

Eligibility

Any of the Company's employees, officers, directors, consultants (who are natural persons) (the "**Participants**") are eligible to participate in the Equity Incentive Plan if selected by the Compensation Committee. The basis of participation of an individual under the Equity Incentive Plan, and the type and amount of any Award that an individual will be entitled to receive under the Equity Incentive Plan, will be determined by the Compensation Committee taking into account the nature of the services rendered by the respective Participants, their historical contributions to the success of the Company's predecessor entities or affiliates, present and potential contributions to the success of the Company or such other factors as the Compensation Committee determines, based on its judgment as to the best interests of the Company and its shareholders, and therefore cannot be determined in advance.

The maximum number of Subordinate Voting Shares that may be issued under the Equity Incentive Plan will be determined by the Board from time to time, but in no case will exceed, in the aggregate, 10% of the number of common shares (the "**Company Shares**") then outstanding (whereby the Proportionate Voting Shares are calculated on an as-converted to Subordinate Voting Share basis). Any shares subject to an Award under the Equity Incentive Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant will again be available for Awards under the Equity Incentive Plan. Other than an award made pursuant to any election by the director to receive an award in lieu of all or a portion of annual and committee retainers and meeting fees, no non-employee director may be granted any award or Awards denominated in Subordinate Voting Shares that exceed in the aggregate $1,000,000 in any calendar year. If, and so long as, the Company is listed on the CSE, the aggregate number of Company Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within a one-year period, will not exceed 1% of the total number of Subordinate Voting Shares then outstanding. For the purposes of the Equity Incentive Plan, the term outstanding Subordinate Voting Shares includes the number of Subordinate Voting Shares issuable on conversion of the Proportionate Voting Shares.

In the event of: (i) any dividend, recapitalization, forward or reverse stock split, reorganization, merger, amalgamation, consolidation, split-up, split-off, combination, repurchase or exchange of Subordinate Voting Shares or other securities of the Company; (ii) issuance of warrants or other rights to acquire Subordinate Voting Shares or other securities of the Company or other similar corporate transaction or events which affects the Subordinate Voting Shares; (iii) unusual or nonrecurring events affecting the Company, the financial statements of the Company; or (iv) changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, the Compensation Committee may make such adjustment, which is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Equity Incentive Plan, to (A) the number and kind of shares which may thereafter be issued in connection with Awards, (B) the number and kind of shares issuable in respect of outstanding Awards, (C) the purchase price or exercise price relating to any Award or, if deemed appropriate, provide for a cash payment with respect to any outstanding Award, and (D) any share limit set forth in the Equity Incentive Plan.

Awards

Options

The Compensation Committee is authorized to grant Company Options to purchase Subordinate Voting Shares that are either Company ISOs, meaning they are intended to satisfy the requirements of Section 422 of the Code, or Company NQSOs, meaning they are not intended to satisfy the requirements of Section 422 of the Code. Company Options granted under the Equity Incentive Plan will be subject to the terms and conditions established by the Compensation Committee. Under the terms of the Equity Incentive Plan, unless the Compensation Committee determines otherwise, in the event that a Company Option is substituted for another Company Option in connection with a corporate transaction, the exercise price of the Company Option will not be less than the fair market value (as determined under the Equity Incentive Plan) of the shares at the time of grant. Company Options granted under the Equity Incentive Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Compensation Committee and specified in the applicable award agreement. The maximum term of a Company Option granted under the Equity Incentive Plan will be ten years from the date of grant (or five years in the case of a Company ISO granted to a shareholder of the Company who holds more than 10% of Company Shares). Payment in respect of the exercise of a Company Option may be made in cash or by check, by surrender of unrestricted shares (at their fair market value on the date of exercise) or by such other method as the Compensation Committee may determine to be appropriate. Additional minimum provisions set forth in the Equity Incentive Plan will apply to awards granted to California participants if such award is granted in reliance on Section 25102(o) of the California Corporations Code.

Restricted Stock

A restricted stock award is a grant of Subordinate Voting Shares, which are subject to forfeiture restrictions during a restriction period. The Compensation Committee will determine the price, if any, to be paid by the Participant for each Subordinate Voting Shares subject to a restricted stock award. The Compensation Committee may condition the expiration of the restriction period, if any, upon: (i) the Participant's continued service over a period of time with the Company or its affiliates; (ii) the achievement by the Participant, the Company or its affiliates of any other performance goals set by the Compensation Committee; or (iii) any combination of the above conditions as specified in the applicable award agreement. If the specified conditions are not attained, the Participant will forfeit the portion of the restricted stock award with respect to those conditions which are not attained, and the underlying Subordinate Voting Shares will be forfeited. At the end of the restriction period, if the conditions, if any, have been satisfied, the restrictions imposed will lapse with respect to the applicable number of Subordinate Voting Shares. During the restriction period, unless otherwise provided in the applicable award agreement, a Participant will have the right to vote the shares underlying the restricted stock; however, all dividends will remain subject to restriction until the stock with respect to which the dividend was issued lapses. The Compensation Committee may, in its discretion, accelerate the vesting and delivery of shares of restricted stock. Unless otherwise provided in the applicable award agreement or as may be determined by the Compensation Committee, upon a Participant's termination of service with the Company, the unvested portion of a restricted stock award will be forfeited.

RSUs

Company RSUs are granted in reference to a specified number of Subordinate Voting Shares and entitle the holder to receive, on achievement of specific performance goals established by the Compensation Committee, after a period of continued service with the Company or its affiliates or any combination of the above as set forth in the applicable award agreement, one Subordinate Voting Share for each such Subordinate Voting Share covered by the Company RSU; provided, that the Compensation Committee may elect to pay cash, or part cash and part Subordinate Voting Shares in lieu of delivering only Subordinate Voting Shares. The Compensation Committee may, in its discretion, accelerate the vesting of Company RSUs. Unless otherwise provided in the applicable award agreement or as may be determined by the Compensation Committee, upon a Participant's termination of service with the Company, the unvested portion of the Company RSUs will be forfeited.

Stock Appreciation Rights

A Company SAR entitles the recipient to receive, upon exercise of the Company SAR, the increase in the fair market value of a specified number of Subordinate Voting Shares from the date of the grant of the Company SAR and the date of exercise payable in Subordinate Voting Shares. Any grant may specify a vesting period or periods before the Company SAR may become exercisable and permissible dates or periods on or during which the Company SAR will be exercisable. No Company SAR may be exercised more than ten years from the grant date. Upon a Participant's termination of service, the same general conditions applicable to Company Options as described above would be applicable to the Company SAR.

Other Stock-Based Awards

The Compensation Committee may grant other awards that are denominated or valued in whole or in part by reference to Subordinate Voting Shares. The Compensation Committee will determine the terms and condition of such awards. No Other Stock-Based Award will contain a purchase right or option-like exercise feature.

Administration of the Equity Incentive Plan

The Compensation Committee may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the Equity Incentive Plan will be nontransferable except by will or by the laws of descent and distribution. No Participant will have any rights as a shareholder with respect to Subordinate Voting Shares covered by Company Options, Company SARs, restricted stock awards, Company RSUs or other stock-based awards, unless and until such Awards are settled in Subordinate Voting Shares.

No Company Option (or, if applicable, Company SARs) will be exercisable, no Subordinate Voting Shares will be issued, no certificates for Subordinate Voting Shares will be delivered and no payment will be made under the Equity Incentive Plan except in compliance with all applicable laws.

The Board may amend, alter, suspend, discontinue or terminate the Equity Incentive Plan and the Compensation Committee may amend any outstanding Award at any time; provided that (i) such amendment, alteration, suspension, discontinuation, or termination will be subject to the approval of the Company's shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the Equity Incentive Plan (including, without limitation, as necessary to comply with any rules or requirements of any applicable securities exchange), and (ii) no such amendment or termination may adversely affect Awards then outstanding without the Award holder's permission.

In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, takeover bid or tender offer, repurchase or exchange of Subordinate Voting Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company will enter into a written agreement to undergo such a transaction or event), the Compensation Committee or the Board may, in its sole discretion, provide for any (or a combination) of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, provided, however that the consummation of the event subsequently occurs):

- termination of the Award, whether or not vested, in exchange for cash or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights,
- the replacement of the Award with other rights or property selected by the Compensation Committee or the Board, in its sole discretion,
- assumption of the Award by the successor or survivor corporation, or a parent or subsidiary thereof, or will be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices,
- that the Award will be exercisable or payable or fully vested with respect to all Subordinate Voting Shares covered thereby, notwithstanding anything to the contrary in the applicable award agreement, or
- that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

Tax Withholding

The Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

The above is a summary description of the material terms of the Equity Incentive Plan, with such description being qualified in its entirety by reference to the full text of the Equity Incentive Plan which is attached hereto as Exhibit 4.13.

Oversight and Description of Director and Executive Officer Compensation

The Company's compensation practices are designed to retain, motivate and reward its executive officers for their performance and contribution to the Company's long-term success. The Board seeks to compensate the Company's executive officers by combining short and long-term cash and equity incentives. These practices are intended to reward the achievement of corporate and individual performance objectives, and to align executive officer incentives with shareholder value creation. The Board seeks to tie individual goals to the area of each executive officer's primary responsibility. These goals may include the achievement of specific financial or business development goals. The Board also intends to set Company performance goals that reach across all business areas and include achievements in finance, business development and corporate development.

The Compensation Committee reviews the executive compensation arrangements for the Chief Executive Officer, President, Chief Legal Officer, Chief Financial Officer and other senior officers of the Company and makes recommendations regarding such executive compensation arrangements to the Board.

Benchmarking

The executive team is expected to establish an appropriate comparator group for purposes of setting the future compensation of executive officers.

Elements of Compensation

The compensation of executive officers is comprised of the following major elements: (i) base salary; (ii) an annual, discretionary cash bonus; and (iii) Awards granted under the Equity Incentive Plan and any other equity plan that may be approved by the Board from time to time. These principal elements of compensation are described below.

Base Salary

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to the Company's success, each executive officer's experience and expertise, the position and responsibilities of such executive officer, and competitive industry pay practices for other high growth, premium brand companies of similar size and revenue growth potential.

Annual Cash Bonus

Annual bonuses may be awarded based on qualitative and quantitative performance standards, and will reward performance of executive officers individually. The determination of an executive officer's performance may vary from year to year depending on economic conditions and conditions in the cannabis industry, and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

Equity-Based Compensation

The Board may also decide to grant Awards pursuant to the Equity Incentive Plan in the future. For further details in respect of the Equity Incentive Plan, see "*Item 6.B - Compensation*".

Compensation of Directors

The Company does not pay compensation to any of its employee Directors and only pays compensation to its non-employee Directors. Director compensation is comprised of cash (including annual fees for attending meetings of the Board and additional compensation for acting as chairs of committees of the Board) or Awards granted in accordance with the terms of the Equity Incentive Plan and the CSE policies, or a combination of both. All Directors are reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Board, committees of the Board or meetings of the shareholders of the Company. In addition, the Company maintains directors and officers insurance for the benefit of all of its Directors.

Cristina Nuñez and Edward Brown are currently the independent Directors of the Company, and they are each entitled to an annual fee of $45,000, paid in equal installments quarterly, and were each granted 500 Company RSUs on February 18, 2021, entitling the holder to one Proportionate Voting Share for each Company RSU. The Company RSUs vest equally over an 18 month period such that 1/3 of the Company RSUs vested six months following the date of grant, 1/3 of the Company RSUs will vest 12 months following the date of grant and 1/3 of the Company RSUs will vest 18 months following the date of grant.

C. Board Practices

Each Director's term of office will expire at the next annual meeting of shareholders of the Company to be held in 2022 or when his or her successor is duly elected or appointed, unless his or her office is vacated earlier in accordance with the articles of the Company or he or she becomes disqualified to act as a director of the Company.

Each non-independent Director works full time for the Company. The independent Directors have no other role with the Company other than sitting on the Board and acting as committee members. The independent Directors are expected to devote sufficient time to the Company's business in order to carry out their duties as directors of the Company; however, being a director of the Company is not the primary occupation of either of the independent directors. See "*Item 6.A - Directors and Senior Management*".

Audit Committee

The Audit Committee of the Board (the "**Audit Committee**") was put in place at the time of the RTO in February 2021. The role of the Audit Committee is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

Composition of the Audit Committee

The Audit Committee is currently composed of three Directors, Cristina Nuñez, George Archos and Edward Brown. Ms. Nuñez and Mr. Brown are independent within the meaning of that term as defined in sections 1.4 and 1.5 of National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). All members of the Audit Committee are financially literate as required by Section 3.1(4) of NI 52-110.

Relevant Education and Experience

Each Audit Committee member possesses education and experience which is relevant to the performance of his or her responsibilities as an Audit Committee member and, in particular, education or experience which provides the member with one or more of the following: an understanding of the accounting principles used by the Company to prepare its financial statements; the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting. See "*Item 6.a - Directors and Senior Management*".

Audit Committee Oversight

In 2021, there has not been any recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee's policies and procedures for the engagement of external auditors for non-audit services requires the pre-approval of the Audit Committee.

Compensation Committee

The Compensation Committee of the Board (the "**Compensation Committee**") was put in place at the time of the RTO in February 2021. The role of the Compensation Committee is to assist the Board in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for the Company's executive officers. In addition, the Compensation Committee is charged with reviewing the Equity Incentive Plan and proposing changes thereto, approving any Awards under the Equity Incentive Plan and recommending any other employee benefit plans, incentive awards and prerequisites with respect to the Company's executive officers.

Composition of the Compensation Committee

The Compensation Committee is currently composed of the two non-employee Directors, Cristina Nuñez and Edward Brown.

Relevant Education and Experience

Each member of the Compensation Committee has business and other experience which is relevant to his or her position as a member of the Compensation Committee. By virtue of their differing professional backgrounds, business experience, knowledge of the Company's industry and knowledge of corporate governance practices, the members of the Compensation Committee are able to make decisions on the suitability of the Company's compensation policies and practices. See "*Item 6.A - Directors and Senior Management*" for a description of each Compensation Committee member's experience and education.

Compensation Committee Oversight

See "*Item 6.B - Executive Compensation*" for a discussion of, among other things, the process by which the Compensation Committee, in collaboration with the Board, determines the compensation of the Company's directors and officers.

Nomination of Directors and Corporate Governance Oversight

The Board has not established a standing Nominating and Corporate Governance Committee, or similar such standing committee, but may do so in the future. Activities such as the nomination and selection of directors and officers, and the development and implementation of corporate governance guidelines and practices, are carried out by the Board.

D. Employees

As of September 13, 2021, the Company had 3,481 employees across its operating jurisdictions, primarily employed in the Company's cultivation, manufacturing, and processing operations and support thereof. Other significant departments include retail and other operations, logistics and supply chain, sales and marketing, legal and compliance, and other administrative and support functions. The Company recruits, hires and promotes individuals that are best qualified for each position, priding itself on using a selection process that recruits people who are trainable, cooperative and share its core values as a company. The Company believe that relations with its employees are good.

E. Share Ownership

For information regarding the share ownership of the Company's directors and officers, see "*Item 6.B.—Compensation"* and "*Item 7.A.—Major Shareholders"*.

ITEM 7: MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

To the knowledge of the directors and executive officers of the Company, other than George Archos, the Company's Chairman and Chief Executive Officer, no Person beneficially owns, directly or indirectly, or exercises control or direction over voting securities carrying more than 5% of the voting rights attached to the Subordinate Voting Shares and Proportionate Voting Shares.

Set forth below are the Named Executive Officers and Directors beneficial ownership of Subordinate Voting Shares and Proportionate Voting Shares (collectively, "**Company Shares**") as of September 14, 2021.

Name	Number and Percentage of Subordinate Voting Shares Beneficially Owned[(1)]	Number and Percentage of Proportionate Voting Shares Beneficially Owned[(2)]	Number and Percentage of Subordinate Shares on an As Converted Basis Beneficially Owned [(3)]
George Archos (4)	14,489,679 / 7.2%	431,256 / 37.8%	57,615,279 / 18.3%
John Tipton	744,176 / *%	22,817 / *%	3,025,876 / 1.0%
Brian Ward	46,331 / *%	1,673 (5) / *%	213,631 / *%
Michael Smullen	544,361 / *%	16,604 / *%	2,204,761 / *%
Edward Brown	11,797 / *%	334 (6) / *%	45,197 / *%
Cristina Nunez	Nil / Nil	500 (7) / *%	50,000 / *%
All Directors and Named Executive Officers	15,836,344 / 7.9%	473,184 / 41.5%	63,154,744 / 20.1%

(1) Based on 200,962,343 Subordinate Voting Shares outstanding as of September 14, 2021.
(2) Based on 1,140,286.3898 Proportionate Voting Shares outstanding as of September 14, 2021.
(3) Based on outstanding Company Shares as of September 14, 2021, including the conversion of all issued and outstanding Proportionate Voting Shares into Subordinate Voting Shares on an as-converted basis as set forth in this Registration Statement.

(4) Includes (i) 263,133 Subordinate Voting Shares, 4,371 Proportionate Voting Share RSUs and Options to purchase up to 88 Proportionate Voting Shares held individually; (ii) 3,801,438 Subordinate Voting Shares and 114,043 Proportionate Voting Shares held by 3PLGK, LLC; (iii) 1,105,198 Subordinate Voting Shares and 33,156 Proportionate Voting Shares held by Archos Capital Group, LLC; (iv) 4,201,930 Subordinate Voting Shares and 180,239 Proportionate Voting Shares held by Copperstone Trust; (v) 2,538,652 Subordinate Voting Shares and 76,160 Proportionate Voting Shares held by GP Management Group, LLC and (vi) 2,579,328 Subordinate Voting Shares and 23,199 Proportionate Voting Shares held by The George P. Archos Irrevocable Trust. Mr. Archos holds sole voting and dispositive power over the Company Shares held by each of the foregoing entities other than the Company Shares held by 3PLGK, LLC, over which he has shared voting and dispositive power.
(5) Includes 1,591 Proportionate Voting Share RSUs and options to purchase up to 82 Proportionate Voting Shares.
(6) Includes 334 Proportionate Voting Share RSUs.
(7) Includes 500 Proportionate Voting Share RSUs.

The Company's major shareholders do not have different voting rights than other holders of Subordinate Voting Shares and Proportionate Voting Shares.

To the best of the Company's knowledge, the Company is not directly or indirectly owned or controlled by another corporation, by any foreign government or by any other natural or legal persons severally or jointly. To the best of the Company's knowledge, there are no arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

As of August 23, 2021, approximately 57.0585% of the Company's issued and outstanding voting securities were directly or indirectly held by residents of countries other than the United States, and 42.9415% of the Company's issued and outstanding voting securities were directly or indirectly held by residents of the United States.

B. Related Party Transactions

The Company was formed upon consummation of the RTO, Plan of Arrangement and the Business Combination, as described in this Registration Statement. Other than as disclosed below, since the consummation of the RTO, there have been no (i) transactions or presently proposed transactions which are material to the company or the related party, (ii) transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the company or any of its parent or subsidiaries was a party, or (iii) loans for the benefit of any person listed in (a) through (e) below (including guarantees of any kind), between the Company and:

(a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the Company;

(b) associates, meaning unconsolidated enterprises in which the Company holds a significant influence over, or which hold a significant influence over the Company;

(c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, and close members of any such individual's family (close members of an individual's family are those that may be expected to influence, or be influenced by, that person in their dealings with the Company);

(d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and senior management of the Company and close members of such individuals' families; and

(e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence, including enterprises owned by directors or major shareholders of the Company and enterprises that have a member of key management in common with the Company.

See "*Item 4 - Information on the Company*" for a description of the AME Merger Agreement.

See "*Item 6.B - Compensation*" for a description of the Company's employment agreements with the Company's Named Executive Officers.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8: FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See "*Item 18. - Financial Statements*".

Legal Proceedings

The Company is not a party to any material legal proceedings.

Dividend Policy

There are no restrictions in the Company's articles or elsewhere that prevent the Company from paying dividends. However, the Company has not paid dividends in the past, and it is not anticipated that the Company will pay any dividends in the foreseeable future. Rather, the Company currently intends to retain future earnings, if any, to fund the development and growth of its business and does not intend to pay any cash dividends on its shares for the foreseeable future. Any decision to pay dividends in the future will be made by the Board on the basis of earnings, financial requirements and other conditions existing at the time. All Company Shares are entitled to an equal share in any dividends declared and paid. The Credit Agreement further restricts the Company's ability to pay dividends.

B. Significant Changes

The Company consummated the RTO, Plan of Arrangement and Business Combination following the year ended December 31, 2020. See "*Item 4.A - History and Development of the Company*" for a description of the RTO, Plan of Arrangement and Business Combination, and "*Item 4.C - Organizational Structure*" for a description of the Company's current organizational structure. There have been no significant changes in the Company's financial condition since the consummation of the foregoing transactions and as otherwise described in this Registration Statement.

ITEM 9: THE OFFER AND LISTING

A. Offer and Listing Details

The Subordinate Voting Shares are listed in Canada on the CSE under the symbol "VRNO". The Subordinate Voting Shares are also quoted over-the-counter in the United States on the OTCQX under the symbol "VRNOF". The Proportionate Voting Shares are not listed or quoted for trading in Canada or over-the-counter in the United States.

The Company's articles permit the issuance of an unlimited number of Subordinate Voting Shares and Proportionate Voting Shares. The Subordinate Voting Shares are Proportionate Voting Shares are fully paid.

The Subordinate Voting Shares and Proportionate Voting Shares are managed by the Company's transfer agent and registrar, Odyssey Trust Company.

For additional details regarding the Subordinate Voting Shares and Proportionate Voting Shares, see "*Item 10.A - "Share Capital*".

B. Plan of Distribution

Not applicable.

C. Markets

Not applicable.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10: ADDITIONAL INFORMATION

A. Share Capital

The Company is authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Proportionate Voting Shares. As of September 14, 2021, there were 200,962,342.00 Subordinate Voting Shares and 1,140,286 Proportionate Voting Shares issued and outstanding. The following is a summary of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares and the Proportionate Voting Shares.

Subordinate Voting Shares

Shareholder Vote

Holders of Subordinate Voting Shares are entitled to notice of and to attend and vote at any meeting of the shareholders of the Company, except a meeting of which only holders of another 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 for each Subordinate Voting Share held.

Protective Provisions

As long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, alter or amend the articles of the Company if the result of such alteration or amendment would (i) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares or (ii) affect the rights or special rights of the holders of Subordinate Voting Shares or Proportionate Voting Shares or on a per share basis.

No subdivision or consolidation of the Subordinate Voting Shares will occur unless, simultaneously, the Proportionate Voting Shares are subdivided or consolidated using the same divisor or multiplier.

Dividends

Holders of Subordinate Voting Shares are entitled to receive as and when declared by the Board, dividends in cash or property of the Company. No dividend will be declared on the Subordinate Voting Shares unless the Company simultaneously declares an equivalent dividend on the Proportionate Voting Shares in an amount per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by 100.

The Board may declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, but only if the Board simultaneously declares a stock dividend payable in: (i) Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the number of Subordinate Voting Shares declared as a dividend per Subordinate Voting Share; or (ii) Subordinate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share (or a fraction thereof) equal to the number of Subordinate Voting Shares declared as a dividend per Subordinate Voting Share, multiplied by 100.

The Board may declare a stock dividend payable in Proportionate Voting Shares on the Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the number of Proportionate Voting Shares declared as a dividend per Subordinate Voting Share, multiplied by 100.

Holders of fractional Subordinate Voting Shares are entitled to receive any dividend declared on the Subordinate Voting Shares in an amount equal to the dividend per Subordinate Voting Share multiplied by the fraction thereof held by such holder.

Liquidation and Dissolution Events

In the event of a 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 rights of the holders of any shares of the Company ranking in priority to the Subordinate Voting Shares, be entitled to participate ratably along with all the holders of Proportionate Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to the amount of such distribution per Proportionate Voting Share divided by 100. Each fraction of a Subordinate Voting Share is entitled to the amount calculated by multiplying such fraction by the amount payable per whole Subordinate Voting Share.

Conversion Right

If an offer is made to purchase Proportionate Voting Shares, and such offer is required pursuant to applicable securities legislation or the rules of any stock exchange on which the Proportionate Voting Shares or the Subordinate Voting Shares may then be listed, to be made to all or substantially all of the holders of Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (an "**Offer**") and not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to or greater than $1/100^{th}$ of the consideration offered per Proportionate Voting Share, then each Subordinate Voting Share will become convertible at the option of the holder into Proportionate Voting Shares on the basis of 100 Subordinate Voting Shares for one Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Subordinate Voting Share Conversion Right**").

The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason.

If Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such Proportionate Voting Shares, such Proportionate Voting Shares and any fractions thereof issued will automatically be reconverted into Subordinate Voting Shares on the basis of one Proportionate Voting Share for 100 Subordinate Voting Shares.

Subject to approval by the Board, each Subordinate Voting Share may be converted at the option of the holder into such number of Proportionate Voting Shares as is determined by dividing the number of Subordinate Voting Shares being converted by 100. The conversion will be deemed to have taken place immediately prior to the close of business on the day on which the certificates or direct registration statements representing the Subordinate Voting Shares to be converted is deemed surrendered by the holder thereof and the conversion notice is delivered by such holder, and the person entitled to receive the Proportionate Voting Shares issuable upon such conversion will be treated for all purposes as the holder of record of such Proportionate Voting Shares as of such date.

Proportionate Voting Shares

Shareholder Vote

Holders of Proportionate Voting Shares are entitled to notice of and to attend and vote at any meeting of the shareholders of the Company, except a meeting of which only holders of another class or series of shares of the Company will have the right to vote. Subject to the terms set out in the articles of the Company, at each such meeting, holders of Proportionate Voting Shares are entitled to 100 votes in respect of each Proportionate Voting Share, and each fraction of a Proportionate Voting Share will entitle the holder to the number of votes calculated by multiplying the fraction by 100 and rounding the product down to the nearest whole number.

Protective Provisions

As long as any Proportionate Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Proportionate Voting Shares expressed by separate special resolution, alter or amend the articles of the Company if the result of such alteration or amendment would (i) prejudice or interfere with any right or special right attached to the Proportionate Voting Shares or (ii) affect the rights or special rights of the holders of Subordinate Voting Shares or Proportionate Voting Shares on a per share basis. At any meeting of holders of Proportionate Voting Shares called to consider such a separate special resolution, each whole Proportionate Voting Share will entitle the holder to one vote.

No subdivision or consolidation of the Proportionate Voting Shares may occur unless, simultaneously, the Subordinate Voting Shares are subdivided or consolidated using the same divisor or multiplier.

Dividends

Holders of Proportionate Voting Shares are entitled to receive, as and when declared by the Board, dividends in cash or property of the Company. No dividend will be declared on the Proportionate Voting Shares unless the Company simultaneously declares equivalent dividends on the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Proportionate Voting Share divided by 100.

The Board may declare a stock dividend payable in Proportionate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in (i) Proportionate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Proportionate Voting Shares declared as a dividend per Proportionate Voting Share, divided by 100, or (ii) Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Proportionate Voting Shares declared as a dividend per Proportionate Voting Share. The Board may declare a stock dividend payable in Subordinate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Subordinate Voting Shares declared as a dividend per Proportionate Voting Share, divided by 100. Holders of fractional Proportionate Voting Shares will be entitled to receive any dividend declared on the Proportionate Voting Shares, in an amount equal to the dividend per Proportionate Voting Share multiplied by the fraction held by such holder.

Liquidation and Dissolution Events

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 Proportionate Voting Shares are entitled to participate ratably along with the holders of Subordinate Voting Shares, with the amount of such distribution per Proportionate Voting Share equal to the amount of such distribution per Subordinate Voting Share multiplied by 100; and each fraction of a Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Proportionate Voting Share.

Conversion Right

Each Proportionate Voting Share will be convertible, at the option of the holder thereof, into a number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the share conversion right is exercised by 100. The ability of a holder to convert the Proportionate Voting Shares during the any restricted period is subject to a restriction that, unless the Board determines otherwise, the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act) may not exceed 40% of the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares then outstanding after giving effect to such conversions, determined in accordance with the articles of the Company.

In addition, in accordance with the articles of the Company, the Company may require a holder of Proportionate Voting Shares to convert all, but not less than all, of the Proportionate Voting Shares held by such holder into Subordinate Voting Shares if (i) the Company is subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, and (ii) the Subordinate Voting Shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange. Each Proportionate Voting Share will be convertible into such number of fully paid and non-assessable Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the share conversion right is exercised by 100.

B. Memorandum and Articles of Association

Incorporation

Majesta Minerals was incorporated under the *Business Corporations Act* (Alberta), as amended, (the "**ABCA**") as "1839579 Alberta Ltd." on August 6, 2014. On December 22, 2014, 1839579 Alberta Ltd. filed articles of amendment under the ABCA changing its name to "Majesta Minerals Inc.". As part of the Plan of Arrangement, on January 27, 2021, Majesta Minerals continued out of the Canadian province of Alberta and into the Canadian province of British Columbia. In order to complete the RTO, on February 11, 2021, Majesta Minerals underwent a name change to "Verano Holdings Corp." and amalgamated with 1277233 B.C. Ltd. ("**BC Newco**")under the *Business Corporations Act* (British Columbia), as amended, (the "**BCBCA**"), in each case as a step in the Plan of Arrangement, resulting in the Company as a British Columbia corporation named " Verano Holdings Corp.".

The head office of the Company is located at 415 North Dearborn Street, 4th Floor, Chicago, Illinois 60654. The registered office of the Company is located at 250 Howe Street, 20th Floor, Vancouver, British Columbia V6C 3R8.

The following is a brief summary of certain provisions contained in the Notice of Articles as well as the Articles of the Company (the "**Articles**"). To the extent there is a conflict between the Articles and the BCBCA, the BCBCA will prevail.

Directors' Powers

The Articles provide that a director or senior officer who holds a disclosable interest (as that term is used in the BCBCA) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the BCBCA. The Articles also provide that a director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution. A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting. A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the BCBCA.

Director Remuneration

The Articles provide that the directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director. The Articles provide that the Company must reimburse each director for the reasonable expenses that he or she may incur in his or her capacity as a director of the Company.

Qualifications of Directors

The Articles provide that a director is not required to hold a share in the capital of the Company as qualification for his or her office, but must be qualified as required by the BCBCA to become, act or continue to act as a director.

Share Rights

The Company's authorized capital consists of an unlimited number of Subordinate Voting Shares without par value and an unlimited number of Proportionate Voting Shares without par value. For details regarding the Subordinate Voting Shares and Proportionate Voting Shares, see "*Item 10.A - Share Capital*".

Alterations

Subject to the Articles and the BCBCA, the Company may by resolution of the Board: (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares is allotted or issued, eliminate that class or series of shares; (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established; (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares; (d) if the Company is authorized to issue shares of a class of shares with par value: (i) decrease the par value of those shares; or (ii) if none of the shares of that class of shares is allotted or issued, increase the par value of those shares; (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value; (f) alter the identifying name of any of its shares; or (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the BCBCA.

The Articles provide that subject to the BCBCA, the Company may by ordinary resolution: (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

The Articles provide that if the BCBCA does not specify the type of resolution and the Articles do not specify another type of resolution, the Company may by ordinary resolution alter the Articles. Similarly, if the BCBCA does not specify the type of resolution and the Articles do not specify another type of resolution, the Company may by ordinary resolution alter its Notice of Articles.

Shareholder Meetings

The Articles provide that, unless an annual general meeting is deferred or waived in accordance with the BCBCA, the Company must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual general meeting.

According to the Articles, the directors may call a meeting of shareholders. The Articles state that the directors may, by director's resolution, approve a location outside of British Columbia for the holding of a meeting of shareholders.

The Articles provide that the Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in the Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless the Articles otherwise provide, at least the following number of days before the meeting: (a) if and for so long as the Company is a public company, 21 days; and (b) otherwise, ten days. The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to receive notice does not invalidate any proceedings at that meeting. Any person entitled to receive notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting. Under Section 10.9 of the Articles, if a meeting of shareholders is to consider special business, the notice of meeting shall: (a) state the general nature of the special business; and (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by the shareholders: (i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting. At a meeting of shareholders, the following business is special business: (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting; (b) at an annual general meeting, all business is special business except for the following: (i) business relating to the conduct of, or voting at, the meeting; (ii) consideration of any financial statements of the Company presented to the meeting; (iii) consideration of any reports of the directors or auditor; (iv) the setting or changing of the number of directors; (v) the election or appointment of directors; (vi) the appointment of an auditor; (vii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and (viii) any other business which, under these Articles or the BCBCA, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

The Article provide that, subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

The Articles provide that if there is only one shareholder entitled to vote at a meeting of shareholders, then the quorum is one person who is, or who represents by proxy, that shareholder; and (b) that shareholder, present in person or by proxy, may constitute the meeting.

Ownership Threshold

United States federal securities laws require the Company to disclose, in its Annual Report on Form 20-F, (i) holders who own more than 5% of the Company's issued and outstanding shares and (ii) holdings of the Company's directors and management.

C. Material Contracts

Except for material contracts entered into in the ordinary course of business and those entered into with the Named Executive Officers (as determined in accord with the applicable securities laws of Canada) and as described in Item 6.B of this Registration Statement, set out below are material contracts, to which the Company or any of its subsidiaries are a party, entered into in the two years preceding the date of this Registration Statement:

- ***Arrangement Agreement.*** See "*Item 4.A - History and Development of the Company*".
- ***AME Merger Agreement.*** See "*Item 4.A - History and Development of the Company*".
- ***Equity Incentive Plan.*** See "*Item 6.B - Compensation*".
- ***Credit Agreement.*** *See "Item 4.A - History and Development of the Company"*.
- ***Cima Group LLC License and Consulting Agreement.*** On February 20, 2020, a subsidiary of the Company and The Cima Group, LLC ("**Cima**"), entered into a License and Consulting Agreement (the "**Cima Agreement**"), pursuant to which Cina licenses intellectual property relating to cannabis-infused products (the "**Licensed Products**") to the subsidiary. Consideration for the exclusive licenses is a percentage of retail revenue collected from the sales of the Licensed Products, payable to Cima each month. Late payments are subject to a 1.5% interest rate per month, compounded monthly, on all amounts not paid when due. The Cima Agreement provides for an initial term of one year, followed by a two-year term, provided specified sales thresholds are met. Each party may terminate the Cima Agreement during the initial one-year term or the following two-year term following events or occurrences set forth in the Cima Agreement. Neither party is obligated to renew or extend the term of the Cima Agreement. The foregoing is merely a summary of the Cima Agreement and is qualified in its entirety by reference to the Cima Agreement which is attached hereto as Exhibit 4.8.

D. Exchange Controls

There are no governmental laws, decrees or regulations in Canada relating to restrictions on the export or import of capital, or affecting the remittance of interest, dividends or other payments to non-resident holders of the Company Shares. Any remittances of dividends to United States residents are, however, subject to a 15% withholding tax (10% if the shareholder is a corporation owning at least 10% of the Company Shares) pursuant to Article X of the reciprocal tax treaty between Canada and the United States.

The following discussion summarizes the principal features of the Investment Canada Act for a non-resident who proposes to acquire the Subordinate Voting Shares.

The Investment Canada Act generally prohibits implementation of a reviewable investment by an individual, government or agency thereof, corporation, partnership, trust or joint venture (each an "**entity**") that is not a "Canadian" as defined in the Investment Canada Act (a "**non-Canadian**"), unless after review, the Director of Investments appointed by the minister responsible for the Investment Canada Act is satisfied that the investment is likely to be of net benefit to Canada. An investment in the Subordinate Voting Shares by a non-Canadian other than a "WTO Investor" (as that term is defined by the Investment Canada Act, and which term includes entities which are nationals of or are controlled by nationals of member states of the World Trade Organization) when the Company was not controlled by a WTO Investor, would be reviewable under the Investment Canada Act if it was an investment to acquire control of the Company and the value of the assets of the Company, as determined in accordance with the regulations promulgated under the Investment Canada Act, equals or exceeds $5 million for direct acquisition and over $50 million for indirect acquisition, or if an order for review was made by the federal cabinet on the grounds that the investment related to Canada's cultural heritage or national identity, regardless of the value of the assets of the Company. An investment in the Subordinate Voting Shares by a WTO Investor, or by a non-Canadian when the Company was controlled by a WTO Investor, would be reviewable under the Investment Canada Act if it was an investment to acquire control of the Company and the value of the assets of the Company, as determined in accordance with the regulations promulgated under the Investment Canada Act was not less than a specified amount. A non-Canadian would acquire control of the Company for the purposes of the Investment Canada Act if the non-Canadian acquired a majority of the Subordinate Voting Shares. The acquisition of one third or more, but less than a majority of the Subordinate Voting Shares would be presumed to be an acquisition of control of the Company unless it could be established that, on the acquisition, the Company was not controlled in fact by the acquirer through the ownership of the Subordinate Voting Shares. Certain transactions relating to the Subordinate Voting Shares would be exempt from the Investment Canada Act, including: (a) an acquisition of the Subordinate Voting Shares by a person in the ordinary course of that person's business as a trader or dealer in securities; (b) an acquisition of control of the Company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Canada Act; and (c) an acquisition of control of the Company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of the Company, through the ownership of the Subordinate Voting Shares, remained unchanged.

E. Taxation

Material Canadian Federal Income Tax Considerations

The following general summary fairly describes the principal Canadian federal income tax considerations applicable to a beneficial owner of Subordinate Voting Shares or Proportionate Voting Shares who is a resident of the United States, who is not, will not be and will not be deemed at any relevant time to (i) be a resident of Canada for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**") and any applicable tax treaty; (ii) deals at arm's length with the Company and is not affiliated with the Company; and (iii) who holds or will hold its Subordinate Voting Shares or Proportionate Voting Shares as capital property and does not use or hold, and is not deemed to use or hold, his, her or its Subordinate Voting Shares or Proportionate Voting Shares in connection with carrying on a business in Canada (each a "non-resident holder"). Generally, the common shares will be capital property to a holder unless they are held or acquired, or are deemed to be held or acquired, in the course of carrying on a business of trading or dealing in securities or in one or more transactions considered to be an adventure or concern in the nature of trade. This summary does not address any income tax considerations that may arise as a result of a non-resident holder being an insurer carrying on business in Canada and elsewhere, an "authorized foreign bank" (as defined in the Tax Act), or employee of the Company or its affiliates. All such persons should consult their own tax advisors with respect to the Canadian federal income tax consequences to them, which may differ materially from the discussion provided in this summary.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the "Regulations"), the current publicly announced administrative and assessing policies of the Canada Revenue Agency and the Canada-United States Tax Convention as amended by the Protocols thereto (the "**Treaty**"). This summary also takes into account the amendments to the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all such Tax Proposals will be enacted in their present form. However, no assurances can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax consequences applicable to a holder of our Subordinate Voting Shares or Proportionate Voting Shares and, except for the foregoing, this summary does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax consequences described herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder or prospective holder of Subordinate Voting Shares or Proportionate Voting Shares, and no opinion or representation with respect to the tax consequences to any holder or prospective holder of Subordinate Voting Shares or Proportionate Voting Shares is made. Accordingly, holders and prospective holders of Subordinate Voting Shares or Proportionate Voting Shares should consult their own tax advisors with respect to the income tax consequences of purchasing, owning and disposing of Subordinate Voting Shares or Proportionate Voting Shares in their particular circumstances.

Currency Conversion

For purposes of the Tax Act, any amount relating to the acquisition, holding or disposition of, Subordinate Voting Shares or Proportionate Voting Shares, including dividends, adjusted cost base and proceeds of disposition, must be expressed in Canadian dollars using the applicable rate of exchange (for purposes of the Tax Act) quoted by the Bank of Canada on the date such amounts arose, or such other rate of exchange as is acceptable to the Minister of Finance (Canada).

Dividends

Dividends paid on Subordinate Voting Shares or Proportionate Voting Shares to a non-resident holder will be subject under the Tax Act to withholding tax at a rate of 25% subject to a reduction under the provisions of an applicable tax treaty, which tax is deducted at source by the Company. The Treaty provides that the Tax Act standard 25% withholding tax rate is reduced to 15% on dividends paid on shares of a corporation resident in Canada (such as the Company) to residents of the United States who are entitled to the benefits of the Treaty, and also provides for a further reduction of this rate to 5% where the beneficial owner of the dividends is a corporation resident in the United States entitled to the benefits of the Treaty that owns at least 10% of the voting shares of the Company paying the dividend.

Capital Gains

A non-resident holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of Subordinate Voting Shares or Proportionate Voting Shares, unless such shares are "taxable Canadian property" to the non-resident holder for purposes of the Tax Act and such shares are not "treaty-protected property" of the non-resident holder for purposes of the Tax Act.

Generally, the Subordinate Voting Shares or Proportionate Voting Shares will not constitute taxable Canadian property to a non-resident at the time of disposition provided that such shares are listed at that time on a designated stock exchange (which includes the Canadian Stock Exchange) unless at any particular time during the 60-month period that ends at that time: (i) one or any combination of: (a) the non-resident holder; (b) persons with whom non-resident holder does not deal with at arm's length; and (c) partnerships in which the non-resident holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, has owned 25% or more of the issued shares of any class or series of Company capital stock; and (ii) more than 50% of the fair market value of the Subordinate Voting Shares or Proportionate Voting Shares, as the case may be, was derived directly or indirectly from one or any combination of: (a) real or immovable properties situated in Canada; (b) "Canadian resource properties" (as defined in the Tax Act); (c) "timber resource properties" (as defined in the Tax Act); and (d) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Subordinate Voting Shares or Proportionate Voting Shares could be deemed to be taxable Canadian property.

In the event that the Subordinate Voting Shares or Proportionate Voting Shares are considered to be taxable Canadian property but not treaty-protected property, one half of any capital gain (a "taxable capital gain") realized in a taxation year will be included in the non-resident holder's income for the year. Generally, one half of any capital loss (an "allowable capital loss") realized by the non-resident holder in a year must be deducted against taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back up to three taxation years or carried forward indefinitely and deducted against net taxable capital gains in those other years, to the extent and in the circumstances specified in the Tax Act. If the non-resident holder is a corporation, the amount of any capital loss arising from a disposition or deemed disposition of a Subordinate Voting Share or Proportionate Voting Share may be reduced by the amount of certain dividends received or deemed to be received by the corporation on such share, to the extent and under circumstances specified by the Tax Act. Similar rules may apply where the corporation is a member of a partnership or a beneficiary of a trust that owns such shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns such shares.

Taxable capital gains realized by a non-resident holder who is an individual (including certain trusts) may give rise to alternative minimum tax depending on the non-resident holder's circumstances.

Non-resident holders whose Subordinate Voting Shares or Proportionate Voting Shares are taxable Canadian property should consult their own advisors for advice having regard to their particular circumstances, including whether their Subordinate Voting Shares or Proportionate Voting Shares constitute treaty-protected property.

Certain U.S. Federal Income Tax Consequences

The following discussion is a summary of the U.S. federal income tax considerations generally applicable to the ownership and disposition of the Company Shares. This summary does not purport to address all U.S. federal income tax matters that may be relevant to a particular investor, nor is it a complete analysis of all potential U.S. federal income tax consequences. This summary is based on the provisions of the Code, the Treasury regulations thereunder, and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect.

This summary applies only to investors that hold Subordinate Voting Shares as "capital assets" for U.S. federal income tax purposes (generally, property held for investment). This summary does not discuss all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules (including, but not limited to, financial institutions, insurance companies, broker-dealers or traders in securities or currencies, tax-exempt organizations (including private foundations), individual retirement accounts or qualified pension plans, taxpayers that have elected mark-to-market accounting, partnerships and other pass-through entities, regulated investment companies, real estate investment trusts, U.S. expatriates (or former long-term residents of the United States), investors that hold the Subordinate Voting Shares as part of a straddle, hedge, conversion or other integrated transaction for U.S. federal income tax purposes, investors that have a functional currency other than the U.S. dollar, non-U.S. investors that hold Subordinate Voting Shares in connection with the conduct of a trade or business in the United States, persons who acquired Subordinate Voting Shares through stock option or share purchase plan programs or in other compensatory arrangements or persons subject to special tax accounting rules as a result of any item of gross income with respect to the Subordinate Voting Shares being taken into account in an applicable financial statement, all of whom may be subject to tax rules that differ materially from those summarized below. In addition, this summary does not discuss other U.S. federal tax consequences (e.g., estate or gift tax), any state, local or non-U.S. tax considerations or the tax on net investment income or alternative minimum tax.

If a partnership (or other entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds Subordinate Voting Shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships and partners in such a partnership are urged to consult their tax advisors regarding the tax consequences of the ownership and disposition of Subordinate Voting Shares.

For purposes of this summary, a "**U.S. Holder**" is a beneficial holder of Subordinate Voting Shares who or that, for U.S. federal income tax purposes is either (a) an individual who is a United States citizen or resident of the United States as determined for U.S. federal income tax purposes; (b) a corporation or other entity classified as a corporation for United States federal income tax purposes created in, or organized under the laws of, the United States, any state or political subdivision thereof or the District of Columbia; (c) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or (d) a trust (i) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons (within the meaning of the Code) who have the authority to control all substantial decisions of the trust or (ii) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

A "**Non-U.S. Holder**" is a beneficial holder of the Subordinate Voting Shares that is neither a U.S. Holder nor a partnership for U.S. federal income tax purposes.

This summary is of a general nature only and is not intended to be tax advice to any prospective investor, and no representation with respect to the tax consequences to any particular investor is made. Prospective investors are urged to consult their tax advisors with respect to the U.S. federal, state, local and non-U.S. income and other tax considerations relevant to them, having regard to their particular circumstances.

U.S. Tax Classification of the Company

The Company is classified as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code. A number of significant and complicated U.S. federal income tax consequences may result from such classification, and this summary does not attempt to describe all such U.S. federal income tax consequences. Section 7874 of the Code and the Treasury regulations promulgated thereunder do not address all the possible tax consequences that arise from the Company being treated as a U.S. domestic corporation for U.S. federal income tax purposes. Accordingly, there may be additional or unforeseen U.S. federal income tax consequences to the Company that are not discussed in this summary.

Generally, the Company will be subject to U.S. federal income tax on its worldwide taxable income (regardless of whether such income is "U.S. source" or "foreign source") and will be required to file a U.S. federal income tax return annually with the Internal Revenue Service ("**IRS**"). The Company anticipates that it will also be subject to tax in Canada. It is unclear how the foreign tax credit rules under the Code will operate in certain circumstances, given the treatment of the Company as a U.S. domestic corporation for U.S. federal income tax purposes and the taxation of the Company in Canada. Accordingly, it is possible that the Company will be subject to double taxation with respect to all or part of its taxable income. It is anticipated that such U.S. and Canadian tax treatment will continue indefinitely and that the Subordinate Voting Shares will be treated indefinitely as shares in a U.S. domestic corporation for U.S. federal income tax purposes.

For purposes of this discussion, it has been assumed that the Company is and will be classified as a U.S. domestic corporation for U.S. federal income tax purposes. No legal opinion or tax ruling has been sought or obtained in this regard or with respect to any other assumptions made for purposes of this summary.

Taxation of U.S. Holders

Distributions

The Company does not anticipate declaring or paying dividends to holders of Subordinate Voting Shares in the foreseeable future. However, if the Company decides to make any such distributions, such distributions with respect to Subordinate Voting Shares will be taxable as dividend income when paid to the extent of the Company's current or accumulated earnings and profits as determined for U.S. federal income tax purposes. To the extent that the amount of a distribution with respect to the Subordinate Voting Shares exceeds its current and accumulated earnings and profits, such distribution will be treated first as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in the Subordinate Voting Shares, and thereafter as a capital gain which will be a long-term capital gain if the U.S. Holder has held such stock at the time of the distribution for more than one year.

Distributions on the Subordinate Voting Shares constituting dividend income paid to U.S. Holders that are U.S. corporations may qualify for a deduction for dividends received, subject to various limitations. Distributions on Subordinate Voting Shares constituting dividend income paid to U.S. Holders that are individuals may qualify for the reduced tax rates applicable to qualified dividend income, subject to certain holding period and other requirements. Dividends received by U.S. Holders will be subject to Canadian withholding tax under the Tax Act. For further discussion on Canadian taxes, see "*Material Canadian Federal Income Tax Considerations*".

Sale or Redemption

A U.S. Holder will generally recognize capital gain or loss on a sale, exchange, redemption (other than a redemption that is treated as a distribution) or other taxable disposition of the Subordinate Voting Shares equal to the difference between the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in the shares so disposed. Such capital gain or loss will be a long-term capital gain or loss if the U.S. Holder's holding period for the shares disposed of exceeds one year at the time of disposition. Long-term capital gains of non-corporate taxpayers are generally eligible for reduced rates of taxation under current law. The deductibility of capital losses is subject to limitations.

Foreign Tax Credit Limitations

Because it is anticipated that the Company will be subject to tax both as a U.S. domestic corporation and as a Canadian corporation, a U.S. Holder may pay, through withholding, Canadian tax, as well as U.S. federal income tax, with respect to dividends paid on its Subordinate Voting Shares. For U.S. federal income tax purposes, a U.S. Holder may elect for any taxable year to receive either a credit or a deduction for all foreign income taxes paid by the holder during the year. Complex limitations apply to the foreign tax credit, including a general limitation that the credit cannot exceed the proportionate share of a taxpayer's U.S. federal income tax that the taxpayer's foreign source taxable income bears to the taxpayer's worldwide taxable income. In applying this limitation, items of income and deduction must be classified, under complex rules, as either foreign source or U.S. source. The status of the Company as a U.S. domestic corporation for U.S. federal income tax purposes will cause dividends paid by the Company to be treated as U.S. source rather than foreign source income for this purpose. As a result, a foreign tax credit may be unavailable for any Canadian tax paid on dividends received from the Company. Similarly, to the extent a sale or disposition of the Subordinate Voting Shares by a U.S. Holder results in Canadian tax payable by the U.S. Holder (for example, because the Subordinate Voting Shares constitute taxable Canadian property within the meaning of the Tax Act), a U.S. foreign tax credit may be unavailable to the U.S. Holder for such Canadian tax. In each case, however, the U.S. Holder should be able to take a deduction for the U.S. Holder's Canadian tax paid, provided that the U.S. Holder has not elected to credit other foreign taxes during the same taxable year. The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisor regarding these rules.

Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or the amount of proceeds paid in foreign currency on the sale, exchange or other taxable disposition of Subordinate Voting Shares, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be viewed as U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisor regarding the application of the foreign currency taxation rules to its particular circumstances.

Information Reporting and Backup Withholding

Distributions with respect to Subordinate Voting Shares and proceeds from the sale, exchange or other taxable disposition of Subordinate Voting Shares may be subject to information reporting to the IRS and U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes other required certifications, or who is otherwise exempt from backup withholding and properly establishes such exempt status. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and a U.S. Holder generally may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and furnishing any required information.

Taxation of Non-U.S. Holders

Distributions

Generally, distributions treated as dividends as described above under "*Taxation of U.S. Holders — Distributions*" paid to a Non-U.S. Holder of the Subordinate Voting Shares will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E, or other applicable documentation, certifying qualification for the lower treaty rate). It is unclear whether the Company will be considered a treaty resident for purposes of the U.S.-Canada Treaty, given the U.S. tax treatment of the Company as a U.S. domestic corporation by reason of the application of Section 7874 of the Code, the taxation of the Company in Canada by reason of being created under the laws of Canada and the treaty override rule of Section 7874(f) of the Code (which generally provides that the rules of Section 7874 of the Code override any contrary treaty provisions). Accordingly, it is possible that dividends received by shareholders who are residents of Canada for purposes of the Tax Act may not qualify for a reduced rate of U.S. withholding tax under the U.S.-Canada Treaty. Similarly, it is possible that dividends received by other Non-U.S. Holders may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to the shareholder, subject to examination of the relevant treaty.

A Non-U.S. Holder that does not timely furnish the required documentation for a reduced treaty rate, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Sale or Redemption

Subject to the discussions below under "Taxation of Non-U.S. Holders – Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act", a Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized upon the sale, exchange redemption (other than a redemption that is treated as a distribution) or other taxable disposition of the Subordinate Voting Shares unless:

- the Non-U.S. Holder is a non-resident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or

- the Subordinate Voting Shares constitute a U.S. real property interest ("**USRPI**"), by reason of Company's status as a U.S. real property holding corporation ("**USRPHC**") for U.S. federal income tax purposes.

Gains described in accordance with the first bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the second bullet point above, the Company believes it currently is not, and does not anticipate becoming, a USRPHC. Because the determination of whether the Company is a USRPHC depends, however, on the fair market value of Company's USRPIs relative to the fair market value of the Company's non-U.S. real property interests and other business assets, there can be no assurance that the Company is currently not a USRPHC or will not become one in the future. Even if the Company is or were to become a USRPHC, gains arising from the sale or other taxable disposition by a Non-U.S. Holder of the Subordinate Voting Shares will not be subject to U.S. federal income tax if the Subordinate Voting Shares are regularly traded on an established securities market within the meaning of applicable Treasury regulations, and such Non-U.S. Holder owned, actually and constructively, 5% or less of the Subordinate Voting Shares throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments on dividends on the Subordinate Voting Shares will not be subject to backup withholding, provided that the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN or W-8BEN-E, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on the Subordinate Voting Shares paid to a Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of the Subordinate Voting Shares within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or such holder otherwise establishes an exemption. Proceeds of a disposition of Subordinate Voting Shares conducted through a non-U.S. office of a broker generally will not be subject to backup withholding or information reporting.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the Non-U.S. Holder's U.S. federal income tax liability, provided that the holder timely furnishes the required information to the IRS.

Foreign Account Tax Compliance Act

Under the Foreign Account Tax Compliance Act ("**FATCA**"), a 30% withholding tax may apply to payments of dividends on stock made to foreign financial institutions (including amounts paid to a foreign financial institution on behalf of a holder) and certain other non-financial foreign entities. Additionally, a 30% withholding tax may apply to payments of gross proceeds from the disposition of stock made to such institutions and entities; however, proposed Treasury regulations eliminate this 30% withholding tax on payments of gross proceeds. Taxpayers may rely on these proposed Treasury regulations until final Treasury regulations are issued. There can be no assurance that final Treasury regulations would provide an exemption from FATCA for gross proceeds.

Withholding under FATCA generally will not apply where such payments are made to (a) a foreign financial institution that undertakes, under either an agreement with the United States Treasury or pursuant to an intergovernmental agreement between the jurisdiction in which it is a resident and the United States Treasury, to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to noncompliant foreign financial institutions and certain other account holders; (b) a non-financial foreign entity that either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner to the United States Treasury; or (c) a foreign financial institution or non-financial foreign entity that is exempt from these rules. Investors should consult their tax advisors regarding this legislation and the regulations thereunder.

F. Dividends and Paying Agents

See "*Item 8.A - Consolidated Statements and Other Financial Information – Dividend Policy*."

G. Statements by Experts

The consolidated financial statements of Verano LLC for the years ended December 31, 2020, 2019 and 2018 have been audited by MGO as stated in their reports appearing herein. The financial statements of (i) the AME Group for the year ended December 31, 2020 and (ii) Plants of Ruskin for the years ended December 31, 2020 and 2019, have been audited by HBK as stated in their reports appearing herein. The financial statements of the AME Group for the year ended December 31, 2019 have been audited by ATLAS as stated in their report appearing herein.

H. Documents on Display

Upon the effectiveness of this Registration Statement, the Company will be subject to the informational requirements of the Exchange Act, and the Company will thereafter file reports and other information with the SEC. Reports filed with, and other information furnished to, the SEC are available from the SEC's Electronic Data Gathering and Retrieval System (EDGAR) at www.sec.gov. The Company also files its annual reports and other information with the securities regulatory authorities of Canada via the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

I. Subsidiary Information

Not applicable.

ITEM 11: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to various risks associated with its assets, liabilities and anticipated transactions, including credit risk, market risk (including interest rate price risk and foreign currency risk) and liquidity risk. For a qualitative and quantitative discussion of the Company's exposure to these market risks, see (i) the statement of cash flows and Note 18 to the financial statements of Verano LLC for the years ended December 31, 2020 and December 31, 2019 on pages F-5 and F-61 of this Registration Statement, (ii) the statement of cash flows to the financial statements of Plants of Ruskin for the years ended December 31, 2020 and December 31, 2019 on page F-103 of this Registration Statement and (iii) the statement of cash flows to the financial statements of the AME Group for the years ended December 31, 2020 and December 31, 2019 on page F-128 of this Registration Statement. There have been no material changes in these risks since December 31, 2020.

ITEM 12: DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13: DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14: MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15: CONTROLS AND PROCEDURES

Not applicable.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Not applicable.

ITEM 16B. CODE OF ETHICS

Not applicable.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not applicable.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not Applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not Applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

In June 2021, the Company retained Baker Tilly as its independent auditor. MGO previously was the independent auditor for the Company and Verano LLC, and audited the consolidated financial statements of Verano LLC for the years ended December 31, 2020, 2019 and 2018. There were no disagreements between the Company and MGO and no report of MGO regarding the Company's audited consolidated financial statements included a qualified opinion.

HBK previously was the independent auditor for the AME Group and audited the financial statements of (i) the AME Group for the year ended December 31, 2020 and (ii) Plants of Ruskin for the years ended December 31, 2020 and 2019. There were no disagreements between the AME Group and HBK and no report of HBK regarding the AME Group's audited financial statements included a qualified opinion. ATLAS previously was the independent auditor for the AME Group and audited the financial statements for the year ended December 31, 2019. There were no disagreements between the AME Group and ATLAS and no report of ATLAS regarding the AME Group's audited financial statements included a qualified opinion.

ITEM 16G. CORPORATE GOVERNANCE

Not applicable.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17: FINANCIAL STATEMENTS

See Item 18.

ITEM 18: FINANCIAL STATEMENTS

See pages F-1 through F-221 of this Registration Statement.

ITEM 19: EXHIBITS

Exhibit Number	Description of Exhibit
1.1*	Articles of Verano Holdings Corp., dated February 11, 2021.
1.2*	Notice of Articles of Verano Holdings Corp., dated February 11, 2021.
4.1*	Arrangement Agreement between Verano Holdings LLC, Majesta Minerals Inc., 1276268 B.C. Ltd., 1277233 B.C. Ltd. and 1278655 B.C. Ltd. dated December 14, 2020.
4.2*	Amendment to Arrangement Agreement between Verano Holdings LLC, Majesta Minerals Inc., 1276268 B.C. Ltd., 1277233 B.C. Ltd. and 1278655 B.C. Ltd. dated January 26, 2021.
4.3*	Agreement and Plan of Merger between Verano Holdings, LLC, Alternative Medical Enterprises LLC, Plants of Ruskin GPS LLC, RVC 360 LLC and John Tipton, solely in the capacity as member representative, dated November 6, 2020. †
4.4*	First Amendment to Agreement and Plan of Merger between Verano Holdings, LLC, Alternative Medical Enterprises LLC, Plants of Ruskin GPS LLC, RVC 360 LLC and John Tipton, solely in the capacity as member representative, dated December 14, 2020.
4.5*	Second Amendment to Agreement and Plan of Merger between Verano Holdings, LLC, Alternative Medical Enterprises LLC, Plants of Ruskin GPS LLC, RVC 360 LLC and John Tipton, solely in the capacity as member representative, dated February 5, 2021.
4.6*	Amended and Restated Credit Agreement by and between Verano Holdings, LLC and certain of its subsidiaries, Chicago Atlantic GIC Advisers, LLC, Green Ivy Capital, LLC and the lenders party thereto, dated May 10, 2021. †
4.7*	Omnibus Amendment to Amended and Restated Credit Agreement by and between Verano Holdings, LLC and certain of its subsidiaries, Chicago Atlantic GIC Advisers, LLC, Green Ivy Capital, LLC and the lenders party thereto, dated May 20, 2021. †
4.8*	License and Consulting Agreement between Plants of Ruskin, LLC and The Cima Group, LLC, dated February 20, 2020. †
4.9*	Executive Employment Agreement between Verano Holdings Corp. and George Archos, dated February 18, 2021.
4.10*	Executive Employment Agreement between Verano Holdings Corp. and Brian Ward, dated February 18, 2021.
4.11*	Executive Employment Agreement between Verano Holdings Corp. and John Tipton, dated March 31, 2021.
4.12*	Executive Employment Agreement between Verano Holdings Corp. and R. Michael Smullen, dated March 31, 2021.
4.13*	2021 Equity Incentive Plan of Verano Holdings Corp.
15.1*	Consent of Macias Gini & O'Connell LLP.
15.2*	Consent of Hill Barth & King, LLC.
15.3*	Consent of Hill Barth & King, LLC.
15.4*	Consent of ATLAS CPAs and Advisors PLLC

* Filed herewith.

† Certain confidential portions of this exhibit have been omitted and replaced with "[***]". Such identified information has been excluded from this exhibit because it (i) is not material and (ii) is the type that the registrant treats as private or confidential.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Registration Statement on its behalf.

Dated: September 20, 2021

VERANO HOLDINGS CORP.

By: */s/ George Archos*
Name: George Archos
Title: Chief Executive Officer

INDEX TO FINANCIAL STATEMENTS

VERANO HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

(Expressed in United States Dollars)

Management's Responsibility for Financial Reporting

To the Members of Verano Holdings, LLC and Subsidiaries:

Management of Verano Holdings, LLC and its Subsidiaries (combined the "Company") is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgements and estimates in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and ensuring that all information in the annual report is consistent with the consolidated financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors. The accompanying consolidated financial statements of the Company were reviewed by the Audit Committee and approved by the Board of Directors.

Macias Gini & O'Connell LLP, an independent firm, is appointed by the Board of Directors to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

/s/ George Archos
Chief Executive Officer

/s/ Brian Ward
Chief Financial Officer

Chicago, Illinois
April 6, 2021

Independent Auditor's Report

To the Members of Verano Holdings, LLC
Chicago, Illinois

Opinion

We have audited the consolidated financial statements of Verano Holdings, LLC and Subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the consolidated statements of operations, changes in members' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Macias Gini & O'Connell LLP
155 North Wacker Drive, Suite 4350
Chicago, IL 60606

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

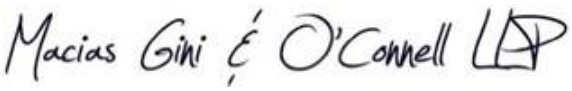
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audits. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.



Chicago, Illinois
December 21, 2020

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Financial Position
As of December 31, 2020 and 2019

	Financial Footnote	December 31, 2020	December 31, 2019
ASSETS			
Current Assets:			
Cash		$ 16,402,148	$ 6,417,703
Accounts Receivable, Net	*2(f)*	7,269,837	5,055,564
Notes Receivable	*7*	3,010,523	5,000,000
Interest Receivable		934,500	-
Due from Related Parties	*17*	108,254	253,580
Inventories	*5*	59,290,065	14,073,364
Biological Assets	*6*	109,376,567	16,613,392
Prepaid Expenses and Other Current Assets		6,169,400	2,692,536
Distributions Receivable		-	83,295
Total Current Assets		$ 202,561,294	$ 50,189,434
Property, Plant and Equipment, Net	*8*	143,137,585	94,379,744
Right Of Use Assets, Net	*2(m), 16(a)*	11,337,343	9,864,915
Intangible Assets	*10*	73,897,467	19,880,449
Goodwill	*10*	16,028,903	5,064,248
Investment in Associates	*2(h)*	11,547,004	10,927,934
Deposits and Other Assets		797,321	3,807,972
TOTAL ASSETS		$ 459,306,917	$ 194,114,696
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Current Liabilities:			
Accounts Payable		$ 18,292,696	$ 18,544,003
Accrued Liabilities		13,835,980	3,111,567
Income Tax Payable	*14*	46,872,445	11,206,250
Current Portion of Lease Liabilities	*2(m), 16(a)*	1,910,645	1,653,757
Current Portion of Notes Payable	*11*	7,814,261	8,153,234
Derivative Liability	*12*	-	6,778,510
License Payable	*9(b)*	49,950	60,185
Acquisition Price Payable	*9(a)*	33,290,400	6,750,000
Due to Related Parties	*17*	44,664	82,718
Total Current Liabilities		122,111,041	56,340,224
Long-Term Liabilities:			
Deferred Revenue		2,035,405	-
Notes Payable, Net of Current Portion	*11*	32,479,649	6,213,433
Lease Liabilities, Net of Current Portion	*2(m), 16(a)*	10,864,742	9,602,436
Deferred Income Taxes	*14*	49,084,004	5,114,977
Total Long-Term Liabilities		94,463,800	20,930,846
TOTAL LIABILITIES		$ 216,574,841	$ 77,271,070
MEMBERS' EQUITY		242,387,456	111,752,803
NON-CONTROLLING INTEREST		344,620	5,090,823
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 459,306,917	$ 194,114,696

See accompanying notes to consolidated financial statements.

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Operations
As of December 31, 2020 and 2019

	Financial Footnote	2020	2019
Revenues, net of discounts		$ 228,530,083	$ 65,968,292
Cost of Goods Sold		94,386,849	38,469,325
Gross Profit before Biological Asset Adjustment		134,143,234	27,498,967
Realized fair value amounts included in inventory sold	*6*	(132,553,802)	(29,975,944)
Unrealized fair value gain on growth of biological assets	*6*	254,154,780	44,539,847
Gross Profit		255,744,212	42,062,870
Expenses:			
General and Administrative		26,742,144	28,106,966
Sales and Marketing		918,203	926,258
Salaries and Benefits		16,227,897	6,231,096
Depreciation and Amortization		1,973,723	2,546,239
Total Expenses		45,861,967	37,810,559
(Loss) Income from Investments in Associates		2,691,597	(456,053)
Income From Operations		212,573,842	3,796,258
Other Income (Expense):			
Loss on Disposal of Property, Plant and Equipment		-	(1,546,540)
Loss on Deconsolidation	*4*	(189,324)	(3,086,878)
Gain on Previously Held Equity Interest	*9*	458,039	-
Gain on Derivative Liability	*12*	6,778,510	-
Change in Fair Market Value of Derivative	*12*	-	(562,319)
Amortization of Debt Issuance Costs for Warrant	*11*	(4,572,423)	(656,177)
Amortization of Convertible Debt Discount	*12*	(5,525,503)	(690,688)
Interest Expense, Net		(5,349,644)	(338,992)
Other Income (Expense)		(701,496)	94,100
Total Other Expense		(9,101,841)	(6,787,494)
Net Income Before Provision for Income Taxes and Non-Controlling Interest		203,472,001	(2,991,236)
Provision for Income Taxes	*14*	(76,831,828)	(15,203,221)
Net Income (Loss) Before Non-Controlling Interest		126,640,173	(18,194,457)
Net Income (Loss) From Discontinued Operations, Net of Tax		(1,966,751)	-
Net Income (Loss)		124,673,422	(18,194,457)
Net Income Attributable To Non-Controlling Interest		566,459	239,563
Net (Loss) Income Attributable to Verano Holdings, LLC and Subsidiaries		$ 124,106,963	$ (18,434,020)

See accompanying notes to consolidated financial statements.

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Changes in Members' Equity
For the Years Ended December 31, 2020 and 2019

	Members' Equity	Non-Controlling Interest	Total
Balance, December 31, 2018	$ 123,382,962	$ 2,800,826	$ 126,183,788
Net income (loss)	(18,434,020)	239,563	(18,194,457)
Adoption of IFRS 16	(392,253)	(23,610)	(415,863)
Contributions from members	5,905,586	71,278	5,976,864
Issuance of warrants note	7,234,933	-	7,234,933
Non-controlling interest from acquisition	-	2,700,000	2,700,000
Transfer from non-controlling interest to controlling	688,062	(688,062)	-
Distributions to members	(6,632,467)	(9,172)	(6,641,639)
Balance at December 31, 2019	$ 111,752,803	$ 5,090,823	$ 116,843,626
Balance, December 31, 2019	111,752,803	5,090,823	116,843,626
Net income	124,106,963	566,459	124,673,422
Transfer from non-controlling interest to controlling interest	(3,949,783)	(2,950,217)	(6,900,000)
Deconsolidation of subsidiary	-	79,055	79,055
Derecognition of NCI related to discontinued operations	-	(2,441,500)	(2,441,500)
Conversion of warrants	10,523,187	-	10,523,187
Distributions to members	(45,714)	-	(45,714)
Balance at December 31, 2020	$ 242,387,456	$ 344,620	$ 242,732,076

See accompanying notes to consolidated financial statements.

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	Year Ended December 31,	
	2020	**2019**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income (loss)	$ 124,673,422	$ (18,194,457)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,626,626	6,061,641
Non-cash interest expense	1,895,220	728,503
Non-cash interest income	(934,500)	-
Accretion of debt discount	-	690,688
Loss on disposal of property, plant and equipment	-	1,546,540
Gain on previously held equity interest	(458,039)	-
Bad debt expense	300,000	331,384
Amortization of loan issuance costs (warrants)	4,572,423	656,177
Amortization of debt issuance costs	234,598	123,333
Amortization of convertible debt discount	5,525,503	-
Gain on derivative liability	(6,778,510)	-
Change in fair market value of derivative	-	562,319
Loss on deconsolidation of subsidiary	159,223	2,275,015
Net loss on discontinued operations	2,202,003	-
(Income) loss from underlying investees	(2,607,736)	456,053
Derecognition of deferred rent	-	104,590
Write-off of note receivable	300,000	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,512,217)	(2,621,915)
Inventories	(44,566,400)	(8,342,554)
Biological assets	(92,763,175)	(5,938,364)
Prepaid expenses and other current assets	(3,126,499)	(1,657,046)
Deposits and other assets	2,963,963	(1,795,042)
Accounts payable and accrued liabilities	12,782,065	5,483,853
Income tax payable	35,666,195	10,420,323
Due to related parties	(833,054)	(1,206,965)
Members' distribution payable	(271,376)	-
Deferred taxes	28,264,117	4,547,421
Deferred revenue	2,035,405	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	77,349,257	(5,768,503)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of noncontrolling membership interest	-	(3,500,000)
Purchases of property, plant and equipment	(60,383,894)	(59,040,660)
Advances to (repayments from) related parties	145,326	-
Due to related parties, net	-	693,804
Purchases of licenses	(7,010,235)	(7,236,523)
Acquisition of business, net of cash acquired	(24,890,358)	61,003
Cash paid in deconsolidation of subsidiary	-	(59,257)
Sale (purchase) of interest in investment in associate	-	(9,912,500)
Dividend received from investments in associates	1,866,705	571,257
Issuance of note receivable	(185,523)	(5,000,000)
Proceeds from note receivable	1,875,000	-
NET CASH USED IN INVESTING ACTIVITIES	(88,582,979)	(83,422,875)

See accompanying notes to consolidated financial statements.

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	Year Ended December 31,	
	2020	**2019**
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions from members	-	5,976,864
Distributions to members	(45,714)	(6,102,491)
Proceeds from exercise of warrants	2,190,577	2,173,000
Proceeds from issuance of notes payable	33,943,129	21,612,500
Principal repayments of notes payable	(9,754,117)	(4,353,385)
Debt issuance costs paid	(1,068,481)	(200,000)
Payment of lease liabilities	(2,502,772)	(1,584,699)
Payment of acquisition price payable	(1,544,455)	-
Proceeds from sale of property, plant and equipment	-	5,000,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	21,218,167	22,521,789
NET INCREASE (DECREASE) IN CASH	9,984,445	(66,669,589)
CASH, BEGINNING OF PERIOD	6,417,703	73,087,292
CASH, END OF PERIOD	$ 16,402,148	$ 6,417,703
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid (received)	$ 1,760,932	$ (217,823)
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES		
Net liability upon adoption of IFRS 16, *Leases*	$ -	$ (415,963)
Accrued Capital Expenditures	$ 1,859,799	$ 6,632,892
Issuance of note receivable related to sale of property, plant and equipment	$ -	$ 5,000,000
Distributions receivable from investment in associates	$ -	$ 83,295
Issuance of warrants	$ -	$ 7,234,933
Cash paid in business combination:		
Tangible and intangible assets acquired, net of cash	$ 51,836,018	$ 4,393,600
Liabilities assumed	(17,077,392)	(1,054,603)
Acquisition price payable	(18,227,011)	(1,000,000)
Issuance of note payable	(350,000)	-
Goodwill	13,952,516	-
Non-controlling interest from acquisitions	-	(2,400,000)
Previously held equity interest	(580,000)	-
Cash paid (received) in business combination	$ 29,554,131	$ (61,003)

See accompanying notes to consolidated financial statements.

1. NATURE OF OPERATIONS

References herein to "the Company," or "Verano," are intended to mean Verano Holdings, LLC and its Subsidiaries, affiliates, licensees, and managed entities (collectively, the "Company").

Verano is a vertically integrated cannabis operator that focuses on limited-licensed markets in the United States. As a vertically integrated provider, the Company owns, operates, manages, consults, and/or has licensing or other commercial agreements with cultivation, processing, and retail licensees across ten state markets (Illinois, Maryland, Oklahoma, Nevada, Ohio, Michigan, Massachusetts, Arkansas, New Jersey, and Pennsylvania) and Puerto Rico.

In addition to the states listed above, the Company also conducts pre-licensing activities in several other markets. In these markets, the Company has either applied for licenses, or plans on applying for licenses, but does not currently own any cultivation, production, or retail licenses.

Each Member's liability is limited pursuant to the relevant jurisdiction's Limited Liability Company Act.

The Company's corporate headquarters is located at 415 North Dearborn St., 4th Floor, Chicago, Illinois 60654.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for all periods presented.

These consolidated financial statements have been prepared in accordance with IFRS with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. Management estimates that the Company will be able to meet its obligations and to sustain operations for at least the next twelve months. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These consolidated financial statements do not include any adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on April 5, 2021.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments and biological assets that are measured at fair value as detailed in the Company's accounting policies.

(c) Functional and Presentation Currency

The Company and its affiliates' functional currency, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Basis of Consolidation

The consolidated financial statements include the accounts of Verano Holdings, LLC and its wholly-owned or majority owned subsidiaries, as well as any entities meeting the common control or common management criteria described below. Non-controlling interests are included as a component of members' equity. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. Common management exists when entities operate under the terms of management service agreements whose terms meet the criteria for control established in IFRS 10 – *Consolidated Financial Statements.*

Non-controlling interest ("NCI") represents the portion of equity ownership in subsidiaries not attributable to the Company's members. NCI is initially measured as the proportionate share of its interest in the acquiree's identifiable net assets as at the date of acquisition and subsequently adjusted for the proportionate share of net earnings and other comprehensive income (loss) attributable to the NCI, as well as any dividends or distributions paid to the NCI. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of financial position, consolidated statements of changes in member's equity and consolidated statements of operations, respectively. Changes in the parent company's ownership interest that do not result in a change of control are accounted for as equity transactions. When investors in certain subsidiaries of the Company contribute their interests to Verano Holdings, LLC (parent), their associated non-controlling interest portion is transferred to members' equity.

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All significant intercompany balances and transactions were eliminated in consolidation.

Verano Holdings, LLC's has wholly owned subsidiaries and entities over which the Company has control, that are included in these consolidated financial statements for the year ended December 31, 2020. The ownership percentages/amounts set forth in the table below may not necessarily match state regulatory records as the below assumes for purposes of presentation the approval of certain pending, planned, or anticipated state regulatory transfers. The Company will update its regulatory filings in those states where it is permitted to do so as soon as practical and will continue to operate the entities below, where and as applicable, in accord with current practice and in compliance with applicable laws and regulations.

Subsidiaries

Entity Name	Jurisdiction	Purpose	Percentage Interest
11210 North 30th Street, LLC	Florida	Real Estate holding company	100%
16 Magothy Road Beach, LLC	Maryland	Real Estate holding company	100%
4444 W. Craig Road, LLC	Nevada	Real Estate holding company	100%
Agronomy Innovations LLC	Arizona	Management company	100%
Albion MM, LLC	Illinois	Real Estate holding company	100%
Ataraxia, LLC	Illinois	Cultivation	100%
Branchburg Rte. 22, LLC	New Jersey	Real Estate holding company	100%
Cave Creek RE, LLC	Arizona	Real Estate holding company	100%
CGV Group, LLC	Delaware	New York joint venture	51%
DGV Group, LLC	Delaware	California joint venture	62.50%
Eastern and Pebble, LLC	Florida	Real Estate holding company	100%
Fort Consulting, LLC	Arizona	Cultivation/Dispensary	100%

Entity Name	Jurisdiction	Purpose	Percentage Interest
Four Daughters Compassionate Care, Inc.	Massachusetts	Cultivation/Dispensary	100%
ILDISP, LLC[1]	Illinois	Holding company	50%
ILMM Logistics, LLC	Illinois	Logistics company	100%
MA MM Logistics, LLC	Illinois	Logistics company	100%
Magpie Management, LLC	Oklahoma	Holding company	75%
MD MM Logistics, LLC	Maryland	Logistics company	100%
NH Medicinal Dispensaries, LLC (dba The Clinic Effingham)[1]	Illinois	Dispensary	100%
NJ MM Logistics, LLC	New Jersey	Logistics company	100%
NNTS Holdings, LLC	Delaware	Holding company	100%
OH MM Logistics, LLC	Ohio	Logistics company	100%
Ohio Natural Treatment Solutions, LLC	Delaware	Management company	100%
Prospect Heights RE, LLC	Illinois	Real Estate holding company	100%
RedMed Holdings, LLC	Delaware	Holding company	100%
Saint Chicago Holdings, LLC	Delaware	Holding company	100%
Verano Arizona Holdings, LLC	Delaware	Holding company	100%
Verano Arizona II, LLC	Delaware	Management company	100%
Verano Arizona, LLC	Delaware	Management company	100%
Verano CGV Holdings, LLC	Delaware	Holding company	50%
Verano El Dorado, LLC	Arkansas	Real Estate holding company	100%
Verano Four Daughters Holdings, LLC	Delaware	Holding company	100%
Verano GVB Mergersub, LLC	Delaware	Acquisition subsidiary	100%
Verano Holdings, LLC	Delaware	Holding company	100%
Verano IP, LLC	Delaware	Intellectual property	100%
Verano Michigan, LLC	Delaware	Management company	100%
Verano NSE Holdings, LLC	Delaware	Holding company	100%
Verano Oklahoma, LLC	Delaware	Holding company	100%
Verano Technologies, LLC	Delaware	Holding company	100%
Verano THC Holdings, LLC	Delaware	Holding company	100%
Verano TV Mergersub, LLC	Delaware	Acquisition subsidiary	100%
Verano WV, LLC	West Virginia	Dispensary	100%
VHGCA Holdings, LLC	Delaware	Holding company	100%
VHGRX Holdings, LLC	Delaware	Holding company	100%
VZL Staffing Services, LLC	Illinois	Staffing company	100%
Zen Leaf Retail, LLC	Maryland	Holding company	100%
Zen Leaf Technologies, LLC	Delaware	Management company	100%

[1] **ILDISP, LLC and NH Medicinal Dispensaries, LLC:** Company affiliate Ataraxia has a 50% membership interest share of ILDISP, which owns 100% interest in NH Medicinal Dispensaries. As such, affiliate Ataraxia owns a 50% interest in NH Medicinal Dispensaries. NH Medicinal Dispensaries holds two licenses which are associated with two dispensaries: The Clinic Effingham and Zen Leaf Charleston. Due to the nature of the extent of control the Ataraxia exercises over each dispensary, the Company recognizes The Clinic Effingham as an equity-method investment and fully consolidates Zen Leaf Charleston.

Operating Companies

Entity Name	Jurisdiction of Organization	Purpose	Percentage Interest
2900 Lone Mountain, LLC	Nevada	Real Estate holding company	100%
AGG Wellness, LLC dba Herban Legends of Towson	Maryland	Dispensary	100%
Buchanan Development, LLC	Michigan	Dispensary	100%
Canna Cuzzos, LLC	Maryland	Dispensary	40%
Chicago Natural Treatment Solutions, LLC	Delaware	Holding company	100%
ChiVegs Real Estate, LLC	Nevada	Real Estate holding company	100%
Elevele LLC	Illinois	Dispensary	100%
FGM Processing, LLC	Maryland	Processor	100%
Freestate Wellness, LLC	Maryland	Cultivation/Dispensary	100%
GLD Holdings, LLC	Delaware	Holding company	100%
Green RX, LLC (dba Have a Heart Cincy)	Ohio	Dispensary	100%
Healthway Services of Illinois, LLC	Illinois	Holding company	100%
Healthway Services of West Illinois, LLC	Illinois	Dispensary	100%
Local Dispensaries, LLC	Pennsylvania	Dispensary	100%
Lone Mountain Partners, LLC	Nevada	Cultivation	100%
Maryland Natural Treatment Solutions, LLC	Maryland	Dispensary	100%
MDCult, LLC	Maryland	Holding company	99.99%
Mikran, LLC	Maryland	Dispensary	100%
MME Aurora Retail, LLC	Illinois	Dispensary	100%
MME Evanston Retail, LLC	Illinois	Dispensary	100%
MME IL Holdings, LLC	Illinois	Holding company	100%
Mother Grows Best, LLC	Ohio	Cultivation	100%
Mother Know’s Best, LLC	Ohio	Dispensary	100%
Natural Treatment Solutions, LLC	Nevada	Holding company	100%
NatureX, LLC dba Zen Leaf Las Vegas	Nevada	Dispensary	100%
Nevada Natural Treatment Solutions, LLC	Nevada	Holding company	100%
Noah’s Ark, LLC	Arkansas	Dispensary	100%
Ohio Grown Therapies, LLC	Ohio	Dispensary	100%
Redfish Holdings, Inc.	Maryland	Holding company	100%
RedMed, LLC	Delaware	Holding company	100%
Saint Chicago, LLC	Illinois	Holding company	100%
The M Group, LLC	Maryland	Holding company	100%
Union Group of Illinois, LLC	Illinois	Dispensary	100%
United Development of Illinois, LLC	Illinois	Real Estate holding company	100%
V Waldorf, LLC	Maryland	Holding company	100%
Verano Evanston, LLC	Illinois	Holding company	100%
Verano Highland Park, LLC	Illinois	Holding company	100%
Verano Illinois, LLC	Illinois	Holding company	100%

Entity Name	Jurisdiction of Organization	Purpose	Percentage Interest
Verano MI2, LLC	Michigan	Holding company	100%
Verano MO Holdings, LLC	Delaware	Holding company	100%
Verano MO, LLC	Missouri	Holding company	100%
Verano NJ Holdings, LLC	Delaware	Holding company	100%
Verano NJ LLC	New Jersey	Cultivation/Dispensary	100%
VHGG Holdings, LLC	Delaware	Holding company	100%
VHMD Processor, LLC	Delaware	Processor	100%
VMO Processing, LLC	Missouri	Processor	100%
VMO Retail, LLC	Missouri	Dispensary	100%
VZL Staffing, LLC	Maryland	Staffing company	100%
West Capital, LLC	Illinois	Real Estate holding company	100%

(e) Cash

Cash includes cash deposits in financial institutions and cash held at retail, and cultivation locations.

(f) Accounts Receivable and Expected Credit Loss

Accounts receivable are recorded at the invoiced amount and do not bear interest. Expected credit loss reflects the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of trade receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered. As of December 31, 2020, the allowance for doubtful accounts was $300,000. There was no allowance for doubtful accounts as of December 31, 2019.

(g) Inventories

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell and complete at harvest which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that the cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at lower of cost and net realizable value. The Company reviews inventory for obsolete, redundant, and slow-moving goods and any such inventories are written down to net realizable value. As of December 31, 2020 and December 31, 2019, there were no reserves for obsolete inventories.

(h) Investments in Associates

The Company accounts for investments under International Accounting Standards ("IAS") 28 – *Investments in Associates and Joint Ventures*. Investments are first evaluated if there is control and should be combined or consolidated. If it is determined that the Company does not have control in an investment but has significant influence, the investment is deemed an investment in an associate. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Interests in associates accounted for using the equity method are initially recognized at cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Investments in Associates *(Continued)*

Subsequent to initial recognition, the carrying value of the Company's investment in an associate is adjusted for the Company's share of comprehensive income (loss) and distributions of the investee. The carrying value of associates is assessed for impairment at each Statement of Financial Position date. Investments that are neither controlled, or the Company does not have significant influence, are recognized at fair value at each reporting period with changes in fair value recognized through profit and loss. As of December 31, 2020 and December 31, 2019, the Company did not recognize any impairments in investments at fair value or investments in associates.

(i) Biological Assets

The Company measures biological assets consisting of medical and adult-use cannabis plants at fair value less costs to sell and complete up to the point of harvest, which becomes the basis for the cost of internally produced harvested cannabis and finished goods inventories after harvest. These costs are then recorded with cost of goods sold in the consolidated statements of operations in the period when the related product is sold. Unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the results of operations.

Production costs related to biological assets are expensed. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labor for individuals involved in the growing and quality control process is also included, as well as depreciation on production equipment and overhead costs such as rent to the extent it is associated with the growing space. Unrealized fair value gains/losses on growth of biological assets are recorded in a separate line on the face of the consolidated statements of operations.

The Company capitalizes costs incurred after harvest to bring the products to their present location and condition in accordance with IAS 2, *Inventories.* The cost of inventories includes the fair value less cost to sell of the cannabis at harvest and costs incurred after harvest (such as quality assurance costs, fulfillment costs and packaging costs) to bring the products to their present location and condition.

(j) Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Land	Not Depreciated
Buildings and Improvements	39 Years
Furniture and Fixtures	5 – 7 Years
Computer Equipment and Software	5 Years
Store Equipment and Tools	5 – 7 Years
Leasehold Improvements	Remaining Life of Lease
Manufacturing Equipment	5 – 7 Years
Vehicles	5 Years
Assets Under Construction	Not Depreciated

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Property and Equipment *(Continued)*

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Consolidated Statements of Operations in the year the asset is derecognized.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred.

(k) Intangible Assets

Intangible assets are recorded at cost, less impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Certain intangible assets, including cannabis licenses, have indefinite useful lives and are not subject to amortization. Such assets are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. The Company does not have finite lived intangible assets. The Company did not record any impairment losses for the years ended December 31, 2020 and 2019.

(l) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or CGUs which are expected to benefit from the synergies of the combination.

Goodwill that has an indefinite useful life is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell or the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU.

Any goodwill impairment loss is recognized in operations in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. The Company did not record any impairment losses for the years ended December 31, 2020 and 2019.

(m) Leased Assets

Effective January 1, 2019, the Company adopted IFRS 16 *Leases*, *using the* modified retrospective approach, as permitted under the specific transitional provisions in the standard. Upon adopting, the Company recognized lease liabilities and Right of Use assets in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted-average incremental borrowing rate for lease liabilities initially recognized as of January 1, 2019 was 8%. The Company did not have any leases which had been previously classified as 'finance leases' under the principles of IAS 17 at the time of adoption.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Leased Assets *(Continued)*

In the initial application of IFRS 16, the Company applied the following practical expedients permitted by the standard:

- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- Reliance on previous assessments of whether leases are onerous immediately before the date of initial application,
- Application of the short-term leases exemption to leases with a remaining lease term of less than twelve months as at the date of initial application, and
- Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Election to separate lease and non-lease components, and account for each lease component separately from the associated non-lease components.

Based on the foregoing, the impact of the change in accounting policy on January 1, 2019 is summarized below:

- Right-of-use assets of $2,947,101 were recognized,
- Lease liabilities of $3,362,964 were recognized,
- The net impact on retained earnings was a decrease of $415,863.

Policy applicable upon adoption of IFRS 16

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- The contract involves the use of an identified asset.
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Leased Assets *(Continued)*

Interest on the lease liability is accreted using the effective intertest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of twelve months or less and leases of low-value assets. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

(n) Income Taxes

Income tax expense consisting of current and deferred tax expense is recognized in the Condensed Interim Consolidated Statements of Operations based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery, if any, are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

The Company is subject to U.S. Internal Revenue Code Section 280E. The section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

(o) Revenue Recognition

Revenue is recognized by the Company in accordance with IFRS 15, *Revenue from Contracts with Customers*. Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under IFRS 15, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract;
- Recognize revenue when or as the Company satisfies the performance obligation(s).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Revenue Recognition *(Continued)*

Under IFRS 15, revenues from the sale of cannabis are generally recognized at a point in time when control over the goods have been transferred to the customer. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer. Revenue is presented net of discounts and sales tax and other related taxes.

The Company has customer loyalty programs in which retail customers accumulate points for each dollar of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction. In addition, the Company records a performance obligation as a reduction of revenue based on the estimated redemption probability of point obligation incurred, which is calculated based on a standalone selling price.

(p) Financial Instruments

Financial Assets

Recognition and Initial Measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and Subsequent Measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial Instruments *(Continued)*

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial Instruments *(Continued)*

Derecognition of Financial Assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial Liabilities

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled, or expire.

(q) Provisions and Contingent Liabilities

Provisions, where applicable, are recognized in liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting. period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

(r) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition related transaction costs are expensed as incurred. Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair value at the date of acquisition. When the Company acquires control of a business, any previously held equity interest is also remeasured to fair value. The excess of the purchase consideration and any previously held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously held equity interest, the difference is recognized in the consolidated statements of operations immediately as a bargain purchase gain

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Business Combinations *(Continued)*

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, *Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

(s) Derivative Liabilities

The Company uses the fair-value method of accounting for derivative liabilities and such liabilities are re-measured at each reporting date with changes in fair value recorded in the period incurred. The fair value is estimated using a Monte Carlo simulation model. Critical estimates and assumptions used in the model are discussed in Note 12.

(t) Segment Reporting

An operating segment is a component of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and that engages in business activities from which it may earn revenue and incur expenses. The Company only has one operating segment for the cultivation, manufacturing, and distribution, and sale of cannabis.

All revenues were generated in the United States of America for the years ended December 31, 2020 and 2019.

(u) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

(i) Estimated Useful Lives and Depreciation of Property and Equipment

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(ii) Biological Assets

Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth of the cannabis, harvested costs, sales price and expected yields.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Significant Accounting Judgments, Estimates, and Assumptions *(Continued)*

(iii) Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price the Company expects to realize by selling the inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in cost of goods sold.

(iv) Discount Rate for Leases

IFRS 16 – Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the Company generally uses the incremental borrowing rate when initially recording leases. Generally, the Company uses its incremental borrowing rate as the discount rate.

(v) Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Significant Accounting Judgments, Estimates, and Assumptions *(Continued)*

(vi) Intangible Asset and Goodwill Impairment

Indefinite-lived intangible assets and goodwill are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of such assets has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

(vii) Consolidation

Judgment is applied in assessing whether the Company exercises control and has significant influence over entities in which the Company directly or indirectly owns an interest. The Company has control when it has the power over the subsidiary, has exposure or rights to variable returns, and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained.

(viii) Warrant Issuance Modification

The modification of warrant agreements presented as equity classified are first analyzed to ensure that such modifications do not change the classification of the instrument. If equity presentation remains proper, an adjustment to equity is recorded. If equity presentation is not preserved, the modification is evaluated under IFRS 2 *Share-based Payments*.

(ix) Expected Credit Loss

Management determines the expected credit loss by evaluating individual receivable balances and considering accounts and other receivable financial condition and current economic conditions. Accounts receivable and financial assets recorded in other receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the condensed interim consolidated statement of financial position date.

(x) Fair Value of Financial Instruments

The individual fair values attributed to the different components of a financing transaction, derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Significant Accounting Judgments, Estimates, and Assumptions *(Continued)*

(xi) Income Tax

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(xii) Determination of Cash-Generating Units

The Company's assets are aggregated into cash-generating units ("CGU's"). CGU's are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGU's was based on management's judgment regarding several factors such as shared infrastructure, geographical proximity, and exposure to market risk and materiality.

(xiii) Property, Plant and Equipment Impairment

The Company evaluates the carrying value of long-lived assets at the end of each reporting period whenever there is any indication that a long-lived asset is impaired. Such indicators include evidence of physical damage, indicators that the economic performance of the asset is worse than expected, or that the decline in asset value is more than the passage of time or normal use, or significant changes occur with an adverse effect on the Company's business. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset is impaired when its carrying amount exceeds its recoverable amount. The Company measures impairment based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset. The fair value is determined primarily by using the projected future cash flows discounted at a rate commensurate with the risk involved as well as market valuations. Losses on long-lived assets to be disposed of are determined in a similar manner, except that the fair values are reduced for an estimate of the cost to dispose or abandon.

(xiv) Derivative Liabilities

In calculating the fair value of its derivative liabilities, the Company uses the Monte Carlo simulation model, for Level 3 recurring fair value measurements to estimate fair value at each reporting date. The key assumptions used in the models are similar and include the expected future volatility in the price of the Company's shares, the fair market value of the price of the Company's shares and the expected life of the underling instrument.

(xii) COVID-19 Estimation Uncertainty

The novel coronavirus commonly referred to as "COVID-19" was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency by President Donald Trump. The outbreak has spread throughout Europe, the Middle East and North America, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions.

While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot reasonably be estimated at this time. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. For the time being and until economies stabilize, the Company has shifted its strategic approach and the manner in which it operates its business to continue providing high-quality products to its patients and customers, and ensure that its workplace and stores have appropriate measures put in place to limit social interactions and enforce social distancing measures.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(xii) COVID-19 Estimation Uncertainty (Continued)

The Company has put forth initiatives to allow the Company to continue offering high-quality products in a safe environment, with additional measures put in place to allow its customers to access its products while limiting social interactions, and enforcing social distancing measures throughout its retail stores. These initiatives have allowed the Company to operate mostly uninterrupted and to implement its business continuity plan. Some of the measures include: (i) increasing curbside pick-up and/or drive-thru options at all of its retail locations, where regulations permit such services; (ii) expanding home delivery services to customers, where regulations permit such services; and (iii) updating its safety and sanitation protocols in-store and in all facilities.

The Company is closely monitoring the evolution of COVID-19. As of the date hereof, the Company's operations have not been significantly impacted as the cannabis industry has been deemed an essential service in many states since March 2020. Going forward, the extent of the impact of COVID-19 on the Company's operational and financial performance will depend on various developments, including the duration and magnitude of the outbreak, and the impact on customers, employees and vendors, all of which are uncertain and cannot be predicted.

(v) Adoption of New and Revised Standards and Interpretations

The following IFRS standards have been recently issued by the IASB. The Company has assessed or is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments were effective for annual reporting periods beginning on or after January 1, 2020. The Company early adopted IAS 1 and IAS 8 prior to January 1, 2020. The adoption of IAS 1 and IAS 8 did not have a material impact on the consolidated financial statements.

(ii) Amendment to IFRS 3: Definition of a Business

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)" (the "IFRS 3 Amendment"). The IFRS 3 Amendment clarifies the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The IFRS 3 Amendment provides an assessment framework to determine when a series of integrated activities is not a business. The IFRS 3 Amendment is effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company early adopted IFRS 3 as of January 1, 2019. The adoption did not have a material impact on the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Adoption of New and Revised Standards and Interpretations *(Continued)*

The following is a brief summary of the new standards issued but not yet effective:

(iii) Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current ("Amendments to IAS 1"). The Amendments to IAS 1 aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The Amendments to IAS 1 include clarifying the classification requirements for debt a company might settle by converting it into equity. The Amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted.

(iv) Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract ("Amendments to IAS 37") amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

(w) Discontinued Operations

The Company followed IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* to report for assets held for sale and discontinued operations.

3. DISCONTINUED OPERATIONS

During the third quarter of 2020, the Company closed it's Oklahoma operations, which were comprised of three dispensaries and a processing facility. This discontinuance represents a strategic geographical shift in business operations. The acquisition of Oklahoma was in 2019 (Note 9).

Discontinued operations are presented separate from continuing operations in the consolidated statement of operations and the consolidated statement of cash flows and represented a loss of $2,145,631. There were no proceeds received in connection with the discontinuation of the Oklahoma operation.

3. DISCONTINUED OPERATIONS *(Continued)*

The following table represents the financial results associated with discontinued operation as reflected in the Company's condensed consolidated statements of operations:

	2020	2019
Revenues, net of discounts	$ 1,861,758	$ 2,022,721
Cost of goods sold	(1,367,699)	(1,292,501)
Gross profit	494,059	730,220
Expenses		
General and administrative	1,054,339	1,058,679
Sales and marketing	57,043	119,578
Depreciation and amortization	98,195	104,630
Total expenses	1,209,577	1,282,887
Operating loss before taxes and non-controlling interest	(715,518)	(552,667)
Income taxes	-	-
Loss from continuing operations before non-controlling interest	(715,518)	(552,667)
Lees amount attributable to non-controlling interest	536,639	414,500
Net loss from discontinued operations, net of tax	(1,966,751)	-
Net loss attributed to Verano Holdings, LLC and Subsidiaries	$ (2,145,631)	$ (138,167)

4. DECONSOLIDATION

In July 2020, the Company entered into an agreement to unwind its interest in Zen Leaf Retail PR, Inc. Accordingly, the Company does not exercise any control over this entity. As a result, the assets and liabilities of both entities have been derecognized from the consolidated statements of financial position, with a loss of $189,324 being recognized in the consolidated statements of operations.

In February 2019, the Company entered into an agreement to unwind pending interests in United Development of Illinois, LLC and Union Group of Illinois, LLC. Accordingly, the Company does not exercise any control over these entities. As a result, the assets and liabilities of both entities have been derecognized from the consolidated statements of financial position, with a loss of $3,086,878 being recognized in the consolidated statements of operations. This amount included a cash payment of $775,000 to the PTS Members.

5. INVENTORIES

The Company's inventories consist of the following:

	December 31, 2020	December 31, 2019
Raw Materials	$ -	$ 566,352
Work in Process	46,586,170	10,373,918
Finished Goods	12,703,895	3,133,094
Total Inventories	$ 59,290,065	$ 14,073,364

6. BIOLOGICAL ASSETS

Biological assets consist of cannabis plants. At December 31, 2020 and December 31, 2019, the changes in the carrying value of biological assets are shown below:

Harvest in Process	December 31, 2020	December 31, 2019
Beginning balance	$ 16,613,392	$ 10,675,028
Costs incurred prior to harvest to facilitate biological transformation	55,535,842	25,470,334
Unrealized gain on fair value of biological assets	254,154,780	44,539,847
Transferred to inventory upon harvest	(216,927,447)	(64,071,817)
Ending balance	$ 109,376,567	$ 16,613,392

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is nineteen weeks from propagation to harvest;
- The average harvest yield of whole flower is 320.26 grams per plant (292 grams – 2019);
- The average selling price of whole flower is $6.98 per gram ($6.12 per gram – 2019);
- Processing costs include drying and curing, testing and packaging, post-harvest overhead allocation, and oil extraction costs estimated to be $0.57 per gram ($0.70 per gram – 2019); and
- Selling costs include shipping, order fulfillment, and labelling, estimated to be $0.12 per gram ($0.12 per gram - 2019).

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward.

6. BIOLOGICAL ASSETS *(Continued)*

Management has quantified the sensitivity of the inputs, and determined the following:

- Selling price per gram – an increase or decrease in the selling price per gram by 5% would result in an increase or decrease the fair value of biological assets by $6,321,578 ($1,030,145 – 2019).
- Harvest yield per plant – an increase or decrease in the harvest yield per plant of 5% would result in an increase or decrease the fair value of biological assets by $5,468,828 ($830,670 – 2019).
- Cost of production per gram – an increase or decrease in the cost of production per gram by 5% would result in a decrease or increase the fair value of biological assets by $824,412 ($188,566 – 2019).

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As of December 31, 2020 and December 31, 2019, the biological assets were on average, 34.1% and 41.3%, respectively, complete and the estimated fair value less costs to sell of dry cannabis was $4.69 and $3.51 per gram, respectively.

As of December 31, 2020 and December 31, 2019, it is expected that the Company's biological assets will ultimately yield approximately 43,488 and 7,588 kilograms of cannabis, respectively.

7. NOTES RECEIVABLE

The notes receivable consists of two secured promissory notes. The first note is a secured promissory note with SOL Global Investments Corp, a member of the Company (SOL Global Investments Corp holds 3,335,411 Class B Units) for an original amount of $5,000,000. The note was dated March 2019 and originally matured in September 2020. Interest of 10% per annum and principal are due at maturity. The note was amended in March 2020 to reduce the amount due by $300,000 and increase the interest rate to 15.25% in the event the interest was not paid in full on September 1, 2020. In September 2020, the note was amended to include specified payment dates through October 29, 2020 with interest due at 15.25% per annum. As of the December 31, 2020, the Company has received principal payments for $2,175,000 and has a remaining principal outstanding of $2,825,000 plus accrued interest.

The second note is a secured promissory note dated August 13, 2020 with an unrelated party for $180,000. The note is due and payable on or before the earlier of February 13, 2021 (which may be extended at the discretion of the lender until August 13, 2021) or such other date the principal amount becomes due and payable by acceleration after an event of default.

As of December 31, 2020 and December 31, 2019, accrued interest on the aforementioned notes totaled $940,023 and $376,712, respectively, and is included in interest receivable.

8. PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation consists of the following at December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
Land	$ 12,137,559	$ 6,707,177
Buildings and Improvements	15,223,120	8,727,420
Furniture and Fixtures	5,258,417	3,028,537
Computer Equipment and Software	3,330,685	1,646,157
Leasehold Improvements	88,329,837	56,081,457
Tools and Equipment	27,237,388	14,691,284
Vehicles	850,080	564,578
Assets Under Construction	8,514,196	1,646,157
Total Property, Plant and Equipment, Gross	160,881,282	103,199,320
Less: Accumulated Depreciation	(17,743,697)	(8,819,576)
Property, Plant and Equipment, Net	$ 143,137,585	$ 94,379,744

Assets under construction represent construction in progress related to facilities not yet completed or otherwise not placed in service.

A reconciliation of the beginning and ending balances of property, plant and equipment is as follows:

	Property, Plant and Equipment, Gross	Accumulated Depreciation	Property, Plant and Equipment, Net
Balance as of January 1, 2019	$ 44,984,255	$ (4,237,355)	$ 40,746,900
Additions	65,673,552	-	65,673,552
Property, plant and equipment from business combination	144,698	-	144,698
Disposals	(7,603,185)	-	(7,603,185)
Depreciation	-	(4,582,221)	(4,582,221)
Balance as of December 31, 2019	$ 103,199,320	$ (8,819,576)	$ 94,379,744
Additions	58,161,038	-	57,173,786
Property, plant and equipment from business combination	1,351,171	-	1,351,171
Disposals	(11,246)	-	(11,246)
Discontinued operations and deconsolidation	(1,819,001)		(1,819,001)
Depreciation	-	(8,924,121)	(8,924,121)
Balance as of December 31, 2020	$ 160,881,282	$ (17,743,697)	$ 143,137,585

For the years ended December 31, 2020 and 2019, depreciation expense totaled $8,147,233 and $3,284,380, respectively, was included in costs of goods sold.

9. ACQUISITIONS

(a) Business Combinations

In April 2019, the Company entered into a definitive agreement with an unrelated party, AGG Wellness d/b/a Herban Legends of Towson ("Herban"). Herban holds a medical cannabis license in Towson, Maryland. Pursuant to the terms of the transaction, Verano, through wholly-owned subsidiary Zen Leaf Technologies, LLC, also entered into a management and administrative services agreement with Herban in exchange for a placement fee equal to $2,500,000 in cash and $1,800,000 in stock of PubCo of the acquirer of Verano if Verano is sold prior to going public. Cash consideration transferred totaled $3,300,000, which was paid during 2019. At December 31, 2020, the Company owed $630,000, of which $430,000 was paid in January 2021. The final payment of $200,000 will be paid upon final closing. Based on the funding and providing of services, the Company determined that control was transferred at the closing and accounted for the transaction as an asset acquisition with the application of the IFRS 3 Amendment.

In April 2019, a Company affiliate entered into a definitive agreement to purchase an unrelated party, Magpie Management, LLC ("Magpie"). Magpie, through various subsidiaries, owns two medical cannabis commercial grower licenses, one medical cannabis commercial processing license, and three medical cannabis commercial dispensary licenses in the State of Oklahoma. The transaction provided for the Company's affiliate to purchase 25% of the issued and outstanding membership interested of Magpie, as well as other commercial arrangements. Consideration for the transaction totaled $1,000,000, which had not been paid in full as of the date of this report. The Company determined that control was transferred at the closing and accounted for the transaction as a business acquisition in accordance with IFRS 3, *Business Combinations.*

In July 2020, the Company acquired an additional 50% ownership interest in a Las Vegas real estate entity which provided the Company with a controlling interest and was accounted for as a business acquisition in accordance with IFRS, *Business Combinations.* The purchase price was allocated to the building and land, which totaled $1,160,000. Consideration included cash of $230,000 and a note payable of $350,000 (Note 11). A gain on the previously held equity interest was recognized for $458,039. Acquisition costs, which are expensed as incurred, were not significant and were excluded from the consideration transferred.

In July 2020, the Company entered into a membership interest purchase agreement to acquire, upon the satisfaction of certain conditions precedent, 100% of a dispensary located in Illinois. The total purchase price was $20,000,000 plus a $31,151 working capital adjustment. The Company paid $10,000,000 in July 2020 and an additional $8,000,000 was paid in November 2020. The remaining purchase price will be paid pursuant to the membership interest purchase agreement. Verano, through a subsidiary, also entered into a management and administrative services agreement. Based on the funding and providing of services, the Company determined that control was transferred at the closing and accounted for the transaction as a business acquisition in accordance with IFRS 3, *Business Combination* and consolidated the seller as of July 2020. Acquisition costs, which are expensed as incurred, were not significant and were excluded from the consideration transferred.

In December 2020, the Company entered into a membership interest purchase agreement to acquire, upon the satisfaction of certain conditions precedent, 100% of a dispensary located in Illinois. The total undiscounted purchase price was $22,347,011 plus a $315,065 working capital adjustment. The Company paid $5,347,011 in December 2020. The remaining purchase price will be paid pursuant to the membership interest purchase agreement. Verano, through a subsidiary, also entered into a management and administrative services agreement. Based on the funding and providing of services, the Company determined that control was transferred at the closing and accounted for the transaction as a business acquisition in accordance with IFRS 3, *Business Combination* and consolidated the seller as of December 2020. Acquisition costs, which are expensed as incurred, were not significant and were excluded from the consideration transferred.

9. ACQUISITIONS *(Continued)*

(a) Business Combinations *(Continued)*

The purchase price allocation for the acquisitions, as set forth in the table below, reflects various fair value estimates and analyses which are subject to change within the measurement period. The primary areas of the purchase price allocation that are subject to change relate to the fair value of certain tangible assets, the value of intangible assets acquired, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period.

Measurement period adjustments that the Company determined to be material will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements, and depending on the nature of the adjustments, other periods subsequent to the period of acquisition could be affected. The measurement period ends one year subsequent to the acquisition date.

The following table summarizes the provisional accounting estimates of the acquisition that occurred during the year ended December 31, 2020.

	Evanston	Elevele	Total
Cash	$ 328,722	$ 1,034,790	$ 1,363,512
Inventories	552,633	431,040	983,673
Other current assets	3,354	366,081	369,435
Property, plant and equipment	1,053,404	38,079	1,091,483
Right of use assets	-	43,791	43,791
Accounts payable and accrued liabilities	(940,702)	(1,108,987)	(2,049,689)
Deferred taxes	(5,766,702)	(6,548,193)	(12,314,895)
Lease liabilities	(122,779)	(68,451)	(191,230)
Total identifiable net assets (liabilities)	(4,892,070)	(5,811,850)	(10,703,920)
Intangible assets	24,923,221	28,112,566	53,035,787
Net assets	$ 20,031,151	$ 22,300,716	$ 42,331,867
Cash	$ 18,000,000	$ 5,347,011	$ 23,347,011
Acquisition price payable	2,031,151	16,953,705	18,984,856
Total Consideration	$ 20,031,151	$ 22,300,716	$ 42,331,867

In addition to the acquisitions noted above, a Company affiliate entered into a membership purchase agreement with a licensee in Maryland which would allow the Company to process medical marijuana in Maryland. The Company analyzed the transactions and recorded the transaction as a business combination. The total purchase price was $6,900,000 and $1,050,000 was paid in December 2020. The Company recognized a license in the amount of $6,640,312 and tools and equipment in the amount of $259,688, which are included in the intangible assets and property, plant and equipment, respectively, of the consolidated statements of financial position.

9. ACQUISITIONS *(Continued)*

(a) Business Combinations *(Continued)*

The following table summarizes the final accounting estimates of the acquisitions that occurred during the year ended December 31, 2019.

	AGG Wellness *(1)*	Magpie *(2)*	Total
Cash	$ -	$ 61,003	$ 61,003
Inventories	300,000	237,352	537,352
Other current assets	-	34,502	34,502
Property, plant and equipment	-	144,698	144,698
Right of use assets	457,046	856,910	1,313,956
Accounts payable and accrued liabilities	-	(197,693)	(197,693)
Deferred Taxes	(1,293,435)	-	(1,293,435)
Lease liabilities	(457,046)	(856,910)	(1,313,956)
Non-controlling interest	(300,000)	(2,400,000)	(2,700,00)
Total identifiable net assets (liabilities)	(1,293,435)	(2,120,138)	(3,413,573)
Intangible assets	5,793,435	3,120,138	8,913,573
Net assets	$ 4,500,000	$ 1,000,000	$ 5,500,00
Cash	$ 3,300,000	$ -	$ 3,300,00
Acquisition price payable	1,200,000	1,000,000	2,200,000
Total Consideration	$ 4,500,000	$ 1,000,000	$ 5,500,00

(1) Acquisition accounted for as an asset acquisition with the application of the IFRS Amendment. During the measurement period a material deferred tax adjustment was identified related to the AGG Wellness acquisition in which a deferred tax liability and additional goodwill of $1,293,435 was recognized. The additional goodwill is reflected as a 2020 addition in the intangible assets and goodwill footnote (Note 10).

(2) Acquisition accounted for as a business combination under IFRS 3.

Acquisition costs, which are expensed as incurred, were not significant and were excluded from the consideration transferred. The Magpie (Oklahoma) operation was discontinued during the third quarter of 2020 (Note 3).

(b) Licenses

During 2020, a Company affiliate entered into consulting, licensing, or other contractual arrangements with licensees in Pennsylvania which would allow the Company to operate medical and/or recreational marijuana dispensaries in Pennsylvania. The Company analyzed the transactions and recorded the transactions as asset acquisitions. The Company capitalized the licenses in the amount of $7,000,000, which are included in the intangible assets on the consolidated statement of financial position. The Company entered into a secured promissory note of $3,163,000 in July and the remaining liability of seller financing was fully repaid ahead of the scheduled pay-off date. The payment was the final financial obligation remaining under the transaction documents.

9. ACQUISITIONS *(Continued)*

(b) Licenses *(Continued)*

During 2019, Company affiliates entered into consulting, licensing, or other contractual arrangements with licensees in Ohio and Michigan which would allow the Company to operate medical and/or recreational marijuana dispensaries in Ohio or Michigan. The Company analyzed the transactions and recorded the transactions as asset acquisitions. The Company capitalized the licenses in the amount of $3,996,707, which are included in the intangible assets on the consolidated statements of financial position. The Company had $60,185 payable as of December 31, 2019, which was paid in full in 2020. The Company determined that the acquired licenses have an indefinite life and are not subject to amortization.

10. INTANGIBLE ASSETS AND GOODWILL

As of December 31, 2020, intangible assets and goodwill consisted of the following:

	Balance at January 1, 2020	Purchases	Additions from Acquisitions	Disposals	Balance at December 31, 2020
Indefinite Lives					
Licenses	$ 19,802,449	$ 7,000,000	$ 47,017,018	$ -	$ 73,819,467
Tradenames	78,000	-	-	-	78,000
Goodwill	5,064,248	-	13,952,516	(2,987,861)	16,028,903
Total	**$ 24,944,697**	**$ 7,000,000**	**$ 60,969,534**	**$ (2,987,861)**	**$ 89,926,370**

As of December 31, 2019, intangible assets and goodwill consisted of the following:

	Balance at January 1, 2019	Purchases	Additions from Acquisitions	Disposals	Balance at December 31, 2019
Indefinite Lives					
Licenses	$ 12,575,742	$ 8,496,707	$ -	$ (1,270,000)	$ 19,802,449
Tradenames	119,000	-	-	(41,000)	78,000
Goodwill	1,995,233	-	3,120,138	(51,123)	5,064,248
Total	**$ 14,689,975**	**$ 8,496,707**	**$ 3,120,138**	**$ (1,362,123)**	**$ 24,944,697**

11. NOTES PAYABLE

As of December 31, 2020 and December 31, 2019, notes payable consisted of the following:

	December 31, 2020	December 31, 2019
Credit agreement dated July 2, 2020 for an initial commitment of $20,000,000 issued to various investors under Chicago Atlantic GIC Advisers, LLC as administrative agent with an incremental loan not to exceed $10,000,000; interest at 15.25% per annum matures June 2022. The Company was advanced $30,000,000 during the third quarter of 2020. Debt issuance costs were reflected as a reduction of the carrying value of the long-term debt on the Company's consolidated statements of financial position and was amortized to interest expense over the term of the note using the effective interest method. This note is guaranteed by a member. This note has prepayment penalties and mandatory prepayment as described in the note. The note holders have a first right of refusal to refinance the note under substantially similar terms. The note is substantially collateralized by all the assets of the Company and is subject to certain restrictive covenants as defined in the agreement.	$ 30,000,000	$ -
Convertible note dated November 25, 2019 for up to $20,000,000 issued to accredited investors; interest at 1.5% per month matures in August 2020 subject to an extension of six months or the completion of a transaction, if earlier. The note was extended for six month and with a maturity in February 2021. The note was repaid in November 2020 when the holder elected to exercise their warrants. Refer to *(c)* below.	-	5,100,000
Convertible note dated November 25, 2019 for $5,000,000 issued to accredited investors; interest at 1.5% per month matures in August 2020 subject to an extension of six months or the completion of a transaction, if earlier. Principal and interest is due on the maturity date. The note was extended for six month and matures in February 2021. Refer to *(d)* below.	3,709,425	5,100,000
Secured promissory notes dated February 13, 2019 for $3,412,500 issued to accredited investors; interest at 2.57% compounded annually matures in February 2020. The note was amended in June 2020 and extended for six months to August 2020 and is subject to four extension dates. The interest rate was also amended to bear interest at 6% from February to June 2020, 11% compounded annually until August 2020, 14% compounded annually until the second extension date of February 2021, and 15.5% compounded annually for additional extension dates. Refer to *(b)* below.	3,412,500	3,412,500
Promissory note secured by deed of trust dated May 15, 2020 for $1,473,922 issued to Eastern and Pebble, LLC; bears interest at 4% per annum and matures on September 15, 2021.	856,594	-
Promissory note dated September 4, 2019 for up to $16,000,000 issued to accredited investors; interest at 5.0% per annum matures in September 2020 or upon the occurrence of a corporate transaction if earlier. Principal and interest is due on the maturity date. The loan was repaid in 2020.	-	8,000,000

11. NOTES PAYABLE *(Continued)*

As of December 31, 2020 and 2019, notes payable consisted of the following *(Continued):*

	December 31, 2020	December 31, 2019
Promissory note dated July 31, 2017, in the original amount of $2,900,000 issued to an accredited investor; monthly payment of $19,294 with a balloon payment of $2,493,308 due on August 1, 2027 including interest at 7.00% per annum. Refer to *(a)* below.	2,790,274	2,827,924
Vehicle loan dated December 11, 2017, in the original amount of $17,709 issued to accredited investors; monthly payment of $548, including interest at 6.94% and matures in December 2020. The loan was repaid in 2020.	-	6,335
Vehicle loan dated August 25, 2017, in the original amount of $18,966 issued to accredited investors; monthly payment of $341, including interest at 2.99% and matures in September 2022. The loan was repaid in 2020.	-	8,727
Vehicle loan dated May 21, 2018, in the original amount of $18,247 issued to accredited investors; monthly payment of $563, including interest at 6.75% and matures in February 2021. The loan was repaid in 2020.	-	9,107
Promissory Note dated July 2, 2020, in the original amount of $350,000 issued to BB Marketing, LLC; matures in June 2021; interest is due at 5% in the event of a default	350,000	-
Less: unamortized debt issuance costs	(824,833)	(166,667)
Less: unamortized debt discount	-	(5,525,503)
Less: unamortized debt discount - warrants	-	(4,405,756)
Total Notes Payable	40,293,910	14,366,667
Less: Current Portion of Notes Payable	(7,814,261)	(8,153,234)
Notes Payable, Net of Current Portion and Unamortized Debt Issuance Costs	**$ 32,479,649**	**$ 6,213,433**

11. NOTES PAYABLE *(Continued)*

Stated maturities of debt obligations are as follows:

	Principal Payments	Unamortized Debt Issuance Costs	Total Notes Payable
2021	$ 8,365,694	$ 551,433	$ 7,814,261
2022	30,039,862	273,450	29,766,412
2023	42,744	-	42,744
2024	45,834	-	45,834
2025	49,147	-	49,147
Thereafter	2,575,512	-	2,575,512
Total	$ 41,118,793	$ 824,883	$ 40,293,910

(a) The promissory note with an outstanding balance of $2,790,274 at December 31, 2020 is collateralized by certain real estate and improvements made to the property.

(b) The two promissory notes which have convertible features, with an outstanding balance at December 31, 2020 of $3,412,500 are collateralized by the note holders' units in DGV Group, LLC. These notes were repaid in full in February 2021.

(c) In August 2018, the Company and ZenNorth, LLC entered into a $10,000,000 credit facility. The terms of the loan provide the Company with the facility at a rate of 1%, compounded monthly, with conversion options. The loan was to be made in several advances on or before December 31, 2018. No such advances were made. In connection with the credit facility, the Company issued a warrant for 424,242 Class B units at an exercise price of $7.14, with a term of 5 years.

(c&d) At the sole option of the lender or upon completion of a transaction, the convertible notes are convertible to equity. A total of $10,000,000 was advanced during 2019, of which $5,000,000 was advanced from ZenNorth, LLC and affiliates *(c)* and $5,000,000 from the Company's Chief Executive Officer *(d)*. Both advances had an origination fee of 2%, which is due in full on the maturity date. The origination fee was recorded as a reduction to the carrying value of the note payable. This reduction is recognized on a straight-line basis which approximates the effective interest rate method as interest expense. The charge to interest expense was $2,272,450 and $33,333 for the years ended December 31, 2020 and 2019, respectively.

(c&d) Additionally, in connection with the convertible notes issued in 2019, the Company issued warrants to purchase 990,000 common shares with an exercise price of $7.575 per share. The warrants have a three year term from the date of the closing. The Company determined the fair value of the warrants to be $5,061,933 using the Black-Scholes valuation model with a volatility of 85%, dividend yield of 0% and risk-free rate of 1.60%. A debt discount is reflected as a reduction of the carrying value of the note payable on the Company's consolidated statements of financial position and is being amortized over the term of the notes. Amortization of the debt issuance cost for warrants was $4,405,756 and $656,177 for the years ended December 31, 2020 and December 31, 2019, respectively. The conversion feature was treated as an embedded derivative liability and did not require bifurcation, as such the entire amount was recorded as a liability. The warrants for 424,242 Class B units and 990,000 common shares were exercised for an exercise value of $3,029,088 and $7,499,250, respectively. The exercise proceeds were used to relieve the remaining debt outstanding with ZenNorth, LLC. The exercise proceeds for the Chief Executive Officer did not exceed the outstanding note balance, leaving an outstanding balance of $3,709,425 at December 31, 2020, which was repaid in full in February 2021.

12. DERIVATIVE LIABILITIES

Convertible Notes

The Company issued two convertible notes for $10,000,000 in 2019 (Note 11). A reconciliation of the beginning and ending balances of the derivative liabilities for the periods ended December 31, 2020 and 2019 were as follows:

		Derivative Liability
Balance as of January 1, 2019	$	-
Fair value of derivative liabilities on issuance date		6,216,191
Additional issuance		-
Fair value change in derivative liability		562,319
Balance as of December 31, 2019	$	6,778,510
Balance as of January 1, 2020	$	6,778,510
Additional issuance		-
Gain on derivative liability		(6,778,510)
Balance as of December 31, 2020	$	-

In accordance with IFRS, a contract to issue a variable number of equity shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the consolidated statements of operations at each period-end. The derivative liability will ultimately be converted into the Company's equity when the convertible notes payable is converted or will be extinguished on the repayment of the convertible notes payable and will not result in the outlay of any additional cash by the Company.

Upon initial recognition, the Company recorded a derivative liability and debt discount of $3,126,285 in relation to the derivative liability portion of the convertible notes. The Company had additional issuances through the remainder of 2019 that resulted in an additional debt discount of $3,089,906. The Company recorded $5,525,503 and $690,688 in amortization related to the debt discount for the years ended December 31, 2020 and December 31, 2019, respectively.

As of December 31, 2020, the Company had no probability of debt conversion. The Company adjusted the derivative liabilities and debt discount to reflect the outcome.

13. MEMBERS' EQUITY

Members' Equity

Effective January 1, 2019, Verano Holdings, LLC elected to be treated as a C Corporation for Federal income tax purposes. Prior to January 1, 2019, members' equity was primarily comprised of one class of units, as described in the Company's applicable operating agreements.

13. MEMBERS' EQUITY *(Continued)*

(a) Noncontrolling Interest

During 2020, the Company entered into various agreements to acquire non-controlling interests in certain entities. As a result of the transaction, a Company affiliate now owns 100% of the membership interests in each entity. The aggregate purchase price for the membership interests totaled approximately $6,900,000. The Company recorded these transactions as distributions to members and all non-controlling interests in these entities were transferred to members' equity.

As of January 1, 2020, the Company had a 50% non-controlling interest in NatureX, LLC. The Company acquired 40% of the non-controlling interest on July 31, 2020 and acquired the remaining 10% on August 12, 2020 for an aggregate purchase price of $1.3 million, of which $200,000 is included in the acquisition price payable balance as of December 31, 2020.

On July 29, 2020, the Company acquired the remaining 25% non-controlling interesting in Four Daughters Compassionate Care for $1.1 million.

In 2020, the Company acquired the remaining non-controlling interest in Healthway Services of West Illinois, LLC, for an aggregate purchase price of $3,900,000, which is included in the acquisition price payable balance as of December 31, 2020.

In 2020, the Company acquired individually insignificant non-controlling interests for an approximate aggregate purchase price of $531,000 in Class B units.

(b) Warrants

In connection with a subscription agreement offering in October of 2018, the Company entered into an agency agreement with Clarus Securities, Inc., ("Clarus") pursuant to which Clarus would broker the subscription of up to $12,000,000 of Class B units of the Company. On or about February 7, 2019, the Company and Clarus mutually agreed to terminate the agency agreement and any rights which may have arisen thereunder, in consideration for which the Company granted the Clarus's blocker entity 100,000 Class B warrants in the Company at a price of $21.73 per Class B unit. Clarus's blocker, Clarus Securities SIV, Inc., exercised the warrants on February 11, 2019 for $2,173,000.

In August 2018, the Company issued a warrant for 424,242 Class B units at an exercise price of $7.14, with a term of 5 years in connection with a credit facility (Note 11). The Company determined the fair value of the warrant to be $2,661,935 using the Black-Scholes valuation model with a volatility of 85%, dividend yield of 0%, and risk-free rate of 2.87%. As there were no proceeds received in connection with the credit facility, the fair value was recorded as debt issuance costs on the Consolidated Statements of Financial Position. These costs were amortized over the period of expected availability through December 31, 2018. The balance of the debt issuance costs associated with this warrant was fully amortized in 2018. The Company determined the fair value of the incremental units to be $2,289,674. The Company amended the warrant agreement in 2019 that resulted in 751,973 Class B units at an exercise price of $4.03 and the amended agreement preserves the presentation as equity and was presented as such as of December 31, 2019.

In connection with the convertible notes issued in 2019, the Company issued warrants to purchase 990,000 common shares with an exercise price of $7.575 per share. The warrants have a three year term from the date of the closing. The Company determined the fair value of the warrants to be $5,061,933 using the Black-Scholes valuation model with a volatility of 85%, dividend yield of 0% and risk-free rate of 1.60%. The conversion feature is a derivative liability; however, it has zero value and the entire amount has been recorded as a liability. A debt discount is reflected as a reduction of the carrying value of the note payable on the Company's consolidated statements of financial position and is being amortized over the term of the notes. Amortization of the debt issuance cost for warrants was $4,572,423 and $656,177 for the years ended December 31, 2020 and December 31, 2019, respectively.

As disclosed in Note 11, the 424,242 Class B units and 990,000 common shares were exercised for an exercise value of $3,029,088 and $7,499,250, respectively. The exercise proceeds were used to relieve the remaining debt outstanding with ZenNorth, LLC. The exercise proceeds for the Chief Executive Officer did not exceed the outstanding note balance, resulting an outstanding balance of $3,709,425 as of December 31, 2020. The conversion of warrants increased net equity by $10,523,187 as of December 31, 2020.

14. INCOME TAXES

Provision for income taxes consists of the following for years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	**2019**
Current:		
Federal	$ 33,649,881	$ 7,935,000
State	12,821,250	2,720,800
Total current	46,471,131	10,655,800
Deferred:		
Federal	20,996,289	3,160,796
State	9,364,408	1,386,625
Total deferred	30,360,697	4,547,421
Total	**$ 76,831,828**	**$ 15,203,221**

The reconciliation between the effective tax rate on income from operations and the statutory rate for the year ended December 31, 2020 is as follows:

	2020
Income (loss) Before Income Taxes	$ 203,472,001
Statutory Tax Rate	21.00%
Expense (recovery) Based on Statutory Rates	42,729,120
Other Permanent Differences	(1,309,238)
Nondeductible 280E	12,449,268
Gain on Derivative Liability	(1,423,487)
Noncontrolling interest	1,524,010
State	21,867,207
Book/Tax Basis in Acquired Intangibles	2,595,455
Return to Provision	(1,600,507)
Income Tax Expense	**$ 76,831,828**

14. INCOME TAXES *(Continued)*

As of December 31, 2020 and 2019, the components of deferred tax assets and liabilities were as follows:

	2020	2019
Deferred Income Tax Asset		
Lease Liabilities	$ (406,891)	$ (430,790)
Loyalty Points	(752,312)	(256,156)
Capitalization of Biological Assets	(8,348,422)	(2,466,257)
Total Net Deferred Tax Assets	(9,507,625)	(3,153,203)
Deferred Income Tax Liabilities		
Right of Use Assets	548,923	617,817
Book/ Tax Basis Differences in Acquired Intangibles	16,203,786	-
Fair Value Adjustment on Biological Assets	41,838,921	7,650,364
Total Deferred Tax Liabilities	58,591,629	8,268,181
Net Deferred Income Tax Liabilities	**$ 49,084,004**	**$ 5,114,997**

The intangible deferred tax liability includes $13.6 million that was acquired through business combinations and recognized as goodwill.

Effective January 1, 2019, Verano Holdings, LLC elected to be treated as a C Corporation for Federal income tax purposes. The Company now accounts for income taxes in accordance with IAS 12 – *Income Taxes*, under which deferred tax assets and liabilities are recognized based on anticipated future consequences attributable to differences between financial statement carrying values of assets and liabilities and the respective tax bases. As a result of the change, the Company recognized a deferred tax liability of approximately $2,320,000 with a corresponding increase to income tax expense as of January 1, 2019. The liability relates to the difference in reporting biological assets for financial statement and income tax reporting purposes.

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss. The Company has not identified any uncertain tax positions for the year ended December 31, 2020.

The Company files income tax returns in the United States and various state jurisdictions. The federal statute of limitation remains open for the 2016 tax year to present. The state income tax returns generally remain open for the 2016 tax year through the present.

15. LOYALTY OBLIGATIONS

The Company has customer loyalty programs where retail customers accumulate points for each dollar of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction. In addition, the Company records a performance obligation as a reduction of revenue based on the estimated probability of point obligation incurred, which is calculated based on a standalone selling price that ranges between $0.05 and $0.08 per loyalty point.

15. LOYALTY OBLIGATIONS *(Continued)*

Upon redemption, the loyalty program obligation is relieved and the offset is recorded as revenue. As of December 31, 2020, there were 42,273,800 points outstanding, with an approximate value of $2,060,848, which is included in accrued liabilities. As of December 31, 2019, there were 19,550,694 points outstanding, with an approximate value of $953,096. The Company estimates that 25% of points will not be redeemed (breakage) and expects the remaining outstanding loyalty points will be redeemed within one year.

16. COMMITMENTS AND CONTINGENCIES

(a) Leases

The Company leases certain business facilities from third parties under operating lease agreements that contain minimum rental provision that expire through 2029. Some of these leases also contain renewal provision and provide for rent abatement and escalating payments. As discussed in Note 2(m), upon the adoption of IFRS 16, such commitments will be recognized as a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Year Ending December 31,		**Scheduled payments**
2021	$	2,890,456
2022		2,582,412
2023		2,175,968
2024		1,951,146
2025		1,875,541
2026 and Thereafter		6,129,421
Total undiscounted lease liabilities		17,604,944
Impact of Discount		(4,829,557)
Lease liability as of December 31, 2020		12,775,387
Less current portion of lease liabilities		(1,910,645)
Long-term portion of lease liabilities	**$**	**10,864,742**

The Company recorded depreciation on the right-of-use assets of $1,841,035 and $1,479,222, of which $694,871 and $634,587 was included in cost of goods sold for the years ended December 31, 2020 and 2019, respectively. The Company recorded interest expense of $834,024 and $728,503, of which $240,934 and $221,330 was included in cost of goods sold for the years ended December 31, 2020 and 2019, respectively.

The Company’s operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation at December 31, 2020, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

16. COMMITMENTS AND CONTINGENCIES *(Continued)*

(b) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2020 there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations, except as disclosed in these consolidated financial statements. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

17. RELATED PARTY TRANSACTIONS

(a) Due from Related Parties

As of December 31, 2020, and December 31, 2019, amounts due from related parties were comprised of balances due from investors of $108,254 and $253,580, respectively. These amounts are due on demand and did not have formal contractual agreements governing payment terms or interest. Other related party transactions are described through these consolidated financial statements. Refer to Notes 7, 11, and 13 for additional details of related party transactions.

(b) Due to Related Parties

As of December 31, 2020 and December 31, 2019, amounts due to related parties were comprised of advances to investors payable totaling $44,664 and $82,718, respectively. Advances did not have formal contractual agreements governing payment terms or interest. Refer to Notes 7, 11, and 13 for additional details of related party transactions.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of biological assets, notes receivable, notes payable, and derivative liability. The carrying values of these financial instruments approximate their fair values at December 31, 2020 and 2019.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the years ended December 31, 2020 and 2019.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2020 and 2019 is the carrying amount of cash. The Company does not have significant credit risk with respect to its customers. All cash is placed with major U.S. financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit rise but has limited risk as the majority of its sales are transacted with cash.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

(c) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(ii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 6 for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

(d) Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit, funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company and leaves their cash holdings vulnerable.

(e) Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry, which either are 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 was 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.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Regulatory Risk

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operation, and financial condition.

The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although regulatory outlook on the cannabis industry has been moving in a positive trend, the Company is aware of the effect of unforeseen regulatory changes can have on the goals and operations of the business as a whole.

(g) Tax Risk

Tax risk is the risk of changes in the tax environment that would have a material adverse effect on the Company's business, results of operations, and financial condition. Currently, state licensed marijuana businesses are assessed a comparatively high effective federal tax rate due to section 280E which bars businesses from deducting all expenses except their cost of sales when calculating federal tax liability. Any increase in tax levies resulting from additional tax measures may have a further adverse effect on the operations of the Company, while any decrease in such tax levies will be beneficial to future operations.

19. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 5, 2021, which is the date on which the financial statements were available to be issued.

(a) Merger Agreement

In November 2020, the Company entered into a merger agreement with Alternative Medical Enterprises LLC, Plants of Ruskin GPS LLC, and RVC 360 LLC (collectively, "AltMed"). Per the merger agreement, the transaction was contingent upon, and was to close contemporaneously with, a reverse takeover transaction ("RTO") resulting in the creation of a Canadian publicly-traded parent company.

The transaction received regulatory approvals on February 11, 2021 by various state and local authorities in each of the markets where such approvals were required. The parties took ownership of the resulting issuer and shareholders of AltMed will receive $35MM in cash compensation in the aggregate. The first $20MM was paid in cash in connection with the closing and the remaining $15MM obligation is represented by promissory notes convertible into Class A Subordinate Voting Shares of the Company's publicly-traded parent.

(b) RTO, Financing, and Commencement of Trading

On February 11, 2021, the Company closed an RTO of Majesta Minerals Inc. ("Majesta"), a reporting issuer in Alberta, Canada, and received conditional approval of the Class A Subordinate Voting Shares resulting from the RTO for listing on the Canadian Securities Exchange ("CSE"). The RTO was structured as a plan of arrangement under the laws of British Columbia, with certain steps also occurring pursuant to the laws of Delaware. Former securityholders of Verano Holdings, LLC (and of certain Verano subsidiaries) and AltMed received, through a series of transactions, Subordinate Voting Shares and Class B Proportionate Voting Shares, which, in the aggregate and on an as-converted basis, constitute approximately 73.84% and 22.48%, respectively, of the resulting issuer's outstanding shares. The remaining shares are held by former shareholders of Majesta (including participants in a financing completed in connection with the RTO) and AltMed's financial advisor.

19. SUBSEQUENT EVENTS *(Continued)*

(b) RTO, Financing, and Commencement of Trading *(Continued)*

As part of the RTO, the Company implemented a dual class share structure such that the outstanding shares of the Company consist of (i) 125,663,380.6484 Subordinate Voting Shares, and (ii) 1,643,366.1833 Proportionate Voting Shares. Each Subordinate Voting Share carries one vote per share and each Proportionate Voting Share carries 100 votes per share.

In connection with the RTO, among other things, 10,000,000 subscription receipts (the "Subscription Receipts") were issued by 1276268 B.C. Ltd., a special purpose financing vehicle created for the purpose of the Subscription Receipt offering (the "Offering"). The Subscription Receipts were indirectly and automatically exchanged for Subordinate Voting Shares upon completion of the RTO and the satisfaction of other escrow release conditions. The Offering raised $100 million with a pre-money valuation of $2.8 billion. Certain proceeds from the Offering of the Subscription Receipts were placed into escrow

(the "Escrowed Proceeds") upon completion of the Offering as disclosed in the Company's press release dated January 21, 2021. The Escrowed Proceeds were released from escrow and ultimately received by the Company in connection with the consummation of the RTO and the Merger.

Verano received conditional approval from the CSE for the listing of the Subordinate Voting Shares under the symbol "VRNO". The Subordinate Voting Shares began trading on the CSE at market open on February 17, 2021. The Proportionate Voting Shares are not listed for trading on the CSE but may be converted into Subordinate Voting Shares in certain circumstances.

(c) Acquisitions

Glass City Alternatives, LLC

In January 2021, the Company entered into an ownership interest purchase and contribution agreement to acquire, upon the satisfaction of certain conditions precedent, 100% of one dispensary located in Ohio. The total purchase price was $2,600,000.

The Herbal Care Center, Inc.

On February 24, 2021, the Company entered into a purchase agreement with The Herbal Care Center, Inc. ("The Herbal Care Center") subject to customary conditions and regulatory approvals. Total consideration includes cash consideration of $17,500,000, payable over 12 months subject to adjustment and Class A Subordinate Voting Shares and Class B Proportionate Voting Shares of the Company's publicly-traded parent equivalent to 904,642 Class A Subordinate Voting Shares on an-as converted basis.

TerraVida Holistic Centers, LLC

On February 24, 2021, a subsidiary of the Company entered into an agreement and plan of merger with subsidiaries of the Company will merge with and into TerraVida Holistic Centers, LLC ("TerraVida") and GVB Holdings Groups, LLC. subject to customary conditions and regulatory approvals. TerraVida operates three of Pennsylvania's top performing medical dispensaries. The merger consideration includes cash consideration of $62,500,000, subject to adjustment, with $15,000,000 being payable on the closing date, $10,000,000 payable within 90 days after closing, and the remainder payable within 180 days after the closing date. In addition, the merger consideration includes Class A Subordinate Voting Shares and/or Class B Subordinate Voting Shares of the Company's publicly-traded parent equivalent to 3,013,500 Class A Subordinate Voting Shares on an as converted basis.

19. SUBSEQUENT EVENTS *(Continued)*

(c) Acquisitions *(Continued)*

Pennsylvania Dispensary

On February 24, 2021, a subsidiary of the Company entered into an agreement pursuant to which it would acquire all of the issued and outstanding equity interests of a licensee that holds one dispensary permit in Pennsylvania, which would give the subsidiary the ability to open three dispensaries. Pursuant to these agreements, the purchase consideration includes cash consideration of $7,350,000 payable in cash and Class A Subordinate Voting and Class B Proportionate Voting Shares of the Company's publicly-traded parent equivalent to 1,333,173 Class A Shares (on an as-converted basis). One of the sellers is also entitled to an earnout payable in shares in the capital of the Company's publicly-traded parent (or up to 50% in cash at the election of the seller) in accordance with the terms of the applicable agreement. The transaction closed on March 9, 2021.

Perpetual Healthcare Inc.

On February 24, 2021, the Company entered into an agreement whereby Perpetual Healthcare Inc. ("PHI") will transfer the management and governance of PHI, which operates the Emerald Dispensary in Phoenix, Arizona. The agreement is subject to the approval of regulatory approvals and other customary closing condition. Total consideration includes cash consideration of $11,250,000, Class A Subordinate Voting Shares of the Company's publicly-traded parent having an aggregate value of $11,250,000, subject to the performance of the shares in the ten day period immediately following the signing of the agreement. The transaction closed on March 10, 2021.

Territory Dispensary

On February 24, 2021, the Company entered into an agreement to acquire three active dispensaries and one cultivation and production facility from NZCO LLC, an Arizona limited liability company ("NZCO"), Murff & Company LLC, an Arizona limited liability company ("M&C"), JWC1 LLC, an Arizona limited liability company ("JWC"), Hu Commercial Properties LLC, an Arizona limited liability company ("HCP"), and COBISH LLC, an Arizona limited liability company ("Cobish" and together with NZCO, M&C, JWC and HCP, collectively, "Territory"). The transaction includes three premium, high traffic and easily accessible dispensaries located in Mesa, Chandler, and Gilbert Arizona, an 11,000 sq. ft. indoor cultivation facility, and 8,100 sq. ft. greenhouse in Winslow and two real estate locations. The agreement includes $7,500,000 payable in cash, subject to adjustment, and Class A Subordinate Voting Shares in the capital of Verano and/or Class B Proportionate Voting Shares in the capital of the Company's publicly-traded parent equivalent to 3,989,875 Subordinate Voting Shares on an as converted basis.

Local Joint

On March 22, 2021, an affiliate of the Company entered into an asset purchase agreement with Flower Launch LLC, the manager of Patient Alternative Relief Center, Inc., d/b/a Local Joint, an Arizona nonprofit corporation ("PARC"), which holds a dispensary license, an authorization to operate a second dispensary, and an authorization to operate an offsite cultivation facility, all in the State of Arizona. The total consideration includes cash consideration of $13,500,000, with $10,000,000 payable on the closing date and $3,500,000 payable within 120 days after the closing date, plus $3,500,000.00 in Class A Subordinate Voting and/or Class B Proportionate Voting Shares of the Company's publicly-traded parent. The transaction closed on March 30, 2021.

19. SUBSEQUENT EVENTS *(Continued)*

(d) Notes Payable

Note Repayment

The two promissory notes which have convertible features, with an outstanding balance at December 31, 2020 of $3,412,500 are collateralized by the note holders' units in DGV Group, LLC. These notes were repaid in full in February 2021.

A convertible note with an outstanding balance at December 31, 2020 of $3,709,425 was repaid in full in February 2021.

(e) Private Placement

On March 11, 2021, the Company's publicly-traded parent closed an agreement with Beacon Securities Limited ("Beacon") and Canaccord Genuity Corp. (together with Beacon, the "Co-Lead Underwriters"), on behalf of a syndicate of underwriters (together with the Co-Lead Underwriters, the "Underwriters") pursuant to which the Underwriters purchased, on a bought deal private placement basis, 3,510,000 special warrants of the Company (the "Special Warrants") at a price per Special Warrant of C$28.50 (the "Issue Price") for aggregate gross proceeds of C$100,035,000 (the "Offering").

(f) Litigation

On January 22, 2021, the Company received a letter from a member demanding that it produce, pursuant to the Company's Operating Agreement, documents and information related to the Company's debt and equity financing activities in 2018 and 2019. In response to the Company's production of such information, the member has alleged that the warrants provided in connection with the loans from Rockview Capital and George Archos in November 2019 were not properly priced or valued. The Company has agreed to participate in voluntary mediation with this member regarding the claims, which is expected to take place on April 13, 2021.

In January of 2021, the Company received correspondence purportedly on behalf of a former employee of Harvest Health and Recreation Inc. ("Harvest") in the State of Arkansas alleging that the former employee was directed to bring certain strains of Verano cannabis into Arkansas to help establish Harvest's cultivation facility there during a time in which the Company and Harvest were allegedly planning to combine operations under a Business Combination Agreement between the Company and Harvest in effect at that time, which agreement has since been terminated. The letter alleged that, as a result of this activity, the employee was indicted in the State of Arkansas, that the Company and Harvest are at fault; counsel threatened RICO claims against the Company, Harvest, and their respective management teams. Thereafter, in response to the threat of suit, on March 4, 2021, the Company and certain named officers and employees joined in an arbitration proceeding in the State of Arizona related to claims made by the former Harvest employee. In response, on March 8, 2021, the employee filed suit in the United States District Court for the District of Colorado. The complaint alleges a violation of 18 U.S.C. § 1962(c) and (d) by the Company and certain of its officers and employees.

VERANO HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

(Expressed in United States Dollars)

Independent Auditor's Report

To the Members of Verano Holdings, LLC
Chicago, Illinois

Opinion

We have audited the consolidated financial statements of Verano Holdings, LLC and Subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the consolidated statements of operations, changes in members' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Macias Gini & O'Connell LLP
155 North Wacker Drive, Suite 4350
Chicago, IL 60606

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audits. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

Chicago, Illinois
December 21, 2020

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Financial Position
December 31, 2019 and 2018

		2019	2018
ASSETS			
Current Assets:			
Cash		$ 6,417,703	$ 73,087,292
Accounts Receivable, Net	*Note 2*	5,055,564	2,765,033
Note Receivable	*Note 6*	5,000,000	-
Due from Related Parties	*Note 14*	253,580	947,384
Inventories	*Note 4*	14,073,364	5,286,655
Biological Assets	*Note 5*	16,613,392	10,675,028
Prepaid Expenses and Other Current Assets		2,692,536	1,019,320
Distributions Receivable		83,295	87,420
Total Current Assets		50,189,434	93,868,132
Property, Plant and Equipment, Net	*Note 7*	94,379,744	40,746,900
Right of Use Assets, Net	*Note 2(m), 13(a)*	9,864,915	-
Intangible Assets	*Note 9*	19,880,449	12,694,742
Goodwill	*Note 9*	5,064,248	1,995,233
Investments in Associates	*Note 2(h)*	10,927,934	2,038,619
Deposits and Other Assets		3,807,972	2,056,930
TOTAL ASSETS		$ 194,114,696	$ 153,400,556
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Current Liabilities:			
Accounts Payable		$ 18,544,003	$ 7,809,439
Accrued Liabilities		3,111,567	1,775,523
Income Tax Payable		11,206,250	798,965
Current Portion of Lease Liabilities	*Note 2(m), 13(a)*	1,653,757	-
Current Portion of Notes Payable	*Note 10*	8,153,234	4,261,642
Derivative Liability	*Note 12*	6,778,510	-
License Payable	*Note 8(b)*	60,185	-
Acquisition Price Payable	*Note 8(a)*	6,750,000	4,550,000
Due to Related Parties	*Note 14*	82,718	1,391,354
Members' Distributions Payable	*Note 11*	-	2,960,852
Total Current Liabilities		56,340,224	23,547,775
Long-Term Liabilities:			
Deferred Rent		-	247,601
Notes Payable, Net of Current Portion	*Note 10*	6,213,433	2,853,836
Lease Liabilities, Net of Current Portion	*Note 2(m), 14(a)*	9,602,436	-
Deferred Income Taxes	*Note 13*	5,114,977	567,556
Total Long-Term Liabilities		20,930,846	3,668,993
TOTAL LIABILITIES		77,271,070	27,216,768
MEMBERS' EQUITY		111,752,803	123,382,962
NON-CONTROLLING INTEREST		5,090,823	2,800,826
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 194,114,696	$ 153,400,556

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

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Operations
For the Years Ended December 31, 2019 and 2018

		2019	2018
Revenues, net of discounts		$ 65,968,292	$ 31,095,461
Cost of Goods Sold		38,469,325	18,380,350
Gross Profit before Fair Value Adjustments		27,498,967	12,715,111
Realized fair value amounts included in inventory sold	*Note 5*	(29,975,944)	(27,999,831)
Unrealized fair value gain on growth of biological assets	*Note 5*	44,539,847	34,211,034
Gross Profit		42,062,870	18,926,314
Expenses:			
General and Administrative		28,106,966	6,779,170
Sales and Marketing		926,258	305,128
Salaries and Benefits		6,231,096	2,517,705
Depreciation and Amortization		2,546,239	1,028,439
Total Expenses		37,810,559	10,630,442
(Loss) Income from Investments in Associates	*Note 2(h)*	(456,053)	278,826
Income From Operations		3,796,258	8,574,698
Other Income (Expense):			
Loss on Deconsolidation	*Note 3*	(3,086,878)	-
Loss on Disposal of Property, Plant and Equipment	*Note 7*	(1,546,540)	-
Amortization of Debt Issuance Costs for Warrant	*Note 10*	(656,177)	(2,661,935)
Amortization of Convertible Debt Discount	*Note 12*	(690,688)	-
Change in Fair Market Value of Derivative	*Note 12*	(562,319)	-
Interest Expense, net		(338,992)	(431,689)
Other Income		94,100	-
Total Other Expense		(6,787,494)	(3,093,624)
Net Income Before Provision for Income Taxes and Non-Controlling Interest		(2,991,236)	5,481,074
Provision for Income Taxes	*Note 13*	(15,203,221)	(1,771,912)
Net (Loss) Income		(18,194,457)	3,709,162
Net Income Attributable To Non-Controlling Interest		239,563	4,271,145
Net (Loss) Income Attributable to Verano Holdings, LLC and Subsidiaries		$ (18,434,020)	$ (561,983)

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

VERANO HOLDINGS, LLC AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' / Members' Equity

For the Years Ended December 31, 2019 and 2018

		Members' Equity	Non-Controlling Interest	Total
Balance, January 1, 2018		$ 13,169,262	$ 16,466,192.0	$ 29,635,454
Net income (loss)		(561,983)	4,271,145	3,709,162
Contributions from members		99,184,602	1,512,311	100,696,913
Conversion of convertible note payable		2,000,000	-	2,000,000
Acquisition of non-controlling interest		18,628,967	(18,628,967)	-
Buyout of Electrum Capital, LLC	*Note 11*	(9,500,000)	-	(9,500,000)
Issuance of warrants	*Note 11*	2,661,935	-	2,661,935
Non-controlling interest from acquisition	*Note 11*	-	1,620,000	1,620,000
Members' distributions payable		(1,331,996)	(1,628,856)	(2,960,852)
Distributions to members		(867,825)	(810,999)	(1,678,824)
Balance, December 31, 2018		123,382,962	2,800,826	126,183,788
Net income (loss)		(18,434,020)	239,563	(18,194,457)
Adoption of IFRS 16		(392,253)	(23,610)	(415,863)
Contributions from members		5,905,586	71,278	5,976,864
Issuance of warrants	*Note 11*	7,234,933	-	7,234,933
Non-controlling interest from acquisition		-	2,700,000	2,700,000
Transfer from non-controlling interest to controlling		688,062	(688,062)	-
Distributions to members		(6,632,467)	(9,172)	(6,641,639)
Balance, December 31, 2019		$ 111,752,803	$ 5,090,823	$ 116,843,626

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

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) income	$ (18,194,457)	$ 3,709,162
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	6,061,641	2,568,562
Non-cash interest expense	728,503	-
Accretion of debt discount	690,688	
Bad debt expense	331,384	-
Amortization of debt issuance costs for warrant	656,177	2,661,935
Amortization of debt issuance costs	123,333	10,000
Change in fair market value of derivative	562,319	-
Loss on deconsolidation of subsidiary	2,275,015	-
Loss on disposal of property, plant and equipment	1,546,540	-
Loss (income) from investment in associates	456,053	(278,824)
Derecognition of deferred rent	104,590	74,584
Deferred income tax expense	4,547,421	567,556
Changes in operating assets and liabilities:		
Accounts receivable	(2,621,915)	(1,721,156)
Inventories	(8,342,554)	(2,072,832)
Biological assets	(5,938,364)	(6,760,379)
Prepaid expenses and other current assets	(1,657,046)	(724,026)
Deposits and other assets	(1,795,042)	(1,804,316)
Accounts payable	4,221,290	5,661,629
Accrued liabilities	1,262,563	1,163,324
Income tax payable	10,420,323	502,068
Due to related parties, net	(1,206,965)	1,262,593
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(5,768,503)	4,819,880
CASH FLOW FROM INVESTING ACTIVITIES		
Cash paid in membership interest acquisition	(3,500,000)	(3,000,000)
Purchases of property, plant and equipment	(59,040,660)	(21,464,316)
Purchases of licenses	(7,236,522)	-
Acquisition of business, net of cash acquired	61,003	(1,525,000)
Due from related parties, net	693,804	(725,466)
Cash paid in deconsolidation of subsidiary	(59,257)	-
Dividends received from investments in associates	571,257	115,749
Purchase of interest in investment in associate	(9,912,500)	(1,750,000)
Issuance of note receivable	(5,000,000)	-
Payment of license payable	-	(1,000,000)
NET CASH USED IN INVESTING ACTIVITIES	(83,422,875)	(29,349,033)
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions from members	5,976,864	100,793,164
Proceeds from exercise of warrants	2,173,000	-
Distributions to members	(6,102,491)	(1,678,824)
Proceeds from issuance of notes payable	21,612,500	2,208,274
Principal repayments of notes payable	(4,353,385)	(4,472,963)
Debt issuance costs paid	(200,000)	(100,000)
Payment of lease liabilities	(1,584,699)	-
Proceeds from sale of property, plant and equipment	5,000,000	-
Payment of acquisition price payable	-	(2,460,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	22,521,789	94,289,651
NET (DECREASE) INCREASE IN CASH	(66,669,589)	69,760,498
CASH, BEGINNING OF YEAR	73,087,292	3,326,794
CASH, END OF YEAR	$ 6,417,703	$ 73,087,292

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

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest (received) paid	$ (217,823)	$ 489,425
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Net liability upon adoption of IFRS 16, Leases	$ (415,863)	$ -
Accrued capital expenditures	$ 6,632,892	$ -
Issuance of note receivable related to sale of property, plant and equipment	$ 5,000,000	$ -
Distributions receivable from investment in associate	$ 83,295	$ 87,420
Issuance of warrants	$ 7,234,933	$ 2,661,935
Members' distributions payable	$ -	$ (2,960,852)
Convertible note payable converted to members' equity	$ -	$ 2,000,000
OTHER SUPPLEMENTARY CASH ACTIVITIES		
Cash paid in buyout of Electrum Capital, LLC:		
Purchase price of equity interest	$ -	$ 9,500,000
Issuance of note payable	$ -	$ (6,500,000)
Cash paid in buyout of Electrum Capital, LLC	$ -	$ 3,000,000
Cash paid (received) in business combination:		
Tangible and intangible assets acquired, net of cash	$ 4,393,600	$ 7,630,742
Liabilities assumed	(1,054,603)	-
Acquisition price payable	(1,000,000)	(4,550,000)
Goodwill	-	64,258
Non-controlling interest from acquisitions	(2,400,000)	(1,620,000)
Cash paid (net of cash received) in business combination	$ (61,003)	$ 1,525,000

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

1. NATURE OF OPERATIONS

References herein to "the Company," or "Verano," are intended to mean Verano Holdings, LLC and its Subsidiaries, affiliates, licensees, and managed entities (collectively, the "Company").

Verano is a vertically integrated cannabis operator that focuses on limited-licensed markets in the United States. As a vertically integrated provider, the Company owns, operates, manages, consults, and/or has licensing or other commercial agreements with cultivation, processing, and retail licensees across nine state markets (Illinois, Maryland, Oklahoma, Nevada, Ohio, Michigan, Massachusetts, Arkansas, and New Jersey) and Puerto Rico.

In addition to the states listed above, the Company also conducts pre-licensing activities in several other markets. In these markets, the Company has either applied for licenses, or plans on applying for licenses, but does not currently own any cultivation, production, or retail licenses.

The Company's corporate headquarters is located at 415 North Dearborn St., 4th Floor, Chicago, Illinois 60654.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for all the years presented.

These consolidated financial statements have been prepared in accordance with IFRS with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. Management estimates that the Company will be able to meet its obligations and to sustain operations for at least the next twelve months. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These consolidated financial statements do not include any adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on December 21, 2020.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments and biological assets that are measured at fair value as detailed in the Company's accounting policies.

(c) Functional and Presentation Currency

The Company and its affiliates' functional currency, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Basis of Consolidation

On August 16, 2018, certain members of the Company contributed certain interests to Verano Holdings, LLC in exchange for membership units. Prior to this date, entities which were controlled either through common control or common management were combined in these financial statements. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. Common management exists when entities operate under the terms of management service agreements whose terms meet the criteria for control established in IFRS 10 – *Consolidated Financial Statements.*

As a result of this reorganization, the accompanying consolidated financial statements include the accounts of Verano Holdings, LLC and its wholly-owned or majority owned subsidiaries, as well as any entities meeting the common control or common management criteria described above. Non-controlling interests are included as a component of members' equity.

Non-controlling interest ("NCI") represents the portion of equity ownership in subsidiaries not attributable to the Company's members. NCI is initially measured as the proportionate share of its interest in the acquiree's identifiable net assets as at the date of acquisition and subsequently adjusted for the proportionate share of net earnings and other comprehensive income (loss) attributable to the NCI, as well as any dividends or distributions paid to the NCI. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of loss and comprehensive loss, statements of changes in equity and balance sheets respectively. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions. When investors in certain subsidiaries of the Company contribute their interests to Verano Holdings, LLC (parent), their associated non-controlling interest portion is transferred to members' equity.

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All significant intercompany balances and transactions were eliminated in consolidation.

(e) Cash

Cash includes cash deposits in financial institutions and cash held at retail, and cultivation locations.

(f) Accounts Receivable and Expected Credit Loss

Accounts receivable are recorded at the invoiced amount and do not bear interest. Expected credit loss reflects the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of trade receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered. There was no allowance for doubtful accounts as of December 31, 2019. As of December 31, 2018, the allowance for doubtful accounts was $33,067.

(g) Inventories

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell and complete at harvest which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that the cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at lower of cost and net realizable value. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value. As of December 31, 2019 and 2018, there were no reserves for obsolete inventories.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Investments in Associates

The Company accounts for investments under International Accounting Standards ("IAS") 28 – *Investments in Associates and Joint Ventures*. Investments are first evaluated if there is control and should be combined or consolidated. If it is determined that the Company does not have control in an investment but has significant influence, the investment is deemed an investment in an associate. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Interests in associates accounted for using the equity method are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's investment in an associate is adjusted for the Company's share of comprehensive income (loss) and distributions of the investee. The carrying value of associates is assessed for impairment at each Statement of Financial Position date. Investments that are neither controlled, or the Company does not have significant influence, are recognized at fair value at each reporting period with changes in fair value recognized through profit and loss. As of December 31, 2019, and 2018, the Company did not recognize any impairments in investments at fair value or investments in associates.

In February 2019, the Company purchased an interest in a cannabis company in exchange for $9,912,500, of which $3,412,500 was financed with two notes payable (see note 10). Dividends received total $567,132 and investment loss recorded was $456,053 as shown below. In October 2018, the Company increased its interest in a cannabis company in exchange for $1,750,000. Dividends received total $203,172 and investment income of $278,826 was recorded as shown below.

Balance at January 1, 2019	Investments	Dividends Received	Net Loss	Balance at December 31, 2019
$ 2,038,619	$ 9,912,500	$ (567,132)	$ (456,053)	$ 10,927,934

Balance at January 1, 2018	Investments	Dividends Received	Net Income	Balance at December 31, 2018
$ 212,965	$ 1,750,000	$ (203,172)	$ 278,826	$ 2,038,619

(i) Biological Assets

The Company measures biological assets consisting of medical and adult-use cannabis plants at fair value less costs to sell and complete up to the point of harvest, which becomes the basis for the cost of internally produced harvested cannabis and finished goods inventories after harvest. These costs are then recorded with cost of goods sold in the consolidated statements of operations in the period when the related product is sold. Unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the results of operations.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Production costs related to biological assets are expensed. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect

labor for individuals involved in the growing and quality control process is also included, as well as depreciation on production equipment and overhead costs such as rent to the extent it is associated with the growing space. Unrealized fair value gains/losses on growth of biological assets are recorded in a separate line on the face of the consolidated statements of operations.

The Company capitalizes costs incurred after harvest to bring the products to their present location and condition in accordance with IAS 2, *Inventories*. The cost of inventories includes the fair value less cost to sell of the cannabis at harvest and costs incurred after harvest (such as quality assurance costs, fulfillment costs and packaging costs) to bring the products to their present location and condition.

(j) Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Land	Not Depreciated
Buildings and Improvements	39 Years
Furniture and Fixtures	5 – 7 Years
Computer Equipment and Software	5 Years
Store Equipment and Tools	5 – 7 Years
Leasehold Improvements	Remaining Life of Lease
Manufacturing Equipment	5 – 7 Years
Vehicles	5 Years
Assets Under Construction	Not Depreciated

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Consolidated Statements of Operations in the year the asset is derecognized.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred.

(k) Intangible Assets

Intangible assets are recorded at cost, less impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Certain intangible assets, including cannabis licenses, have indefinite useful lives and are not subject to amortization. Such assets are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. At December 31, 2019 and 2018, the Company did not identify any impairment indicators and did not recognize any impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or CGUs which are expected to benefit from the synergies of the combination.

Goodwill that has an indefinite useful life is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU.

Any goodwill impairment loss is recognized in operations in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. At December 31, 2019 and 2018, the Company did not identify any impairment indicators and did not recognize any impairment losses.

(m) Leased Assets

Effective January 1, 2019, the Company adopted IFRS 16 *Leases* retrospectively, but has not restated comparative financials for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. Upon adopting, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted-average incremental borrowing rate for lease liabilities initially recognized as of January 1, 2019 was 8%. The Company did not have any leases which had been previously classified as 'finance leases' under the principles of IAS 17 at the time of adoption. The associated right-of-use assets for the Company's leases were measured on a retrospective basis as if the new rules had always been applied.

In the initial application of IFRS 16, the Company applied the following practical expedients permitted by the standard:

- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- Reliance on previous assessments of whether leases are onerous immediately before the date of initial application,
- Application of the short-term leases exemption to leases with a remaining lease term of less than twelve months as at the date of initial application, and
- Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Election to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Based on the foregoing, the impact of the change in accounting policy on January 1, 2019 is summarized below:

- Right-of-use assets of $2,947,101 were recognized,
- Lease liabilities of $3,362,964 were recognized,
- The net impact on retained earnings was a decrease of $415,863.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Leased Assets *(Continued)*

The following represents the reconciliation of operating lease commitments as of December 31, 2018 to the Company's lease liabilities and right of use assets as of January 1, 2019 and December 31, 2019:

Lease Liabilities:

Operating lease commitments as of December 31, 2018	$ 3,524,992
Extension options reasonably certain to be exercised	123,015
Gross lease liabilities as of January 1, 2019	3,648,007
Discounted using the Company's incremental borrowing rate	(285,043)
Lease liabilities due to initial application of IFRS 16 as of January 1, 2019	**3,362,964**
Lease payments	(1,584,699)
Amortization of discount	728,503
New leases acquired	8,749,425
Lease liabilities at December 31, 2019	11,256,193
Less: current portion	(1,653,757)
Long-term portion of lease liabilities	$ 9,602,436
Right of Use Assets:	
Right of use assets upon adoption of IFRS 16 as of January 1, 2019	$ 2,594,710
Right of use assets acquired	8,749,427
Depreciation expense	(1,479,222)
Right of use asets, net	$ 9,864,915

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Leased Assets *(Continued)*

Policy applicable from January 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- The contract involves the use of an identified asset.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Leased Assets *(Continued)*

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of twelve months or less and leases of low-value assets. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

(n) Income Taxes

Income tax expense consisting of current and deferred tax expense is recognized in the Consolidated Statements of Operations based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery, if any, are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

The Company is subject to U.S. Internal Revenue Code Section 280E. The section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

(o) Revenue Recognition

Revenue is recognized by the Company in accordance with IFRS 15, *Revenue from Contracts with Customers.* Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under IFRS 15, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract;
- Recognize revenue when or as the Company satisfies the performance obligation(s).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Revenue Recognition *(Continued)*

Under IFRS 15, revenues from the sale of cannabis are generally recognized at a point in time when control over the goods have been transferred to the customer. Wholesale revenue is recognized when the goods are delivered and accepted by the customer while retail recognizes revenue from the point of sale. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer. Revenue is presented net of discounts and sales and other related taxes.

The Company has customer loyalty programs in which retail customers accumulate points for each dollar of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction. In addition, the Company records a performance obligation as a reduction of revenue based on the estimated probability of point obligation incurred, which is calculated based on a standalone selling price that ranges between $0.05 and $0.08 per loyalty point. Upon redemption, the loyalty program obligation is relieved and the offset is recorded as revenue. As of December 31, 2019, there were 19,550,694 points outstanding, with an approximate value of $953,096, which is included in accrued liabilities. The Company expects the outstanding loyalty points will be redeemed within one year. As of December 31, 2018, the loyalty points were not significant.

(p) Financial Instruments

Financial Assets

Recognition and Initial Measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and Subsequent Measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial Instruments *(Continued)*

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial Instruments *(Continued)*

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of Financial Assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial Liabilities

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial Instruments (*Continued)*

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

(q) Provisions and Contingent Liabilities

Provisions, where applicable, are recognized in liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

(r) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition related transaction costs are expensed as incurred. Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair value at the date of acquisition. When the Company acquires control of a business, any previously held equity interest also is remeasured to fair value. The excess of the purchase consideration and any previously held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously held equity interest, the difference is recognized in the consolidated statements of operations immediately as a gain or loss on acquisition.

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, *Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

(s) Derivative Liabilities

The Company uses the fair-value method of accounting for derivative liabilities and such liabilities are re-measured at each reporting date with changes in fair value recorded in the period incurred. The fair value is estimated using a Monte Carlo simulation model. Critical estimates and assumptions used in the model are discussed in Note 12.

(t) Segment Reporting

The Company operates in one segment, the cultivation, manufacturing, distribution, and sale of cannabis. All property and equipment and intangible assets are located in the United States of America.

All revenues were generated in the United States of America for the years ended December 31, 2019 and 2018.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

(i) Estimated Useful Lives and Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(ii) Biological Assets

Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth of the cannabis, harvested costs, sales price and expected yields.

(iii) Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price the Company expects to realize by selling the inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in cost of goods sold.

(iv) Discount Rate for Leases

IFRS 16 – Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the Company generally uses the incremental borrowing rate when initially recording leases. Generally, the Company uses its incremental borrowing rate as the discount rate.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Significant Accounting Judgments, Estimates, and Assumptions *(Continued)*

(v) Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

(vi) Intangible Asset and Goodwill Impairment

Indefinite-lived intangible assets and goodwill are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of such assets has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

(vii) Consolidation

Judgment is applied in assessing whether the Company exercises control and has significant influence over entities in which the Company directly or indirectly owns an interest. The Company has control when it has the power over the subsidiary, has exposure or rights to variable returns, and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained.

(viii)Warrant Issuance Modification

The modification of warrant agreements presented as equity classified are first analyzed to ensure that such modifications do not change the classification of the instrument. If equity presentation remains proper, an adjustment to equity is recorded. If equity presentation is not preserved, the modification is evaluated under IFRS 2 *Share-based Payments*.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Significant Accounting Judgments, Estimates, and Assumptions *(Continued)*

(ix) Expected Credit Loss

Management determines the expected credit loss by evaluating individual receivable balances and considering accounts and other receivable financial condition and current economic conditions. Accounts receivable and financial assets recorded in other receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the consolidated statement of financial position date.

(x) Fair Value of Financial Instruments

The individual fair values attributed to the different components of a financing transaction, derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

(xi) Income Tax

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(xii) Determination of Cash-Generating Units

The Company's assets are aggregated into cash-generating units ("CGU's"). CGU's are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGU's was based on management's judgment regarding several factors such as shared infrastructure, geographical proximity, and exposure to market risk and materiality.

(xiii)Property, Plant and Equipment Impairment

The Company evaluates the carrying value of long-lived assets at the end of each reporting period whenever there is any indication that a long-lived asset is impaired. Such indicators include evidence of physical damage, indicators that the economic performance of the asset is worse than expected, or that the decline in asset value is more than the passage of time or normal use, or significant changes occur with an adverse effect on the Company's business. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset is impaired when its carrying amount exceeds its recoverable amount. The Company measures impairment based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset. The fair value is determined primarily by using the projected future cash flows discounted at a rate commensurate with the risk involved as well as market valuations. Losses on long-lived assets to be disposed of are determined in a similar manner, except that the fair values are reduced for an estimate of the cost to dispose or abandon.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(xiv)Derivative Liabilities

In calculating the fair value of its derivative liabilities, the Company uses the Monte Carlo simulation model, for Level 3 recurring fair value measurements to estimate fair value at each reporting date. The key assumptions used in the models are similar and include the expected future volatility in the price of the Company's shares, the fair market value of the price of the Company's shares and the expected life of the underling instrument.

(v) Adoption of New and Revised Standards and Interpretations

The following IFRS standards have been recently issued by the IASB. The Company has assessed or is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IFRS 7, Financial Instruments: Disclosure

IFRS 7, *Financial instruments: Disclosure*, was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 amendments are effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. There was no significant impact on the Company's consolidated financial statements as a result of this adoption.

(ii) IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. There was no significant impact on the Company's consolidated financial statements as a result of this adoption.

(iii) IFRS 15, Revenue from Contracts with Customers

The IASB replaced IAS 18, *Revenue*, in its entirety with IFRS 15, *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. There was no significant impact on the Company's consolidated financial statements as a result of this adoption.

(i) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard is effective for annual periods beginning on or after January 1, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Company adopted this standard on a modified retrospective basis, whereby the cumulative effect of initially applying the standard is recognized as an adjustment to the opening balance of retained earnings and comparative balances are not restated.

See Note 14 for additional information on the effect of the adoption of IFRS 16 on the current year.

(ii) IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23")

IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income Taxes when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers uncertain tax treatments separately or as a group, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. The Company early adopted IFRIC 23 as of December 31, 2018, and the standard did not have a material impact to the consolidated financial statements.

(iii) IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The extent of the impact of application of the interpretation has not yet been determined.

(iv) Amendment to IFRS 3: Definition of a Business

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)" (the "IFRS 3 Amendment"). The IFRS 3 Amendment clarifies the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The IFRS 3 Amendment provides an assessment framework to determine when a series of integrated activities is not a business. The IFRS 3 Amendment is effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, however early application is permitted. The Company has elected early application of the IFRS 3 Amendment and elects whether to apply, or not apply, the test to each transaction separately.

3. DECONSOLIDATION

In February 2019, the Company entered into an agreement to unwind pending interests in United Development of Illinois, LLC and Union Group of Illinois, LLC. Accordingly, the Company does not exercise any control over these entities. As a result, the assets and liabilities of both entities have been derecognized from the consolidated statements of financial position, with a loss of $3,086,878 being recognized in the consolidated statements of operations. This amount included a cash payment of $775,000 to the PTS Members.

4. INVENTORIES

The Company's inventories include the following at December 31, 2019 and 2018:

	2019	2018
Raw Material	$ 566,352	$ 240,708
Work in Process	10,373,918	223,446
Finished Goods	3,133,094	4,822,501
Total Inventories	$ 14,073,364	$ 5,286,655

5. BIOLOGICAL ASSETS

Biological assets consist of live cannabis plants. The changes in the carrying value of biological assets are shown below for the years ended December 31, 2019 and 2018:

Harvest in Process	2019	2018
Beginning balance	$ 10,675,028	$ 3,914,649
Costs incurred prior to harvest to facilitate biological transformation	25,470,334	12,287,250
Unrealized gain on fair value of biologicals	44,539,847	34,211,034
Transferred to inventory upon harvest	(64,071,817)	(39,737,905)
Ending balance	$ 16,613,392	$ 10,675,028

The Company values its biological assets at the end of each reporting period at fair value less costs to sell and complete. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the strain and the progress in the plant life cycle.

Management has made the following estimates in this valuation model:

- The average selling price of whole flower is $6.12 per gram (2018 - $6.24 per gram);
- The average harvest yield of whole flower is 292 grams per plant (2018 - 225 grams per plant);
- The average number of weeks in the growing cycle is nineteen weeks from propagation to harvest (2018 - nineteen weeks);
- Cost of production includes materials, labor, and post-harvest overhead allocation, estimated to be $2.48 per gram (2018 - $2.15 per gram): and
- Selling costs include shipping, order fulfillment, and labelling, estimated to be $0.12 per gram (2018 - $0.21 per gram).

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward.

Management has quantified the sensitivity of the inputs, and determined the following:

- Selling price per gram – an increase or decrease in the selling price per gram by 5% would result in an increase or decrease in the fair value of biological assets by $1,030,145 (2018 - $611,730).

5. BIOLOGICAL ASSETS *(Continued)*

- Harvest yield per plant – an increase or decrease in the harvest yield per plant of 5% would result in an increase or decrease in the fair value of biological assets by $830,670 (2018 - $533,749).
- Average days to grow – an increase or decrease in the average days to grow by 5% would result in a decrease or increase in the fair value of biological assets by $992,832 (2018 - $667,952).
- Cost of production per gram – an increase or decrease in the cost of production per gram by 5% would result in a decrease or increase in the fair value of biological assets by $188,566 (2018 - $59,609).
- Selling cost per gram – an increase or decrease in the selling cost per gram by 5% would result in a decrease or increase in the fair value of biological assets by $199,475 (2018 - $18,369).

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As at December 31, 2019, the biological assets were on average, 41.3% complete (2018 – 44.3%) and the estimated fair value less costs to sell of dry cannabis was $3.51 per gram (2018 - $3.87 per gram).

As of December 31, 2019, it is expected that the Company's biological assets will ultimately yield approximately 7,588 kilograms of cannabis (2018 – 3,812 kilograms).

6. NOTE RECEIVABLE

The note receivable issued to a third-party entity related to the sale of property, plant and equipment consists of a $5,000,000 secured promissory note with a member of the Company. The note was dated March 2019 and matured in September 2020. Interest of 10% per annum and principal are due at maturity. As of December 31, 2019, accrued interest income of $376,712 is included in prepaid expenses and other current assets. Subsequent to December 31, 2019, the Company received principal payments for $2,175,000. As of December 31, 2020, $2,825,000 in principal remains outstanding, plus interest.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31, 2019 and 2018:

	2019	2018
Land	$ 6,707,177	$ 1,294,793
Buildings and Improvements	8,727,420	10,967,692
Furniture and Fixtures	3,028,537	1,166,151
Computer Equipment and Software	1,646,157	340,504
Leasehold Improvements	56,081,457	12,727,675
Tools and Equipment	14,691,284	5,762,610
Vehicles	564,578	216,207
Assets Under Construction	11,752,710	12,508,623
Total Property, Plant and Equipment, Gross	103,199,320	44,984,255
Less: Accumulated Depreciation	(8,819,576)	(4,237,355)
Property, Plant and Equipment, Net	$ 94,379,744	$ 40,746,900

7. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Assets under construction represent construction in progress related to facilities not yet completed or otherwise not placed in service.

A reconciliation of the beginning and ending balances of property, plant and equipment is as follows:

	Property, Plant and Equipment, Gross	Accumulated Depreciation	Property, Plant and Equipment, Net
Balance as of January 1, 2018	$ 23,519,939	$ (1,668,793)	$ 21,851,146
Additions	21,464,316	-	21,464,316
Depreciation	-	(2,568,562)	(2,568,562)
Balance as of December 31, 2018	$ 44,984,255	$ (4,237,355)	$ 40,746,900
Additions	65,673,552	-	65,673,552
Property, plant and equipment from business combination	144,698	-	144,698
Disposals	(7,603,185)	-	(7,603,185)
Depreciation	-	(4,582,221)	(4,582,221)
Balance as of December 31, 2019	$ 103,199,320	$ (8,819,576)	$ 94,379,744

For the years ended December 31, 2019 and 2018, depreciation expense totaling $3,284,380 and $1,540,123, respectively, was included in costs of goods sold.

8. ACQUISITIONS

(a) Business Combinations

In April 2019, the Company entered into a definitive agreement with an unrelated party, AGG Wellness d/b/a Herban Legends of Towson ("Herban"). Herban holds a medical cannabis license in Towson, Maryland. Pursuant to the terms of the transaction, Verano, through wholly-owned subsidiary Zen Leaf Technologies, LLC, also entered into a management and administrative services agreement with Herban in exchange for a placement fee equal to $2,500,000 in cash and $1,800,000 in stock of PubCo of the acquirer of Verano if Verano is sold prior to going public. Cash consideration transferred totaled $3,300,000, which was paid during 2019. The final payment of $1,200,000 will be paid prior to December 31, 2020. Based on the funding and providing of services, the Company determined that control was transferred at the closing and accounted for the transaction as an asset acquisition with the application of the IFRS 3 Amendment.

In April 2019, a Company affiliate entered into a definitive agreement to purchase an unrelated party, Magpie Management, LLC ("Magpie"). Magpie, through various subsidiaries, owns two medical cannabis commercial grower licenses, one medical cannabis commercial processing license, and three medical cannabis commercial dispensary licenses in the State of Oklahoma. The transaction provided for the Company's affiliate to purchase 25% of the issued and outstanding membership interested of Magpie, as well as other commercial arrangements. Consideration for the transaction totaled $1,000,000, which had not been paid in full as of the date of this report. The Company determined that control was transferred at the closing and accounted for the transaction as a business acquisition in accordance with IFRS 3, *Business Combinations.*

In December 2018, the Company, through a newly formed wholly-owned subsidiary Verano Four Daughters Holdings, LLC, purchased 3,000 shares of stock of Four Daughters Compassionate Care, Inc. (Four Daughters), representing a 75% ownership interest, for a total purchase price of $6,075,000. Four Daughters holds a provisional license in the state of Massachusetts with the authority and ability to operate cultivation, production/manufacturing, and up to 3 dispensary facilities in the state. The Company paid cash of $1,525,000. The remaining $4,550,000 will be transferred at a later date and as of the date of this report has not been paid. In accordance with IFRS 3 - *Business Combinations*, the transaction was accounted for as a business combination.

8. ACQUISITIONS *(Continued)*

The purchase price allocation for the acquisitions, as set forth in the table below, reflects various fair value estimates and analyses which are subject to change within the measurement period. The primary areas of the purchase price allocation that are subject to change relate to the fair value of certain tangible assets, the value of intangible assets acquired, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determined to be material will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements, and depending on the nature of the adjustments, other periods subsequent to the period of acquisition could be affected.

The following table summarizes the provisional accounting estimates of the acquisitions that occurred during the year ended December 31, 2019:

	AGG Wellness (1)	Magpie (2)	Total
Cash	$ -	$ 61,003	$ 61,003
Inventories	300,000	237,352	537,352
Other current assets	-	34,502	34,502
Property and equipment	-	144,698	144,698
Right of use assets	457,046	856,910	1,313,956
Accounts payable and accrued liabilities	-	(197,693)	(197,693)
Lease liabilities	(457,046)	(856,910)	(1,313,956)
Non-controlling interest	(300,000)	(2,400,000)	(2,700,000)
Total identifiable net assets (liabilities)	-	(2,120,138)	(2,120,138)
Intangible assets	4,300,000	3,120,138	7,420,138
Net assets	$ 4,300,000	$ 1,000,000	$ 5,300,000
Cash	$ 3,300,000	$ -	$ 3,300,000
Acquisition price payable	1,200,000	1,000,000	2,200,000
Total Consideration	$ 4,500,000	$ 1,000,000	$ 5,500,000

(1) Acquisition accounted for as an asset acquisition with the application of the IFRS Amendment.
(2) Acquisition accounted for as a business combination under IFRS 3.

If the entities had been acquired as of January 1, 2019, total revenues, expenses, and loss for these entities would have been $4,219,037, $4,824,115, and $1,084,227.

8. ACQUISITIONS *(Continued)*

The following table summarizes the final accounting estimates of the acquisition that occurred during the year ended December 31, 2018:

Deposit	$ 25,000
Non-controlling interest	(1,620,000)
Total identifiable net assets	(1,595,000)
Intangible assets:	
Licenses	7,605,742
Goodwill	64,258
Net assets	$ 6,075,000
Cash paid	$ 1,525,000
Acquisition price payable	4,550,000
Total Consideration	$ 6,075,000

(a) Licenses

During 2019, Company affiliates entered into consulting, licensing, or other contractual arrangements with licensees in Ohio and Michigan which would allow the Company to operate medical and/or recreational marijuana dispensaries in Ohio or Michigan. The Company analyzed the transactions and recorded the transactions as asset acquisitions. The Company capitalized the licenses in the amount of $3,996,707 (in addition to the amount of $4,500,000 reflected in note 8(a)), which are included in the intangible assets on the consolidated statements of financial position and includes $1,260,185 payable as of December 31, 2019. The Company determined that the acquired licenses have an indefinite life and are not subject to amortization.

9. INTANGIBLE ASSETS AND GOODWILL

As of December 31, 2019, intangible assets and goodwill consisted of the following:

	Balance at January 1, 2019	Purchases	Additions from Acquisitions	Disposals	Balance at December 31, 2019
Indefinite Lives					
Licenses	$ 12,575,742	$ 8,496,707	$ -	$ (1,270,000)	$ 19,802,449
Tradenames	119,000	-	-	(41,000)	78,000
Goodwill	1,995,233	-	3,120,138	(51,123)	5,064,248
Total	**$ 14,689,975**	**$ 8,496,707**	**$ 3,120,138**	**$ (1,362,123)**	**$ 24,944,697**

9. INTANGIBLE ASSETS AND GOODWILL (*Continued*)

As of December 31, 2018, intangible assets and goodwill consisted of the following:

	Balance at January 1, 2018	Purchases	Additions from Acquisitions	Disposals	Balance at December 31, 2018
Indefinite Lives					
Licenses	$ 4,970,000	$ -	$ 7,605,742	$ -	$ 12,575,742
Tradenames	119,000	-	-	-	119,000
Goodwill	1,930,975	-	64,258	-	1,995,233
Total	**$ 7,019,975**	**$ -**	**$ 7,670,000**	**$ -**	**$ 14,689,975**

10. NOTES PAYABLE

As of December 31, 2019 and 2018, notes payable consisted of the following:

	2019	2018
Convertible note dated November 25, 2019 for up to $20,000,000 issued to accredited investors; interest at 1.5% per month matures in August 2020 subject to an extension of six months or the completion of a transaction, if	$ 5,100,000	$ -
Convertible note dated November 25, 2019 for $5,000,000 issued to accredited investors; interest at 1.5% per month matures in August 2020 subject to an extension of six months or the completion of a transaction, if earlier. Principal	5,100,000	-
Promissory note dated September 4, 2019 for up to $16,000,000 issued to accredited investors; interest at 5.0% per annum matures in September 2020 or upon the occurrence of a corporate transaction if earlier. Principal and interest	8,000,000	-
Promissory note dated February 13, 2019 for $1,706,250 issued to an accredited investor, interest at 2.57% annually through February 13, 2020 with interest rates increasing every six months to 6%, 11%, 14% and 15.5% with a final maturity date of February 13, 2022. The holder is to receive shares equal	1,706,250	-
Promissory note dated February 13, 2019 for $1,706,250 issued to an accredited investor, interest at 2.57% annually through February 13, 2020 with interest rates increasing every six months to 6%, 11%, 14% and 15.5% with a final maturity date of February 13, 2022. The holder is to receive shares equal	1,706,250	-
Promissory note dated July 31, 2017, in the original amount of $2,900,000 issued to an accredited investor; monthly payment of $19,294 with a balloon payment of $2,493,308 due on August 1, 2027 including interest at 7.00% per	2,827,924	2,860,256
Vehicle loan dated December 11, 2017, in the original amount of $17,709 issued to accredited investors; monthly payment of $548, including interest at	6,335	12,245
Vehicle loan dated August 25, 2017, in the original amount of $18,966 issued to accredited investors; monthly payment of $341, including interest at 2.99%	8,727	14,180
Vehicle loan dated May 21, 2018, in the original amount of $18,247 issued to accredited investors; monthly payment of $563, including interest at 6.75% and	9,107	15,031
Promissory note dated May 21, 2018, in the original amount of $2,000,000 issued to accredited investors; monthly payment of $19,979 including interest at 8.75% per annum and matures in July 2033. This note was paid off in	-	1,977,831
Promissory note dated August 17, 2018, in the original amount of $6,500,000 issued to an accredited investor; monthly principal payment of $1,083,333, plus interest at 8.00% per annum and matures in February 2019. This note was e	-	2,166,667
Promissory note dated December 20, 2018, in the original amount of $190,027 issued to accredited investors; monthly payment of $32,977 including interest at 14.00% per annum and matures in May 2019.	-	159,268
Less: unamortized debt issuance costs	(166,667)	-
Less: unamortized debt discount	(5,525,503)	-
Less: unamortized debt discount - warrants	(4,405,756)	(90,000)
Total Notes Payable	14,366,667	7,115,478
Less: Current Portion of Notes Payable	(8,153,234)	(4,261,642)
Notes Payable, Net of Current Portion and Unamortized Debt Issuance Costs	**$ 6,213,433**	**$ 2,853,836**

10. NOTES PAYABLE *(Continued)*

Stated maturities of debt obligations are as follows:

	Principal Payments	Amortization of Debt Issuance Costs	Amortization of Debt Discount - Warrants	Amortization of Debt Discount	Total Notes Payable
2020	$ 18,251,160	$ 166,667	$ 4,405,756	$ 5,525,503	$ 8,153,234
2021	3,456,384	-	-	-	3,456,384
2022	42,570	-	-	-	42,570
2023	42,744	-	-	-	42,744
2024	45,834	-	-	-	45,834
Thereafter	2,625,901	-	-	-	2,625,901
	$ 24,464,593	$ 166,667	$ 4,405,756	$ 5,525,503	$ 14,366,667

In connection with the issuance of the $2,000,000 note payable dated May 31, 2018, the Company incurred debt issuance costs of $100,000, which have been recorded as a reduction to the carrying value of the note payable. This reduction is recognized on a straight-line basis as interest expense over fifteen years. The charge to interest expense was $90,000 for the year ended December 31, 2019 and the note was paid off during the year.

The promissory note with an outstanding balance at December 31, 2019 of $2,827,924 is collateralized by certain real estate and improvements made to the property. The vehicle notes are collateralized by their underlying assets.

The two promissory notes which have convertible features, with an outstanding balance at December 31, 2019 of $3,412,500 are collateralized by the note holders' units in DGV Group, LLC. In the event that an initial public offering (IPO) or a reverse takeover (RTO) of the Company or any of its affiliates occurs prior to the maturity date, the notes are paid through the issuance of shares of the publicly-traded company resulting from the IPO or RTO.

In August 2018, the Company and ZenNorth, LLC entered into a $10,000,000 credit facility. The terms of the loan provide the Company with the facility at a rate of 1%, compounded monthly, with conversion options. The loan was to be made in several advances on or before December 31, 2018. No such advances were made. In connection with the credit facility, the Company issued a warrant for 424,242 Class B units at an exercise price of $7.14, with a term of 5 years (Note 11).

At the sole option of the lender or upon completion of a transaction, the convertible notes are convertible to equity. The amount of $10,000,000 was advanced during 2019. One of the convertible notes was issued to the Company's Chief Executive Officer. An origination fee of 2% of the advances is also due in full on the maturity date, which has been recorded as a reduction to the carrying value of the note payable. This reduction is recognized on a straight-line basis as interest expense. The charge to interest expense was $33,333 for the year ended December 31, 2019.

Additionally, in connection with the convertible notes issued in 2019, the Company issued warrants to purchase 990,000 common shares with an exercise price of $7.575 per share. The warrants have a three year term from the date of the closing. The Company determined the fair value of the warrants to be $5,061,933 using the Black-Scholes valuation model with a volatility of 8%, dividend yield of 0% and risk-free rate of 1.60%. A debt discount is reflected as a reduction of the carrying value of the note payable on the Company's consolidated statements of financial position and is being amortized over the term of the notes. Amortization of the debt issuance cost for warrants was $656,177 for the year ended December 31, 2019.

11. MEMBERS' EQUITY

Members' Equity

Effective January 1, 2019, Verano Holdings, LLC elected to be treated as a C Corporation for Federal income tax purposes.

In August 2018, the Company entered into a membership interest purchase agreement with Electrum Capital, LLC ("Seller") to acquire the non-controlling membership interests in Nevada Natural Treatment Solutions, LLC. As a result of the transaction, a Company affiliate now owns 100% of the membership interests in this entity. The aggregate purchase price for the membership interest totaled $9,500,000, of which $3,000,000 was due and paid at closing. The remaining balance is to be repaid equally over six months post-closing (Note 9). The Company recorded the transaction as a distribution to members and all non-controlling interests in this entity were transferred to members' equity.

On August 16, 2018, certain members of the Company contributed certain interests to Verano Holdings, LLC, a Delaware Limited Liability Company, which was organized in September 2017, in exchange for 8,600,000 Class B units. Additionally, in connection with the restructuring, a third party invested $10,000,000 in exchange for 1,400,000 Class B units. During September, October, and November 2018, additional members of the Company's subsidiaries contributed certain interests to Verano Holdings, LLC in exchange for a total of 2,463,061 Class B units. In connection with these transactions, the Company has agreed to make distributions to certain investors to cover their proportionate share of income taxes through the date their interests were contributed to Verano Holdings, LLC. The Company recorded members' distributions payable totaling $2,960,852 as of December 31, 2018.

In October 2018, the Company issued 1,652,094 Class B units to Sol Verano Blocker 1, Inc., for $35,900,000 and an additional 2,397,607 Class B units to Sol Verano Blocker 2, Inc., for $52,100,000. Equity issuance costs of $2,713,806 were incurred in connection with the transactions and reduced the contributions recorded in members' equity.

In connection with the acquisition of Four Daughters Compassionate Care, Verano Four Daughters Holdings, LLC issued 100 Class A units to Verano Holdings, LLC and 100 Class B units to shareholders of Four Daughters Compassionate Care, Inc. in exchange for their shares. Class A units have voting rights whereas Class B units have no voting rights.

In connection with a subscription agreement offering in October of 2018, the Company entered into an agency agreement with Clarus Securities, Inc., ("Clarus") pursuant to which Clarus would broker the subscription of up to $12,000,000 of Class B units of the Company. On or about February 7, 2019, the Company and Clarus mutually agreed to terminate the agency agreement and any rights which may have arisen thereunder, in consideration for which the Company granted the Clarus's blocker entity 100,000 Class B warrants in the Company at a price of $21.73 per Class B unit. Clarus's blocker, Clarus Securities SIV, Inc., exercised the warrants on February 11, 2019 for $2,173,000.

In connection with the convertible notes issued in 2019, the Company issued warrants to purchase 990,000 common shares with an exercise price of $7.575 per share. The warrants have a three year term from the date of the closing. The Company determined the fair value of the warrants to be $5,061,933 using the Black-Scholes valuation model with a volatility of 85%, dividend yield of 0% and risk-free rate of 1.60%. A debt discount is reflected as a reduction of the carrying value of the note payable on the Company's consolidated statements of financial position and is being amortized over the term of the notes. Amortization of the debt issuance cost for warrants was $656,177 for the year ended December 31, 2019.

11. MEMBERS' EQUITY *(Continued)*

In August 2018, the Company issued a warrant for 424,242 Class B units at an exercise price of $7.14, with a term of 5 years in connection with a credit facility (Note 9). The Company determined the fair value of the warrant to be $2,661,935 using the Black-Scholes valuation model with a volatility of 85%, dividend yield of 0%, and risk-free rate of 2.87%. As there were no proceeds received in connection with the credit facility, the fair value was recorded as debt issuance costs on the Consolidated Statements of Financial Position. These costs were amortized over the period of expected availability through December 31, 2018. The balance of the debt issuance costs associated with this warrant was fully amortized in 2018. These warrants replaced the 424,242 Class B units described in the preceding paragraph. The Company determined the fair value of the incremental units to be $2,289,674. The Company has determined that the issuance of the incremental units preserves the presentation as equity. The units are to be recorded as an adjustment to equity and as such the fair value is recorded in share capital as of December 31, 2019.

12. DERIVATIVE LIABILITIES

Convertible Notes

The Company issued two convertible notes for $10,000,000 in 2019 (Note 11). A reconciliation of the beginning and ending balances of the derivative liabilities for the year ended December 31, 2019 are as follows:

	Derivative Liability
Balance as of January 1, 2019	$ -
Fair value of derivative liabilities on issuance date	6,216,191
Additional issuance	-
Fair value change in derivative liability	562,319
Balance as of December 31, 2019	$ 6,778,510

In accordance with IFRS, a contract to issue a variable number of equity shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the consolidated statements of operations at each period-end. The derivative liability will ultimately be converted into the Company's equity when the convertible notes payable is converted or will be extinguished on the repayment of the convertible notes payable and will not result in the outlay of any additional cash by the Company.

The Company used the Monte Carlo option-pricing model to estimate fair value of the derivative liability at each reporting date. This is a Level 3 recurring fair value measurement. The key Level 3 inputs used by management to determine the fair value are the expected future volatility in the price of the Company's shares and the expected life of the convertible debentures.

12. DERIVATIVE LIABILITIES *(Continued)*

The following range of assumptions were used to value the Convertible Debentures derivative liability during the year ended December 31, 2019:

	Initial Valuation 10/8/2019	Final Valuation 12/31/2019	Initial Valuation 11/27/2019	Final Valuation 12/31/2019
Stock price	$ 11.88	$ 11.88	$ 11.88	$ 11.88
Dividend Yield	0%	0%	0%	0%
Remaining Term %	1.25	1.02	1.25	1.16
Risk Free Rate	1.57%	1.59%	1.61%	1.59%
Annual Volatility	81%	70%	79%	71%
Debt Spread	0.97%	0.76%	0.84%	0.76%

Upon initial recognition, the Company recorded a derivative liability and debt discount of $3,126,285 in relation to the derivative liability portion of the convertible notes. The Company had additional issuances through the remainder of 2019 that resulted in an additional debt discount of $3,089,906. During the year ended December 31, 2019, the Company recorded a loss of $562,319 on the revaluation of the derivative liability and $690,688 in interest expense related to debt discount.

13. INCOME TAXES

Provision for income taxes consists of the following for the years ended December 31, 2019 and 2018:

	2019	2018
Current:		
Federal	$ 7,935,000	$ 1,005,843
State	2,720,800	198,513
Total Current	10,655,800	1,204,356
Deferred:		
Federal	3,160,796	407,476
State	1,386,625	160,080
Total deferred	4,547,421	567,556
Total	**$ 15,203,221**	**$ 1,771,912**

13. INCOME TAXES *(Continued)*

As of December 31, 2019 and 2018, the components of deferred tax assets and liabilities were as follows:

	2019	2018
Deferred income tax asset		
Lease Liabilities	$ 430,790	$ -
Loyalty Points Liability	256,156	-
Deferred income tax liabilities		
Right of Use Assets	617,817	407,476
Biological Assets	5,184,106	160,080
Total deferred tax liabilities	5,801,923	567,556
Net deferred income tax liabilities	**$ (5,114,997)**	**$ (567,556)**

Effective January 1, 2019, Verano Holdings, LLC elected to be treated as a C Corporation for Federal income tax purposes. The Company now accounts for income taxes in accordance with IAS 12 – *Income Taxes*, under which deferred tax assets and liabilities are recognized based on anticipated future consequences attributable to differences between financial statement carrying values of assets and liabilities and the respective tax bases. As a result of the change, the Company recognized a deferred tax liability of approximately $2,320,000 with a corresponding increase to income tax expense as of January 1, 2019. The liability relates to the difference in reporting biological assets for financial statement and income tax reporting purposes.

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss. The Company has not identified any uncertain tax positions as of December 31, 2019.

The Company files income tax returns in the United States and various state jurisdictions. The federal statute of limitation remains open for the 2016 tax year to present. The state income tax returns generally remain open for the 2016 tax year through the present.

14. COMMITMENTS AND CONTINGENCIES

(a) Leases

The Company leases certain business facilities from third parties under operating lease agreements that contain minimum rental provision that expire through 2029. Some of these leases also contain renewal provision and provide for rent abatement and escalating payments. As discussed in Note 2(m), upon the adoption of IFRS 16, such commitments will be recognized as a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Year Ending December 31,	Scheduled payments
2020	$ 2,494,998
2021	2,554,354
2022	2,210,214
2023	1,610,066
2024	1,347,378
2025 and Thereafter	3,548,297
Total undiscounted lease liabilities	13,765,307
Impact of Discount	(2,509,114)
Lease liability at December 31, 2019	11,256,193
Less current portion of lease liabilities	(1,653,757)
Long-term portion of lease liabilities	$ 9,602,436

During the year ended December 31, 2019, the Company recorded depreciation on right-of-use assets of $1,479,222, of which $634,587 is included in cost of goods sold. Interest on lease liabilities of $728,503 was recorded during the year ended December 31, 2019, of which $221,330 is included in cost of goods sold.

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation at December 31, 2019, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations, except as disclosed in these consolidated financial statements. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

15. RELATED PARTY TRANSACTIONS

(a) Due from Related Parties

As of December 31, 2019, and 2018, amounts due from related parties were comprised of balances due from investors of $253,580 and $947,384, respectively. These amounts are due on demand and did not have formal contractual agreements governing payment terms or interest.

(b) Due to Related Parties

As of December 31, 2019 and 2018, amounts due to related parties were comprised of advances to investors and management fees payable totaling $82,718 and $1,391,394, respectively. Advances did not have formal contractual agreements governing payment terms or interest, except for one note that was due October 1, 2019 and accrued interest at 10%. Related interest expense was insignificant for the years ended December 31, 2019 and 2018.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, note receivable, accounts payable, accrued liabilities, and notes payable. The carrying values of these financial instruments approximate their fair values at December 31, 2019 and 2018.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the years ended December 31, 2019 and 2018.

The following table summarizes the Company's financial instruments at December 31, 2019:

	Financial Assets	Financial Liabilities	Total
Financial Assets:			
Cash	$ 6,417,703	$ -	$ 6,417,703
Accounts Receivable	$ 5,055,564	$ -	$ 5,055,564
Note Receivable	$ 5,000,000	$ -	$ 5,000,000
Financial Liabilities:			
Accounts Payable	$ -	$ 18,544,003	$ 18,544,003
Accrued Liabilities	$ -	$ 3,111,567	$ 3,111,567
Current Portion of Notes Payable	$ -	$ 8,153,234	$ 8,153,234
Notes Payable, Net of Current Portion	$ -	$ 6,213,433	$ 6,213,433

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Instruments *(Continued)*

The following table summarizes the Company's financial instruments as of December 31, 2018:

	Financial Assets	Financial Liabilities	Total
Financial Assets:			
Cash	$ 73,087,292	$ -	$ 73,087,292
Accounts Receivable	$ 2,765,033	$ -	$ 2,765,033
Financial Liabilities			
Accounts Payable	$ -	$ 7,809,439	$ 7,809,439
Accrued Liabilities	$ -	$ 1,775,523	$ 1,775,523
Current Portion of Notes Payable	$ -	$ 4,261,642	$ 4,261,642
Notes Payable, Net of Current Portion	$ -	$ 2,853,836	$ 2,853,836

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2019 and 2018 is the carrying amount of cash. The Company does not have significant credit risk with respect to its customers. All cash is placed with major U.S. financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit rise but has limited risk as the majority of its sales are transacted with cash.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in Note 15, the Company has the following contractual obligations:

	<1 Year	1 to 3 Years	3 to 5 Years	Greater than 5	Total
Accounts Payable	$ 18,544,003	$ -	$ -	$ -	$ 18,544,003
Income Tax Payable	$ 11,206,250	$ -	$ -	$ -	$ 11,206,250
Notes Payable	$ 8,153,234	$ 3,498,954	$ 88,578	$ 2,625,901	$ 14,366,667

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Risk Management *(Continued)*

(c) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(ii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 6 for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

(d) Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company and leaves their cash holdings vulnerable.

(e) Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry, which either are 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 was 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.

(f) Regulatory Risk

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operation, and financial condition.

The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although regulatory outlook on the cannabis industry has been moving in a positive trend, the Company is aware of the effect of unforeseen regulatory changes can have on the goals and operations of the business as a whole.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

(g) Tax Risk

Tax risk is the risk of changes in the tax environment that would have a material adverse effect on the Company's business, results of operations, and financial condition. Currently, state licensed marijuana businesses are assessed a comparatively high effective federal tax rate due to section 280E which bars businesses from deducting all expenses except their cost of sales when calculating federal tax liability. Any increase in tax levies resulting from additional tax measures may have a further adverse effect on the operations of the Company, while any decrease in such tax levies will be beneficial to future operations.

17. LOYALTY OBLIGATIONS

The Company has customer loyalty programs where retail customers accumulate points for each dollar of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction. In addition, the Company records a performance obligation as a reduction of revenue based on the estimated probability of point obligation incurred, which is calculated based on a standalone selling price that ranges between $0.05 and $0.08 per loyalty point. Upon redemption, the loyalty program obligation is relieved and the offset is recorded as revenue. As of December 31, 2019, there were 19,550,694 points outstanding, with an approximate value of $953,096. The Company estimates that 25% of points will not be redeemed (breakage) and expects the remaining outstanding loyalty points will be redeemed within one year.

18. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through December 21, 2020, which is the date these consolidated financial statements were issued.

(a) COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including those of the Company. This outbreak could decrease spending, adversely affect demand for the Company's product and harm the Company's business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company or results of operations at this time.

(b) Termination of Business Combination Agreement with Harvest Health & Recreation, Inc.

On March 11, 2019, the Company signed a binding agreement with Harvest Health & Recreation, Inc. ("Harvest"), whereby Harvest would acquire 100 percent of the Company. Per the business combination agreement, Harvest would deliver to the unit-holders of the Company Harvest stock in an amount equivalent to approximately $850,000,000 based on a share price of CND $8.79 immediately following the close. The transaction was subject to regulatory approvals by various state and local authorities in each of the markets where the Company's assets and licenses are held, and other customary closing conditions.

On March 26, 2020, the Company mutually agreed with Harvest to terminate its business combination agreement. As part of the agreement to terminate, no breakup fees or other considerations are owed by either party. In conjunction with the now terminated acquisition by Harvest, for the year ended December 31, 2019, the Company incurred approximately $3.3 million in transaction related professional and other fees. These fees are included within General and Administrative expenses for the year ended December 31, 2019.

17. SUBSEQUENT EVENTS *(Continued)*

(c) Credit Facility

In July 2020, the Company entered into a credit agreement for a senior secured term loan facility for $30,000,000. The term loan facility has a two year term and will bear interest at 15.25%. Under the agreement, the Company is subject to GAAP financial reporting, for which the Company intends to obtain a waiver. The Company is also subject to certain financial and non-financial covenants, including liquidity, consolidated EBITDA, and consolidated fixed charge coverage ratio.

(d) Discontinued Operation

During the third quarter of 2020, the Company closed its Oklahoma operation, which was comprised of three dispensaries and a processing facility and represented a loss of approximately $4,800,000. Discontinued operations were not planned or considered during or at the end of year 2019.

(e) Acquisitions

MME IL Holdings, LLC

In July 2020, the Company entered into a membership interest purchase agreement to acquire, upon the satisfaction of certain conditions precedent, 100% of a dispensary located in Illinois. The total purchase price was $20,000,000 and $10,000,000 was paid in July 2020. An additional $8,000,000 was paid in November 2020. The remaining purchase price will be paid pursuant to the membership interest purchase agreement.

Local Dispensaries

In June 2020, the Company entered into an equity purchase agreement for 100% of the equity securities of 317 Opportunities d/b/a Local Dispensaries, which holds dispensary licenses in Pennsylvania. The purchase price totaled $7,000,000.

Verano Highland Park, LLC

In December 2020, the Company entered into a membership interest purchase agreement to acquire, upon the satisfaction of certain conditions precedent, 100% of a dispensary located in Illinois. The total purchase price was $22,000,000, including $2,000,000 in equity securities, and $5,000,000 was paid in December 2020. The remaining purchase price will be paid pursuant to the membership interest purchase agreement.

Alternative Medical Enterprises (AltMed)

In November 2020, the Company entered into a merger agreement with Alternative Medical Enterprises LLC, Plants of Ruskin GPS LLC, and RVC 360 LLC (collectively, “AltMed”). Per the merger agreement, the transaction is contingent upon, and will close contemporaneously with, a reverse takeover transaction resulting in the creation of a Canadian publicly-traded parent company. Shareholders of AltMed will receive $35,000,000 in cash compensation and the parties will each take ownership of the resulting issuer in a roughly 77% to 23% (Verano to AltMed) ratio. The transaction is subject to regulatory approvals by various state and local authorities in each of the markets where the Company’s assets and licenses are held, and other customary closing conditions.

CONTENTS

● HBK®
CPAs & Consultants

March 17, 2021

To the Board of Managers
Plants of Ruskin GPS, LLC
dba AltMed Florida and Affiliate
Apollo Beach, Florida

Independent Auditor's Report

Report on the Audit of the Combined Financial Statements

We have audited the accompanying combined financial statements of Plants of Ruskin GPS, LLC dba AltMed Florida and Affiliate (the Company), which comprise the combined balance sheets as of December 31, 2020 and 2019, and the related combined statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the combined financial statements in the United States of America, together with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with those requirements, respectively.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. We design audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override on internal control.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation structure, and content of the combined financial statements, including disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

As part of an audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies or material weaknesses in internal control that we identify during our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

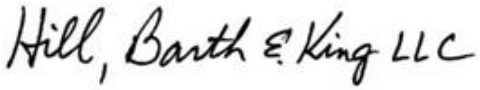
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial positions of Plants of Ruskin GPS, LLC dba AltMed Florida and Affiliate as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter – Cannabis Laws

As discussed in Note N to the combined financial statements, the Company operates in the cannabis industry which is legal in the State of Florida but illegal under United States federal law. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information included on pages 22 and 23 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations of the individual companies, and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the combined financial statements as a whole.



Certified Public Accountants

PLANTS OF RUSKIN GPS, LLC DBA ALTMED FLORIDA AND AFFILIATE

COMBINED BALANCE SHEETS

December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 13,577,457**	$ 4,985,739
Accounts receivable	**80,145**	452,828
Inventory	**60,059,873**	21,840,006
Biological assets	**37,482,540**	9,497,863
Other current assets	**1,285,983**	744,969
TOTAL CURRENT ASSETS	**112,485,998**	37,521,405
PROPERTY AND EQUIPMENT, NET	**73,500,411**	39,163,734
DEPOSITS	**891,614**	530,883
	$ 186,878,023	$ 77,216,022
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 15,982,661**	$ 5,625,092
Current portion of lease liabilities	**963,050**	452,597
Current portion of long-term debt	**209,889**	75,931
TOTAL CURRENT LIABILITIES	**17,155,600**	6,153,620
LONG-TERM LIABILITIES		
Lease liabilities	**15,233,451**	8,414,741
Notes payable - related parties	**3,670,000**	2,500,000
Long-term debt	**732,414**	307,565
TOTAL LIABILITIES	**36,791,465**	17,375,926
MEMBERS' EQUITY	**150,086,558**	59,840,096
	$ 186,878,023	$ 77,216,022

See accompanying notes to combined financial statements

PLANTS OF RUSKIN GPS, LLC DBA ALTMED FLORIDA AND AFFILIATE

COMBINED STATEMENTS OF OPERATIONS

Years ended December 31, 2020 and 2019

	2020	2019
OPERATING INCOME		
Sales	**$ 105,660,570**	$ 39,371,007
Cost of sales	**26,382,474**	13,049,798
GROSS PROFIT BEFORE BIOLOGICAL ASSET ADJUSTMENT	**79,278,096**	26,321,209
NET EFFECT OF CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS	**63,015,173**	12,110,222
OPERATING EXPENSES		
Advertising	**981,872**	607,327
Amortization	**0**	343,393
Contract labor and consulting	**633,799**	456,152
Depreciation	**5,779,218**	2,099,581
Insurance	**2,173,843**	958,231
Payroll - officers	**340,000**	321,875
Payroll - other	**20,587,619**	7,736,222
Other operating expenses	**11,791,409**	5,908,837
Less direct costs allocated to inventory and cost of sales	**(17,572,018)**	(9,788,609)
TOTAL OPERATING EXPENSES	**24,715,742**	8,643,009
INCOME FROM OPERATIONS	**117,577,527**	29,788,422
OTHER INCOME (EXPENSES)		
ATM commissions	**109,017**	35,869
Interest expense	**(1,423,038)**	(335,121)
Other expense	**(17,044)**	(9,838)
	(1,331,065)	(309,090)
NET INCOME	**$ 116,246,462**	$ 29,479,332

See accompanying notes to combined financial statements

PLANTS OF RUSKIN GPS, LLC DBA ALTMED FLORIDA AND AFFILIATE

COMBINED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2020 and 2019

	MEMBERSHIP UNITS	MEMBERS' EQUITY	TOTAL
Balance at January 1, 2019	$ 23,286,337	$ 7,818,115	$ 31,104,452
Adoption of IFRS 16, *Leases*	0	(43,688)	(43,688)
Distributions paid to members	0	(700,000)	(700,000)
Net income	0	29,479,332	29,479,332
Balance at December 31, 2019	23,286,337	36,553,759	59,840,096
Distributions paid to members	**0**	**(26,000,000)**	**(26,000,000)**
Net income	**0**	**116,246,462**	**116,246,462**
Balance at December 31, 2020	**$ 23,286,337**	**$ 126,800,221**	**$ 150,086,558**

See accompanying notes to combined financial statements

PLANTS OF RUSKIN GPS, LLC DBA ALTMED FLORIDA AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS

Years ended December 31, 2020 and 2019

	2020	2019
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net income	**$ 116,246,462**	$ 29,479,332
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**5,779,218**	2,442,974
Changes in assets and liabilities:		
Decrease in accounts receivable	**372,683**	39,532
Increase in inventory	**(38,219,867)**	(10,445,092)
Increase in biological assets	**(27,984,677)**	(3,244,681)
Increase in other current assets	**(541,014)**	(486,346)
Increase in deposits	**(360,731)**	(262,375)
Decrease in accounts payable and accrued expenes	**10,944,342**	2,778,348
NET CASH PROVIDED BY OPERATING ACTIVITIES	**66,236,416**	20,301,692
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(31,978,675)**	(17,562,261)
NET CASH USED IN INVESTING ACTIVITIES	**(31,978,675)**	(17,562,261)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member distributions	**(26,000,000)**	(700,000)
Payments on notes payable - related parties	**(2,500,000)**	(850,000)
Issuance of notes payable - related parties	**3,670,000**	0
Payments on long-term debt	**(145,005)**	(39,317)
Payments on lease liabilities	**(691,018)**	(247,279)
NET CASH USED IN FINANCING ACTIVITIES	**(25,666,023)**	(1,836,596)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**8,591,718**	902,835
CASH AND CASH EQUIVALENTS		
Beginning of year	**4,985,739**	4,082,904
End of year	**$ 13,577,457**	$ 4,985,739
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for interest	**$ 1,423,038**	$ 335,121
Acquisition of vehicles in exchange for long-term debt	**$ 703,812**	$ 323,017
Construction costs paid for on account	**$ 586,773**	$ 2,331,071
Additions of right-of-use assets	**$ 8,020,181**	$ 1,772,810

See accompanying notes to combined financial statements

NOTE A - NATURE OF OPERATIONS

Organization and Nature of Business:

Plants of Ruskin GPS LLC ("GPS") and RVC 360 LLC ("RVC"), (collectively, the Company) are limited liability companies organized in the United States ("U.S.") in 2017 and 2015, respectively. GPS owns in whole its subsidiary Plants of Ruskin LLC ("POR"), a limited liability company, located in the State of Florida, that grows, cultivates, extracts, manufactures, and sells medical cannabis products. RVC engages in real estate activities that provide the facilities where Plants of Ruskin LLC operates. The Company does business as AltMed Florida and operates multiple dispensaries throughout the state of Florida.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance:

The combined financial statements of the Company for the years ended December 31, 2020 and 2019, have been prepared in accordance with IAS 1 Presentation of Financial Statements (Revised 2007) as issued by the IASB.

The significant policies that have been applied in the preparation of these combined financial statements are summarized below. These accounting policies have been used throughout all periods presented in the combined financial statements.

Basis of Presentation:

The combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement:

The combined financial statements have been prepared on the going concern basis, under the historical cost convention except for biological assets and certain financial instruments, which are measured at fair value.

Functional Currency:

The functional currency of the Company, as determined by management, is the U.S. dollar. These combined financial statements are presented in U.S. dollars.

Basis of Combination:

The accompanying combined financial statements include entities, which are controlled through common control. Control exists when the Company has the power, directly or indirectly, to govern financial and operating policies of an entity and be exposed to variable returns from its activities.

The combined financial statements include the accounts of GPS, its wholly-owned subsidiary POR, and RVC. All significant intercompany balances and transactions were eliminated in combination.

Cash and Cash Equivalents:

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable:

The Company's revenue consists primarily of retail sales to medical cannabis patients throughout the state of Florida. The Company received a waiver from the state of Florida to also sell extracted oil and flower to other medical cannabis licensees. The potential risk is limited to the amounts recorded in the combined financial statements. The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. Uncollectible amounts are charged to operations when determined uncollectible. The Company did not charge any uncollectible amounts to operations in 2020 and 2019.

Advertising:

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2020 and 2019 were $981,872 and $607,327, respectively.

Biological Assets:

The Company measures biological assets consisting of medical cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of internally produced work in progress and finished goods inventories after harvest. These costs are then recorded with costs of goods sold in the combined statements of operations in the period when the related product is sold. Unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the results of operations.

Production costs related to biological assets are expensed. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labor for individuals involved in the growing and quality control process is also included, as well as other costs to the extent it is associated with the growing space. Unrealized fair value gains/losses on growth of biological assets are recorded in a separate line on the face of the combined statements of operations.

The Company capitalizes costs incurred after harvest to bring the products to their present location and condition in accordance with IAS 41 Agriculture. The cost of inventories includes fair value less cost to sell at harvest and costs incurred after harvest (such as quality assurance costs, fulfillment costs and packaging costs) to bring the products to their present location and condition.

Income Taxes:

The Company has elected to be taxed as a partnership for U.S. federal and state income tax. Members are taxed on a proportionate share of the Company's taxable income. Therefore, no provision or liability for U.S. federal or state income taxes has been included in the combined financial statements. Any trade or business which is trafficking in a controlled substance under Schedule I or Schedule II of the Controlled Substances Act is prohibited from claiming any deductions or credits against such business's income for the year. Pursuant to Section 280E of the U.S. Internal Revenue Code of 1986 as amended, the only available tax deduction for businesses engaged in the cultivation and production of medical cannabis is a deduction for cost of goods sold.

Pursuant to the Bipartisan Act of 2015, if selected for an audit, the streamlined audit rules for partnerships allows the U.S. IRS to assess and collect taxes at the partnership level. Additional tax assessed would be paid by the partnership at the highest individual or corporate tax rate. As of December 31, 2020 and 2019, the Company maintained no uncertain tax positions nor were interest or penalties recognized during the period under audit.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory:

Inventory of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost or net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell and complete at harvest which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that the cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at lower of cost or net realizable value. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value.

Leased Assets:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leased Assets (Continued):

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Property and Equipment:

Property and equipment are recorded at cost, net of depreciation. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation is computed using the straight-line method over the assets' estimated useful life. Asset classes and their respective useful lives are as follows:

	YEARS
Buildings	39
Leasehold improvements	5-39
Machinery and equipment	5-15
Furniture and fixtures	5-7
Lab equipment	5
Computer equipment	5
Vehicles	5

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in operations in the year the asset is derecognized.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition:

Revenue is recognized by the Company in accordance with IFRS 15, Revenue from Contracts with Customers. Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under IFRS 15, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract;
- Recognize revenue when or as the Company satisfies the performance obligation(s).

Under IFRS 15, revenues from the sale of cannabis are generally recognized at the point in time when control over the goods have been transferred to the customer. Payment is typically due upon transferring goods to the customer or within a specified time period permitted under the Company's credit policy.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

Significant Accounting Judgments, Estimates and Assumptions:

The preparation of the Company's combined financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Collectability of accounts receivable/computing the allowance for doubtful accounts:

The Company estimates the allowance for doubtful accounts based on historical experience and other known factors at the time of sale, which reduces the operating revenue.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Judgments, Estimates and Assumptions (Continued):

Estimated useful lives and depreciation of property and equipment:

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Estimated useful lives and amortization of intangible assets:

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Inventories:

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in costs of goods sold.

Biological assets:

Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth of the cannabis, harvested costs, sales price and expected yields.

Impairment of non-financial assets:

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs that would be directly attributable to the disposal of the asset.

The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset’s performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Reclassifications:

The financial statements for 2019 have been reclassed to conform with the presentation for 2020. Such reclassifications had no effect on net results of operations.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events:

Management evaluated all activity of the Company through March 17, 2021, the date the combined financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the combined financial statements or notes, except as described below.

Subsequent to the year end, the Company has continued construction on the expansion of its cultivation and manufacturing facilities. Total capital expenditures for the expansion of such facilities through year end 2021 is expected to be approximately $22,000,000. As of the date of this report, the Company has completed construction on the facility and the contract balance has been substantially paid in full.

Subsequent to the year end, the Company opened two more dispensaries in Florida at a total cost of approximately $1,200,000.

On November 11, 2020, the Company entered into an agreement with Verano Holdings to sell its membership units for total consideration net of fees totaling $370,881,750 consisting of 8,534,521.2139 Class A shares and 256,035.6344 Class B shares. This transaction was finalized subsequent to the year end.

NOTE C - CONCENTRATIONS

Financial instruments which potentially subject the Company to concentration of credit risks include cash and cash equivalents in financial institutions, which under U.S. federal law, money obtained from activities related to the marijuana industry cannot be federally insured. At December 31, 2020 and 2019, the Company had balances of $13,577,455 and $4,985,739, respectively, in uninsured cash and cash equivalents in financial instruments.

The Company had two major suppliers with significant outstanding accounts payable balances of approximately 54% at December 31, 2020. The Company had three major suppliers with significant outstanding accounts payable balances of approximately 53% at December 31, 2019.

NOTE D - INVENTORY

Inventory at December 31, 2020 and 2019 is summarized as follows:

	2020	2019
Raw materials	**$ 1,708,588**	$ 1,631,427
Work-in-process	**41,886,652**	16,838,539
Finished goods	**16,464,633**	3,370,040
TOTALS	**$ 60,059,873**	$ 21,840,006

NOTE E - BIOLOGICAL ASSETS

Biological assets consist of cannabis plants. At December 31, 2020 and 2019, the changes in the carrying value of biological assets are shown below:

	2020	2019
Beginning of year	**$ 9,497,863**	$ 6,253,182
Costs incurred prior to harvest to facilitate biological transformation	**25,772,433**	3,797,287
Unrealized gain on fair value of biological assets	**138,053,682**	90,546,925
Transferred to inventory upon harvest	**(135,841,438)**	(91,099,531)
End of year	**$ 37,482,540**	$ 9,497,863

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is nineteen weeks from propagation to harvest for flower and extract products;
- The average harvest yield of dried flower is 218.85 grams per plant for flower products (95.04 grams - 2019) and 109.97 grams per plant for extracts products (136.09 grams - 2019);
- The average selling price of dried flower is $6.91 per gram for flower sales ($11.59 - 2019) and $15.89 per gram for extract sales ($20.86 - 2019);
- Processing costs include drying and curing, testing and packaging, post-harvest overhead allocation, and oil extraction costs estimated to be $1.57 per gram for flower ($0.97 - 2019) and $2.18 per gram for extract ($0.37 - 2019); and
- Selling costs include shipping, order fulfillment, and labelling, estimated to be $0.22 per gram for flower sales ($0.18 - 2019) and $1.30 per gram for extract sales ($3.64 - 2019).

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company’s historical results. The estimate of the selling price per gram is based on the Company’s historical sales in addition to the Company’s expected sales price going forward.

Management has quantified the sensitivity of the inputs, and determined the following:

- Selling price per gram - an increase or decrease in the selling price for both flower and extract products per gram by 5% would result in an increase or decrease the fair value of biological assets by $2,157,841 ($559,437 - 2019).
- Harvest yield per plant – an increase or decrease in the harvest yield per plant of 5% would result in an increase or decrease the fair value of biological assets by $1,874,127 ($474,893 - 2019).
- Cost of production per gram – an increase or decrease in the cost of production for both flower and extract per gram by 5% would result in an increase or decrease the fair value of biological assets by $157,653 ($11,785 - 2019).

NOTE E - BIOLOGICAL ASSETS (CONTINUED)

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

,As of December 31, 2020 and 2019, the biological assets were on average, 51.1% and 19.2% respectively, for flower products and 51.1% and 19.2%, complete, respectively, for extract products and the estimated fair value less costs to sell of dried flower was $5.13 and $10.44 per gram, respectively and the estimated fair value less costs to sell of extracts was $12.41 and $16.85 per gram, respectively.

As of December 31, 2020 and 2019, it is expected that the Company's biological assets will ultimately yield approximately 5,533 and 1,034 kilograms, respectively, of dry cannabis for dried flower sales and 2,780 and 1,481 kilograms, respectively, for extract products.

NOTE F - OTHER CURRENT ASSETS

Other current assets at December 31, 2020 and 2019 are summarized as follows:

	2020	2019
Prepaid expenses	**$ 1,245,237**	$ 585,644
Related party receivables	**0**	156,225
Other receivables	**40,746**	3,100
TOTALS	**$ 1,285,983**	$ 744,969

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	Leasehold improvements	Machinery and equipment	Buildings	Lab equipment	Computer equipment	Land and land improvements	Furniture and fixtures	Construction in progress	Vehicles	Total
COST										
At December 31, 2018	$ 2,484,026	$ 2,893,831	$ 4,095,097	$ 1,858,490	$ 525,270	$ 453,700	$ 351,342	$ 317,815	$ 114,009	$ 13,093,580
Additions	2,408,246	1,054,245	5,467,308	68,658	903,895	136,153	922,753	8,900,037	360,371	20,221,666
Additions of right-of-use assets	0	0	7,384,334	0	0	0	0	0	0	7,384,334
IFRS 16 Implementation	0	0	1,772,810	0	0	0	0	0	0	1,772,810
At December 31, 2019	4,892,272	3,948,076	18,719,549	1,927,148	1,429,165	589,853	1,274,095	9,217,852	474,380	42,472,390
Additions	0	0	0	0	0	0	0	33,924,482	772,401	34,696,883
Additions of right-of-use assets	0	0	8,020,181	0	0	0	0	0	0	8,020,181
Disposals	0	0	0	(43,000)	0	0	0	0	0	(43,000)
Transfers	6,769,108	8,418,368	9,100,755	169,964	1,993,587	268,395	1,973,129	(31,264,377)	0	$ (2,571,071)
At December 31, 2020	$ 11,661,380	$ 12,366,444	35,840,485	$ 2,054,112	$ 3,422,752	$ 858,248	$ 3,247,224	$ 11,877,957	$ 1,246,781	82,575,383
ACCUMULATED DEPRECIATION										
At December 31, 2018	$ 20,894	$ 353,746	$ 328,346	$ 303,153	$ 73,035	$	$ 22,147	$ 0	$ 11,072	$ 1,117,544
Additions	85,925	633,202	5,151				95,534	0	58,382	1,681,708
Additions of right-of-use assets	0	0	295,531	332,450	164,622	16,062	0	0	0	423,190
IFRS 16 Implementation	0	0	423,190	0	0	0	0	0	0	86,214
At December 31, 2019	106,819	986,948	86,214	0	0	0	117,681	0	69,454	3,308,656
Additions	327,650	1,149,299	1,133,281	635,603	237,657	21,213	353,200	0	213,965	4,202,393
Additions of right-of-use assets	0	0	1,284,329	315,317	534,854	23,779	0	0	0	1,303,591
Disposals	0	0	1,303,591	0	0	0	0	0	0	(13,617)
Transfers	(81,038)	(1,303)	0	(13,617)	0	0	0	0	0	273,949
At December 31, 2020	$ 353,431	$ 2,134,944	$ 4,076,422	$ 937,303	$ 772,511	$ 46,061	$ 470,881	0	$ 283,419	$ 9,074,972
NET BOOK VALUE										
At December 31, 2018	$ 2,463,132	$ 2,540,085	$ 3,766,751	$ 1,555,337	$ 452,235	$ 448,549	$ 329,195	$ 317,815	$ 102,937	$ 11,976,036
At December 31, 2019	$ 4,785,453	$ 2,961,128	$ 17,586,268	$ 1,291,545	$ 1,191,508	$ 568,640	$ 1,156,414	$ 9,217,852	$ 404,926	$ 39,163,734
At December 31, 2020	$ 11,307,949	$ 10,231,500	$ 31,764,063	$ 1,116,809	$ 2,650,241	$ 812,187	$ 2,776,343	$ 11,877,957	$ 963,362	$ 73,500,411

Depreciation expense was $5,779,218 and $2,099,581 for the years ended December 31, 2020 and 2019, respectively.

NOTE H - INTANGIBLE ASSETS

Intangible assets consist of legal fees and other costs incurred to obtain the medical marijuana license required to operate in the State of Florida. Intangible assets are amortized over the license period of two years. Intangible assets totaled $1,177,348 and are fully amortized for the years ended December 31, 2020 and 2019.

NOTE I - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at December 31, 2020 and 2019 are summarized as follows:

	2020	2019
Accounts payable - trade	**$ 2,403,997**	$ 2,707,203
Accrued expenses	**11,419,349**	2,534,935
Payroll liabilities	**2,015,500**	328,440
Accrued paid time-off	**137,030**	52,662
Other accrued expenses	**6,785**	1,852
TOTALS	**$ 15,982,661**	$ 5,625,092

NOTE J - LONG-TERM DEBT

Long-term debt at December 31, 2020 and 2019 is as follows:

	2020	2019
Notes payable to Ford Motor Credit, monthly payments totaling $22,932 including interest ranging from 6.5% to 10.9%, maturing through November 2025, secured by vehicles.	**$ 942,303**	$ 383,496
Notes payable to related parties, totaling $3,670,000, not including simple annual interest of 10%, maturing through March 2022.	**3,670,000**	0
TOTAL DEBT	**4,612,303**	**383,496**
Less current portion	**209,889**	75,931
TOTAL LONG-TERM DEBT	**$ 4,402,414**	$ 307,565

NOTE J - LONG-TERM DEBT (CONTINUED)

Maturities related to this debt are as follows:

2021	$ 209,889
2022	3,896,936
2023	233,621
2024	203,743
2025	68,115
TOTAL	$ 4,612,303

NOTE K - MEMBERS' EQUITY

Both GPS and RVC are limited liability companies organized in the State of Florida. Members' liability is limited to their investment in each company. GPS and RVC each have 10,000,000 shares of membership units authorized and 9,999,998 issued and outstanding, totaling 20,000,000 membership units authorized and 19,999,996 issued and outstanding. GPS and RVC each have a single class of membership units. However, as described in Note L, the Company's founders are entitled to a payment and/or debt repayment in the aggregate of $7,500,000 from the contributed capital before any distributions are payable by the Company to other members.

NOTE L - RELATED PARTY TRANSACTIONS

The Company shares administrative offices and administrative personnel with an entity controlled by a related party. The Company pays a month-to-month rent expense of $5,000. As of December 31, 2020 and 2019, the related party did not expect repayment of any additional costs incurred.

The operating agreement and subscription agreements of both GPS and RVC state the Company's founders are entitled to a payment and/or debt repayment in the aggregate of $7,500,000 from the contributed capital before any distributions are payable by the Company to other members. The notes are payable on demand, bear no stated interest rate, and are unsecured. One founder agreed to forego payment in exchange for interest totaling $21,000 and $25,500 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, the founder notes payable totaled $0 and $2,500,000, respectively. The $7,500,000 founder note payable was paid in full as of December 31, 2020.

The Company received funding in the aggregate of $3,670,000 from eight related parties for the build out of the cultivation facility in Apollo Beach. The two-year notes are payable on demand at month 18, bear 10% simple annual interest, interest paid annually.

NOTE M - LEASES

As of December 31, the Company's lease liabilities consisted of the following:

	2020	2019
Balance, beginning of year	**$ 8,867,338**	$ 1,816,496
Additions	**8,020,181**	7,298,121
Lease and interest payments, accretion, and accrued interest, net	**691,018**	247,279
Balance, end of year	**16,196,501**	8,867,338
Lease liability - current portion	**963,050**	452,597
Lease liability - noncurrent portion	**$ 15,233,451**	$ 8,414,741

The Company has lease liabilities for leases related to real estate used for dispensaries. The weighted average discount rate for the year ended December 31, 2020 was 8%. Interest expense charged to operations for right-of-use lease liabilities totaled $990,787 and $288,021 for the years ended December 31, 2020 and 2019, respectively.

The maturity of the contractual undiscounted lease liabilities at December 31, 2020 is as follows:

2021	$ 2,224,879
2022	2,321,635
2023	2,399,379
2024	2,475,549
2025	2,527,179
Thereafter	11,725,546
Total undiscounted lease liabilities	23,674,168
Interest on lease liabilities	(7,477,667)
Total present value of minimum lease payments	16,196,501
Lease liability - current portion	963,050
Lease liability - noncurrent	$ 15,233,451

NOTE N - RISKS AND UNCERTAINTIES

Marijuana Remains Illegal under Federal Law:

The Company engages in the medical marijuana business. Marijuana is currently illegal under U.S. federal law. It is a Schedule I controlled substance. Accordingly, in those jurisdictions in which the use of medical marijuana has been legalized at the U.S. state level, its prescription is a violation of federal law. The U.S. Supreme Court has ruled that the U.S. federal government has the right to regulate and criminalize marijuana, even for medical purposes. Therefore, U.S. federal law criminalizing the use of marijuana supersedes U.S. state laws that legalize its use for medicinal purposes. The Obama administration made a policy decision to allow U.S. states to implement these laws and not prosecute anyone operating in accordance with applicable U.S. state law. A change in the U.S. federal position towards enforcement could cripple the industry, rendering the Company unable to operate. Moreover, a change in the U.S. federal position towards enforcement could result in U.S. federal law enforcement seizing the assets of the Company, which would result in a complete loss for the Company. Additionally, the U.S. federal government could extend enforcement of the antidrug laws against people who are assisting the medical marijuana industry, including investors and finance sources.

Banking Difficulties:

As discussed above, the cultivation, sale, and use of marijuana is illegal under U.S. federal law. Therefore, there is a compelling argument that banks cannot accept deposit funds from the medical marijuana business and therefore would not be able to do business with the Company. As such, the Company may have trouble finding a bank willing to accept its business. There can be no assurance that banks in U.S. states currently or in the future will decide to do business with medical marijuana growers or retailers, or that in the absence of U.S. legislation, U.S. state and federal banking regulators will not strictly enforce current prohibitions on banks handling funds generated from an activity that is illegal under U.S. federal law. This may make it difficult for the Company to open accounts, use the service of banks, and otherwise transact business, which in turn may negatively affect the Company.

COVID-19 Pandemic:

On January 30, 2020 the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

PLANTS OF RUSKIN GPS, LLC DBA ALTMED FLORIDA AND AFFILIATE

COMBINING BALANCE SHEET

December 31, 2020

	POR	RVC	GPS	Total Uncombined	IFRS Adjustments	Eliminations	Combined
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$13,571,862	$ 3,015	$ 2,580	$13,577,457	$ 0	$ 0	$ 13,577,457
Accounts receivable	80,145	0	0	80,145	0	0	80,145
Inventory	13,639,351	0	0	13,639,351	46,420,522	0	60,059,873
Biological assets	0	0	0	0	37,482,540	0	37,482,540
Other current assets	1,285,983	0	0	1,285,983	0	0	1,285,983
TOTAL CURRENT ASSETS	28,577,341	3,015	2,580	28,582,936	83,903,062	0	112,485,998
PROPERTY AND EQUIPMENT, NET	38,665,929	19,470,151	0	58,136,080	15,364,331	0	73,500,411
OTHER ASSETS							
Deposits	852,341	39,273	0	891,614	0	0	891,614
Due from related parties	10,797,556	0	0	10,797,556	0	(10,797,556)	0
TOTAL OTHER ASSETS	11,649,897	39,273	0	11,689,170	0	(10,797,556)	891,614
	$78,893,167	$19,512,439	$ 2,580	$98,408,186	$99,267,393	$(10,797,556)	$186,878,023
LIABILITIES AND MEMBERS' EQUITY							
CURRENT LIABILITIES							
Accounts payable and accrued expenses	$ 5,982,661	$ 0	$ 10,000,000	$15,982,661	$ 0	$ 0	$ 15,982,661
Current portion of lease liabilities	0	0	0	0	963,050	0	963,050
Current portion of long-term debt	209,889	0	0	209,889	0	0	209,889
TOTAL CURRENT LIABILITIES	6,192,550	0	10,000,000	16,192,550	963,050	0	17,155,600
LONG-TERM LIABILITIES							
Due to related parties	0	0	4,763,929	4,763,929	0	(4,763,929)	0
Lease liabilities	0	0	0	0	15,233,451	0	15,233,451
Notes payable - related parties	3,670,000	0	0	3,670,000	0	0	3,670,000
Long-term debt	732,414	13,322,059	0	14,054,473	0	(13,322,059)	732,414
TOTAL LIABILITIES	10,594,964	13,322,059	14,763,929	38,680,952	16,196,501	(18,085,988)	36,791,465
MEMBERS' EQUITY	68,298,203	6,190,380	(14,761,349)	59,727,234	83,070,892	7,288,432	150,086,558
	$78,893,167	$19,512,439	$ 2,580	$98,408,186	$99,267,393	$(10,797,556)	$186,878,023

PLANTS OF RUSKIN GPS, LLC DBA ALTMED FLORIDA AND AFFILIATE

COMBINING STATEMENT OF OPERATIONS

Year ended December 31, 2020

	POR	RVC	GPS	Total Uncombined	IFRS Adjustments	Eliminations	Combined
OPERATING INCOME							
Sales	$ 105,660,570	$ 0	$ 0	$ 105,660,570	$ 0	$ 0	$ 105,660,570
Cost of sales	25,886,039	0	0	25,886,039	2,530,651	(2,034,216)	26,382,474
GROSS PROFIT BEFORE BIOLOGICAL ASSET ADJUSTMENT	79,774,531	0	0	79,774,531	(2,530,651)	2,034,216	79,278,096
NET EFFECT OF CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS	0	0	0	0	63,015,173	0	63,015,173
OPERATING EXPENSES							
Advertising	981,872	0	0	981,872	0	0	981,872
Contract labor and consulting	423,799	210,000	0	633,799	0	0	633,799
Depreciation	2,112,705	2,362,922	0	4,475,627	1,303,591	0	5,779,218
Insurance	2,173,843	0	0	2,173,843	0	0	2,173,843
Payroll - officers	340,000	0	0	340,000	0	0	340,000
Payroll - other	20,587,619	0	0	20,587,619	0	0	20,587,619
Other operating expenses	17,548,545	128,769	763	17,678,077	(1,686,668)	(4,200,000)	11,791,409
Less direct costs allocated to inventory and cost of sales	(21,772,018)	0	0	(21,772,018)	0	4,200,000	(17,572,018)
TOTAL OPERATING EXPENSES	22,396,365	2,701,691	763	25,098,819	(383,077)	-	24,715,742
INCOME (LOSS) FROM OPERATIONS	57,378,166	(2,701,691)	(763)	54,675,712	60,867,599	2,034,216	117,577,527
OTHER INCOME (EXPENSES)							
Rental income	0	4,200,000	0	4,200,000	0	(4,200,000)	0
ATM commissions	109,017	0	0	109,017	0	0	109,017
Interest expense	(406,389)	(21,000)	0	(427,389)	(995,649)	0	(1,423,038)
Other expense	(17,044)	0	0	(17,044)	0	0	(17,044)
	(314,416)	4,179,000	0	3,864,584	(995,649)	(4,200,000)	(1,331,065)
NET INCOME (LOSS)	$ 57,063,750	$ 1,477,309	$ (763)	$ 58,540,296	$ 59,871,950	$ (2,165,784)	$ 116,246,462

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020 AND 2019

CONTENTS

March 31, 2021

To the Board of Directors and Members
Alternative Medical Enterprises, LLC and Affiliates
Phoenix, Arizona

Independent Auditor's Report

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Alternative Medical Enterprises, LLC and Affiliates (collectively 'the Company'), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United States of America, together with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with those requirements, respectively.

Responsibilities of Management and Those Charge With Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We design audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override on internal control.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation, structure, and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

As part of an audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. We will also obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies or material weaknesses in internal control that we identify during our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alternative Medical Enterprises, LLC and Affiliates as of December 31, 2020, and the results of their operations, changes in members' equity and their cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter – Cannabis Laws

As discussed in Note Q to the consolidated financial statements, the Company operates in the cannabis industry which is legal in the State of Arizona but illegal under United States federal law. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The consolidated financial statements of Alternative Medical Enterprises, LLC and Affiliates as of December 31, 2019 were audited by other auditors whose report dated October 26, 2020 expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2020 consolidating information on pages 30 and 31 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and International Financial Reporting Standards. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The 2019 consolidating information on pages 32 and 33 was subjected to the auditing procedures applied in the 2019 audit of the basic consolidated financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2019 consolidated financial statements as a whole.

Hill, Barth & King LLC

Certified Public Accountants

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES

CONSOLIDATED BALANCE SHEETS

December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 957,389**	$ 1,935,410
Accounts receivable, net	**285,062**	403,542
Notes receivable	**263,896**	1,078,217
Inventories	**3,385,329**	2,768,022
Biological assets	**504,758**	446,085
Other current assets	**221,109**	302,237
TOTAL CURRENT ASSETS	**5,617,543**	6,933,513
PROPERTY AND EQUIPMENT, NET	**12,480,460**	5,459,299
OTHER ASSETS		
Intangible assets, net	**4,564,588**	5,195,408
Investments in related companies, net	**75,423,511**	34,322,458
Security deposits	**41,353**	40,154
TOTAL OTHER ASSETS	**80,029,452**	39,558,020
	$ 98,127,455	$ 51,950,832
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	**$ 458,001**	$ 580,194
Accrued expenses and other liabilities	**822,502**	375,711
Current portion of lease liabilities	**133,458**	493,043
Current portion of long-term debt	**1,468,063**	1,000,000
Income tax payable	**210,000**	0
TOTAL CURRENT LIABILITIES	**3,092,024**	2,448,948
LONG-TERM LIABILITIES		
Lease liabilities, net of current portion	**54,536**	296,352
Long-term debt, net of current portion	**1,083,741**	0
TOTAL LIABILITIES	**4,230,301**	2,745,300
MEMBERS' EQUITY	**93,897,154**	49,205,532
	$ 98,127,455	$ 51,950,832

See accompanying notes to consolidated financial statements

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 2020 and 2019

	2020	2019
OPERATING INCOME		
Sales	**$ 20,648,304**	$ 14,482,050
Cost of sales	**10,315,252**	8,620,878
GROSS PROFIT BEFORE BIOLOGICAL ASSET ADJUSTMENT	**10,333,052**	5,861,172
NET EFFECT OF CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS	**23,586**	(255,001)
OPERATING EXPENSES		
General and administrative expenses	**4,543,847**	4,307,792
Amortization	**627,897**	1,300,447
Depreciation	**751,150**	895,724
TOTAL OPERATING EXPENSES	**5,922,894**	6,503,963
INCOME (LOSS) FROM OPERATIONS	**4,433,744**	(897,792)
OTHER INCOME (EXPENSES)		
Income from investments in related companies	**47,661,050**	12,199,444
Income from sale of investment	**885,678**	0
Interest expense	**(175,445)**	(19,387)
Loss on sale of property and equipment	**(415,575)**	(87,375)
Other (expense)	**3,674**	0
	47,959,382	12,092,682
INCOME BEFORE PROVISION FOR INCOME TAXES	**52,393,126**	11,194,890
PROVISION FOR INCOME TAXES	**210,000**	0
NET INCOME	**$ 52,183,126**	$ 11,194,890

See accompanying notes to consolidated financial statements

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

Years ended December 31, 2020 and 2019

Balances at December 31, 2018	**$**	**39,465,496**
Adoption of IFRS 16, Leases		**(204,854)**
Repurchase of member's interest		**(1,250,000)**
Net income		**11,194,890**
Balances at December 31, 2019		**49,205,532**
Contribution from members		**1,000,000**
Distributions to members		**(8,491,504)**
Net income		**52,183,126**
Balances at December 31, 2020	**$**	**93,897,154**

See accompanying notes to consolidated financial statements

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2020 and 2019

	2020	2019
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net income	$ 52,183,126	$ 11,194,890
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	751,150	895,724
Amortization	627,897	1,300,447
Income from investment in related companies	(47,661,050)	(12,199,444)
Loss on sale of property and equipment	415,575	87,375
Changes in assets and liabilities:		
(Increase) decrease in accounts and notes receivable	932,802	(259,788)
Increase in inventories and biological assets	(675,980)	(62,508)
Decrease in prepaid expenses	81,128	62,574
Increase in security deposits	(1,199)	0
Increase (decrease) in accounts payable	(122,193)	383,619
Increase in accrued expenses and other liabilities	446,791	109,610
Decrease in deferred revenue	0	(490,278)
Increase in income taxes payable	210,000	0
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,188,047	1,022,221
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions received from investments in related companies	6,559,997	287,000
Purchase of property and equipment	(5,180,287)	(997,911)
Proceeds from sale of property and equipment	125,323	17,500
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,505,033	(693,411)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on lease liabilities	(601,401)	(30,013)
Payments on long-term debt	(1,578,196)	0
Repurchase of member's interest	0	(250,000)
Contributions from members	1,000,000	0
Distributions to members	(8,491,504)	0
NET CASH USED IN FINANCING ACTIVITIES	(9,671,101)	(280,013)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(978,021)	48,797
CASH AND CASH EQUIVALENTS		
Beginning of year	1,935,410	1,886,613
End of year	$ 957,389	$ 1,935,410
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest	175,445	20,605
Acquisitons of property and equipment through debt	3,130,000	0
Issuance of debt to repurchase members' interest	0	1,000,000

See accompanying notes to consolidated financial statements

NOTE A - NATURE OF OPERATIONS

Organization and Nature of Business:

Alternative Medical Enterprises, LLC and Affiliates (collectively, the Company) consists of the following entities:

Alternative Medical Enterprises, LLC ("AME") (aka WP&RS Enterprises, LLC), was organized in 2014 as a limited liability company under the laws of the State of Florida. Alternative Medical Enterprises, LLC, through its subsidiaries, grows, cultivates, extracts, manufactures, and sells medical and recreational cannabis products. (MMJ).

Alternative Medical Enterprises, LLC owns 100% of the following companies:

AltMed, LLC, a Florida limited liability company, was formed in 2014, and it owns 41% of a license in Florida to grow, cultivate, extract, manufacture, and sell medical cannabis products. NuTrae, LLC, a Florida limited liability company, was formed in 2014, and develops products for cannabis delivery systems and licenses intellectual property to other parties. Agronomy Holdings, LLC (aka AltMed North America, LLC), a Florida limited liability company, was formed in 2015, and is a holding company for ventures entered outside the state of Florida. MuV Health, LLC, an Arizona limited liability company, was organized in 2019 to produce and sell CBD only products. Cave Creek RE, LLC was formed in 2020 in the state of Arizona as a real estate holding company.

Agronomy Holdings, LLC owns 100% of Agronomy Innovations, LLC, an Arizona limited liability company, was acquired during 2015, and is a cannabis cultivation facility located in Arizona.

Fort Consulting, LLC (the Dispensary) operates as a Medical Marijuana Dispensary and under the rules and regulations of the Arizona Department of Health Services - Medical Marijuana Program. The Dispensary is an Arizona nonprofit organization, incorporated under the laws of the state of Arizona in July 2016. The Dispensary's primary mission is to run a patient-centric wellness which processes the highest-grade medical marijuana in Arizona. The Dispensary has a goal of infusing horticultural innovations and sympathetic treatments into the Arizona medical marijuana industry and is committed to combining mental and physical health in a format previously inaccessible to terminally ill and other patients. The Dispensary has a one-year license with the Arizona Department of Health Services to operate a Medical Marijuana Dispensary in the state of Arizona. The contract is renewed annually.

Alternative Medical Enterprises, LLC, AltMed, LLC, NuTrae, LLC, Agronomy Holdings, LLC, Agronomy Innovations, LLC, Fort Consulting, LLC, Cave Creek RE, LLC and MuV Health, LLC will be referred to herein as "the Company".

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance:

The consolidated financial statements of the Company for the years ended December 31, 2020 and 2019, have been prepared in accordance with IAS 1 Presentation of Financial Statements (Revised 2007) as issued by the IASB.

The significant policies that have been applied in the preparation of these consolidated financial statements are summarized below. These accounting policies have been used throughout all periods presented in the consolidated financial statements.

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of the Company which are affiliated by virtue of common ownership and control. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of Presentation:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement:

The consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for biological assets and certain financial instruments, which are measured at fair value.

Functional Currency:

The functional currency of the Company, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

Revenue Recognition:

Revenue is recognized by the Company in accordance with IFRS 15, Revenue from Contracts with Customers. Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under IFRS 15, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract;
- Recognize revenue when or as the Company satisfies the performance obligation(s).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued):

Under IFRS 15, revenues from the sale of cannabis are generally recognized at the point in time when control over the goods have been transferred to the customer. Payment is typically due upon transferring goods to the customer or within a specified time period permitted under the Company's credit policy.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

Significant Accounting Judgments, Estimates, and Assumptions:

The preparation of the Company's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Collectability of accounts receivable/computing the allowance for doubtful accounts:

The Company estimates the allowance for doubtful accounts based on historical experience and other known factors at the time of sale, which reduces the operating revenue.

Estimated useful lives and depreciation of property and equipment:

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Estimated useful lives and amortization of intangible assets:

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Judgments, Estimates, and Assumptions (Continued):

Inventories:

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in cost of sales.

Biological assets:

Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth of the cannabis, harvested costs, sales price and expected yields.

Impairment of non-financial assets:

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs that would be directly attributable to the disposal of the asset.

The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset’s performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Cash and Cash Equivalents:

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Credit Risk:

The Company maintains cash balances at financial institutions in excess of federally insured limits from time to time. The Company has experienced no losses due to this concentration.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable:

The Company's revenue consists primarily of retail sales to medical cannabis patients throughout the state of Arizona and to other medical cannabis licensees. The potential risk is limited to the amounts recorded in the consolidated financial statements. The Company provides for potentially uncollectable accounts receivable by use of the allowance method. The allowance is provided based upon a review of the individual accounts outstanding, prior history of uncollectable accounts receivable and existing economic conditions. Normal accounts receivable are due 15 days after the issuance of the invoice. Receivables past due more than 60 days are considered delinquent. The allowance for doubtful accounts was $9,625 and $2,894 as of December 31, 2020 and 2019, respectively. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Inventories:

Inventory of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost or net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell and complete at harvest which becomes the deemed cost. Any subsequent post harvest costs are capitalized to inventory to the extent that the cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at lower of cost or net realizable value. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value.

Biological Assets:

The Company measures biological assets consisting of medical cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of internally produced work in progress and finished goods inventories after harvest. These costs are then recorded with costs of goods sold in the consolidated statements of operations in the period when the related product is sold. Unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the results of operations.

Production costs related to biological assets are expensed. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labor for individuals involved in the growing and quality control process is also included, as well as other costs to the extent it is associated with the growing space. Unrealized fair value gains/losses on growth of biological assets are recorded in a separate line on the face of the consolidated statements of operations.

The Company capitalizes costs incurred after harvest to bring the products to their present location and condition in accordance with IAS 41 Agriculture. The cost of inventories includes fair value less cost to sell at harvest and costs incurred after harvest (such as quality assurance costs, fulfillment costs and packaging costs) to bring the products to their present location and condition.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes Receivable:

The Company sold interests to related parties in exchange for notes receivable in the amount of the interest sold. The expectation was that these notes would be paid within three years. Any distributions the related parties receive as their share of income will first go towards the payment of the note receivable, and only after that note has been paid will they receive future distributions. The balance of notes receivable as of December 31, 2020 and 2019 is $163,895.

The Company's share in one of its related parties was repurchased for $1,800,000 in exchange for cash and a promissory note with a maturity date of December 31, 2021 and a face amount of $1,400,000. The balance of the note as of December 31, 2020 and 2019 is $0 and $914,322, respectively.

Prepaid Expenses:

The Company pays for certain expenses in advance of receipt of goods or services. The amount is expensed over the term of contract or period for which the expenses are paid, using the straight-line method.

Advertising:

The Company expenses advertising as incurred. Advertising expenses were $232,785 and $202,891 for the years ended December 31, 2020 and 2019, respectively.

Leased Assets:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

The policy is applied to contracts entered into or changes, on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of- use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leased Assets (Continued):

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as a discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment:

Property and equipment are recorded at cost, net of depreciation. Expenditures for repairs and maintenance are charged to expense as incurred. Leasehold improvements are depreciated over the lesser of the useful life or the lease term. Depreciation is computed using the straight-line method over the assets' estimated useful life. Asset classes and their respective useful lives are as follows:

	YEARS
Buildings	39
Leasehold improvements	5-39
Machinery and equipment	5-15
Furniture and fixtures	5-7
Lab equipment	3-5
Computer equipment	5
Vehicles	5

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in operations in the year the asset is derecognized.

Income Taxes:

As limited liability companies, the Company's taxable income or loss is allocated to members in accordance with their respective percentage of ownership. Therefore, no provision for income taxes has been included in the consolidated financial statements.

Deferred Income Taxes – Fort Consulting, LLC - Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consists of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and tax purposes). The deferred tax liability represents future tax return consequences for those differences, which will be deductible when the assets and liabilities are recovered or settled.

With limited exceptions, the Company is no longer subject to income tax examination for returns filed more than three years ago. The Company believes the only years open for potential IRS audits are the year ending December 31, 2018, 2019 and 2020. Management has performed an evaluation of income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain tax positions in the accompanying consolidated financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements:

IFRS 13, “Fair Value Measurement”, establishes the minimum disclosure requirements for fair value measurements (and those based on fair value) that are recognized in the consolidated balance sheet after initial recognition. The requirements vary depending on whether the fair value measurements are recurring or non-recurring and their categorization within the fair value hierarchy (i.e. Level 1, 2, or 3).

In order to determine the appropriate categorization of a fair value measurement (as a whole) within the hierarchy, the Company determines the categorization of the inputs used to measure fair value and categorization of the fair value measurement (as a whole). IFRS 13’s fair value hierarchy categorizes inputs to valuation techniques into the following levels, based on their observability:

Level 1 - Quoted prices (that are unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date

Level 2 - Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability

A fair value measurement (as a whole) is categorized within the fair value hierarchy, based on the lowest level of input that is significant to the entire measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

The Company has a number of financial instruments, none of which are held for trading purposes and are measured using Level 3 measurements. The Company estimates that the fair value of all financial instruments at December 31, 2020 and 2019 does not materially differ from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated balance sheets. The Company, using available market information and appropriate valuation methodologies, has determined the estimated fair value amounts. Considerable judgment is necessary in interpreting market data to develop estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Reclassifications:

The consolidated financial statements for 2019 have been reclassed to conform with the presentation for 2020. Such reclassifications had no effect on net results of operations.

Subsequent Events:

Management evaluated all activity of the Company through March 31, 2021, the date the consolidated financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements or notes, except as described below.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events (Continued):

Subsequent to the year end, the Company has continued construction on the expansion of its cultivation and manufacturing facilities. Total capital expenditures for the expansion of such facilities through year end 2021 is expected to be approximately $1,161,182.

On November of 2020, Arizona residents pass proposition 207, the Smart and Safe Act of Arizona, effectively legalizing the recreational adult use of marijuana for people 21 years of age or older. An “adult use” license is required for medical dispensaries to sell cannabis products to “adult use” customers. In addition, a 16% excise tax is placed on recreational use products. As of Q1 of 2021, over 80 dispensaries, including the MuV dispensary, have received the additional license. Recreational use sales in Arizona began in January of 2021.

On November 11, 2020, the Company entered into an agreement with Verano Holdings to sell 100% its membership units including 4,099,098 Class A shares in the Company’s investment in Plants of Ruskin GPS, LLC and RVC 360, LLC, for total consideration net of fees totaling $35,000,000. This transaction was finalized subsequent to the year end.

NOTE C - CONCENTRATIONS

Financial instruments which potentially subject the Company to concentration of credit risks include cash and cash equivalents in financial institutions, which under U.S. federal law, money obtained from activities related to the marijuana industry cannot be federally insured. At December 31, 2020 and 2019, the Company had balances of $957,389 and $1,935,410 respectively, in uninsured cash and cash equivalents in financial instruments.

The Company had two major suppliers with significant outstanding accounts payable balances of approximately 10% at December 31, 2020. The Company had three major suppliers with significant outstanding accounts receivable balances of approximately 76% at December 31, 2019.

NOTE D - INVENTORY

Inventory at December 31, 2020 and 2019 is summarized as follows:

		2020	2019
Raw materials		**$ 276,813**	$ 607,057
Work-in-process		**1,525,473**	1,322,690
Finished goods		**1,583,043**	838,275
	TOTALS	**$ 3,385,329**	$ 2,768,022

NOTE E - BIOLOGICAL ASSETS

Biological assets consist of cannabis plants. At December 31, 2020 and 2019, the changes in the carrying value of biological assets are shown below:

	2020	2019
Beginning of year	**$ 446,085**	$ 289,656
Costs incurred prior to harvest to facilitate biological transformation	**1,379,148**	1,306,563
Unrealized gain on fair value of biological assets	**4,157,687**	3,031,786
Transferred to inventory upon harvest	**(5,478,163)**	(4,181,920)
End of year	**$ 504,758**	$ 446,085

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is nineteen weeks from propagation to harvest for flower and trim;
- The average harvest yield of dried flower is 78.25 grams per plant for flower (57.93 grams – 2019) and 47.37 grams per plant for trim (50.87 grams – 2019);
- The average selling price of dried flower is $4.03 per gram for flower ($3.51 - 2019) and $.63 per gram used for trim ($0.55 – 2019);
- Processing costs include drying and curing, testing and packaging, post-harvest overhead allocation costs estimated to be $.81 per gram for flower ($0.66 - 2019) and $0.49 per gram for trim ($0.58 – 2019); Selling costs include shipping, order fulfillment, and labelling, estimated to be $0.25 per gram for flower sales ($0.25 - 2019) and $0 per gram for trim ($0 – 2019).

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward.

Management has quantified the sensitivity of the inputs, and determined the following:

- Selling price per gram – an increase or decrease in the selling price for both flower and trim per gram by 5% would result in an increase or decrease the fair value of biological assets by $30,882 ($28,652 – 2019). Harvest yield per plant – an increase or decrease in the harvest yield per plant of 5% would result in an increase or decrease the fair value of biological assets by $25,238 ($22,304 – 2019).
- Cost of production per gram – an increase or decrease in the cost of production for both flower and trim per gram by 5% would result in an increase or decrease the fair value of biological assets by $3,895 ($4,554 – 2019).

NOTE E - BIOLOGICAL ASSETS (CONTINUED)

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As of December 31, 2020 and 2019, the biological assets were on average, 29.8% and 42.8% respectively, for flower and 29.80% and 42.8% complete, respectively, for trim and the estimated fair value less costs to sell of dried flower was $2.97 and $2.60 per gram, respectively, and the estimated fair value less costs to sell of trim was $.14 and $-0.03 per gram, respectively.

As of December 31, 2020 and 2019, it is expected that the Company's biological assets will ultimately yield approximately 372 and 396 kilograms, respectively, of dry cannabis for flower sales and 225 and 348 kilograms, respectively, for trim sales.

NOTE F - OTHER CURRENT ASSETS

Other current assets at December 31, 2020 and 2019 are summarized as follows:

		2020	2019
Prepaid expenses		**$ 221,049**	$ 302,237
Other current assets		**60**	0
	TOTALS	**$ 221,109**	$ 302,237

NOTE G - INCOME TAX STATUS- FORT CONSULTING, LLC

Fort Consulting, LLC is a non-profit entity for Arizona income tax purposes and elected to be taxed as a C-corporation for Federal tax purposes. Therefore, income taxes are provided for the tax effects of transactions in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The Company recorded $210,000 in current income tax expense for the year ended December 31, 2020.

Deferred taxes are provided on the asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Company accounts for uncertain tax positions in accordance with the provisions of IAS 12, Income Taxes ("IAS 12"). IAS 12 provides a comprehensive model for the recognition, measurement and disclosure in the consolidated financial statements of uncertain tax positions that the Company has taken or expects to take on a tax return. Under this standard, the Company can recognize the benefit of an income tax position only if it is probable that the tax position will be sustained upon tax examination, based solely on the technical merits of the tax position.

NOTE G - INCOME TAX STATUS- FORT CONSULTING, LLC (CONTINUED)

Otherwise, no benefit can be recognized. The tax benefits recognized are measured based on either the most likely amount approach or the expected value method.

The Company has not recorded a deferred tax asset for the period from inception to December 31, 2020 due to the uncertainty of any benefit of the loss being realized. Under IAS 12 any deferred tax asset or liability is recorded under the net approach.

NOTE H - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2020 and 2019 are summarized as follows:

	2020	2019
Buildings and improvements	$ 8,203,253	$ 4,268,411
IFRS 16 Right-of-use assets	796,949	2,051,211
Furniture and equipment	2,242,582	1,482,743
Vehicles	218,827	191,064
Construction in progress	2,292,432	180,131
Land and improvements	1,020,000	78,040
	14,774,043	8,251,600
Accumulated depreciation	(2,293,583)	(2,792,301)
Net property and equipment	$ 12,480,460	$ 5,459,299

Depreciation expense for the years ended December 31, 2020 and 2019 totaled $751,150 and $895,724 respectively. The value of property and equipment held under capital leases for both years ended December 31, 2020 and 2019 totaled $1,015,776 and $2,235,851, respectively.

NOTE I - INVESTMENTS

Investment in Related Company:

In 2016, the Company invested $1,201,000 in a minority interest (10%) of a farm in Colorado. The investment is recorded using the equity method. The Company does not have significant influence or control. In 2019, the Company sold the investment and received the final payment in 2020.

Below is a reconciliation of this investment:

	2020	2019
Balance, beginning of year	$ 0	$ 863,703
Share in current year net income	0	50,619
Sale of interest in related party	0	(914,322)
Balance, end of year	$ 0	$ 0

NOTE I – INVESTMENTS (CONTINUED)

Investment in Related Company (Continued):

Below is a summary of the balance sheet and income statement of the entity that the Company has invested in:

	2020	2019
Total Assets	$ 0	$ 5,339,131
Total Liabilities	$ 0	$ 34,966
Total Equity	0	5,304,165
	$ 0	$ 5,339,131
Total Income	$ 0	$ 506,190
Total Expenses	0	2,313,987
Net Income	$ 0	$ (1,807,797)

The Company has invested $16,206,150 for a minority interest (41%) in a Company in Florida. The investment has been recorded at equity method as the Company has significant influence or control.

Below is a reconciliation of this investment:

	2020	2019
Balance, beginning of year	$ 34,322,458	$ 22,522,932
Distributions during the year	(6,588,263)	(287,000)
Share in current year net income	47,661,050	12,086,526
Balance, end of year	$ 75,395,245	$ 34,322,458

Below is a summary of the balance sheet and income statement of the entity that the Company has invested in:

	2020	2019
Total Assets	$ 186,878,023	$ 77,216,022
Total Liabilities	$ 36,791,465	$ 17,375,926
Total Equity	150,086,558	59,840,096
	$ 186,878,023	$ 77,216,022
Total Income	$ 168,675,743	$ 39,371,011
Total Expenses	52,429,281	9,891,679
Net Income	$ 116,246,462	$ 29,479,332

NOTE J – INTANGIBLES

Goodwill, Net of Impairment:

Goodwill is from the 2015 purchase of Agronomy Innovations, LLC. The purchase of Agronomy Innovations, LLC for $775,000 was to establish a foothold in Arizona by obtaining a grow facility that was already established and provide the Company the opportunity to do business in Arizona. The entire purchase price went towards goodwill as there were almost no assets purchased. The Company assesses goodwill for impairment on an annual basis in accordance with IAS 36 *Impairment of Assets* and has fully impaired the asset as of December 31, 2020. The recorded value of the asset was $0 and $432,708 as of December 31, 2020 and 2019, respectively.

Right-to-Use Agreement:

The Company contracted with a nursery in Florida for the use of their farm land. In exchange for $310,000 worth of Class A Units, the Company obtained the right to grow Medical Marijuana on their land for a 7-year period. Management has elected to amortize this intangible asset over 7 years, which is the term of the lease. Accumulated amortization expense for the years ended December 31, 2020 and 2019 was $310,000 and $221,429, respectively. Net book value of the asset was $0 and $88,571 as of December 31, 2020 and 2019, respectively.

Cultivation and Management Agreement:

During 2017, the Company entered into a cultivation and management agreement for a marijuana grow and dispensary operation in Arizona with a related party and requires the Company to provide cultivation and management services to a related party (under common control). The Company receives a fee for these services on a monthly basis. The Company has experience and expertise in managing the medical marijuana program and its associated retail operation. The Company oversees the day to day operations of the dispensary and cultivation site and provides services related to the purchase and sales of the product. The Company is also involved in ensuring compliance with all federal, state and local laws applicable to the Company. The total fee for cultivation services for the years ended December 31, 2020 and 2019 was $12,882,867 and $13,249,504, respectively. The total management fees related to this management agreement for the years ended December 31, 2020 and 2019 was $2,350,234 and $2,037,290, respectively.

NOTE K - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at December 31, 2020 and 2019 are summarized as follows:

	2020	2019
Accounts payable	**$ 458,001**	$ 580,194
Related party payable	**24,673**	157,229
Sales tax payable	**100,395**	80,645
Accrued expenses	**697,434**	137,837
TOTALS	**$ 1,280,503**	$ 955,905

NOTE L - LONG-TERM DEBT

Long-term debt at December 31, 2020 and **2019** is as follows:

	2020	2019
Mortgage to Pioneer Title Agency, monthly payments totaling $31,661 including interest rate of 6%, maturing through March 2023.	**$ 770,554**	$ 0
Note payable to Fidelity National Title, monthly payments totaling $112,318 including interest rate of 10%, maturing through July 2022.	**1,781,250**	0
	2,551,804	0
Less current portion	**1,468,063**	0
TOTAL LONG TERM-DEBT	**$ 1,083,741**	$ 0

Maturities related to this debt are as follows:

2021	$ 1,468,063
2022	1,018,659
2023	65,082
TOTAL	$ 2,551,804

NOTE M – MEMBERS' EQUITY

The Company has sold ownership interests to related and non-related parties (Subscriber), in the form of Class A Units ("Units"). These Units are restricted securities under applicable U.S. federal and state securities laws, and the Units cannot be offered for sale, sold, delivered after sale, pledged, hypothecated, transferred, or otherwise disposed of by Subscriber, and must be held indefinitely unless Subscriber's offer and sale of the Units are subsequently registered under the Securities Act, and any applicable state securities laws, or an exemption from such registration is available. Subscriber understands and agrees that the Company has no obligation or intent (i) to register any of the Units under the Securities Act or any applicable state securities laws; (ii) to take any action so as to permit sales pursuant to Rule 144 under the Securities Act; and (iii) the Company has not covenanted to assure that such Rule 144 is, or will be, available for resale of the Units.

Subscriber understands and agrees that (i) there will be no public market for the Units; (ii) the investment in the Units is not liquid; and (iii) Subscriber must bear the economic risk of the Subscriber's investment in the Units for an indefinite period of time. The total value, net of redemptions, (and total number) of Class A Units outstanding as of December 31, 2020 and 2019 was $58,802,887 and $47,703,986, respectively.

NOTE N – LEASES

The Company leased office space in Sarasota, Florida under an initial non-cancelable agreement which was expiring in June 2019, with monthly rent of $6,400. The agreement was amended effective July 2018 expiring on July 2020 with a monthly payment of $6,592 from July 2018 to July 2019 and $6,790 from July 2019 to July 2020. The lease was renewed to June 2021 with monthly payments escalating to $9,761.

The Company leases a dispensary facility in Arizona with a term of five years starting July 2017 with a monthly payment of $7,000.

The Company recognized right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

As of December 31, the Company's lease liabilities consisted of the following:

The Company has lease liabilities for leases related to real estate used for dispensaries. The weighted average discount rate for the years ended December 31, 2020 and 2019 was 8%.

NOTE N – LEASES (CONTINUED)

The maturity of the contractual undiscounted lease liabilities at December 31, 2020 and 2019 is as follows:

Interest rates on capitalized leases vary from 6.6% to 10.2% and are imputed based on the lower of the Company's incremental borrowing rate at the time of inception of each lease or the lessor's implicit rate of return.

NOTE O - LEASES WHERE COMPANY IS LESSEE

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise primarily of:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value or guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTE O - LEASES WHERE COMPANY IS LESSEE

The maturity of the contractual undiscounted lease liabilities at December 31, 2020 is as follows:

2021	$ 151,069
2022	56,000
Total undiscounted lease liabilities	207,069
Interest on lease liabilities	(19,073)
Total present value of minimum lease payments	187,996
Lease liabilities - current portion	133,458
Lease liabilities - noncurrent	$ 54,536

The Company's right-of-use assets consist of real property and office equipment. As of December 31, 2020, the Company's lease schedule consisted of the following:

	2020	2019
Balance, beginning of year	**$ 789,395**	$ 65,294
Additions (Deletions)	**(241,580)**	2,051,211
Lease and interest payments, accretion, and accrued interest, net	**(359,821)**	(1,327,110)
Balance, end of year	**187,994**	789,395
Lease liability - current portion	**133,458**	493,043
Lease liability - noncurrent portion	**$ 54,536**	$ 296,352

Interest expense charged to operations for right-of-use lease liabilities for the years ended December 31, 2020 and 2019 totaled $35,772 and $82,900, respectively.

NOTE P – RELATED PARTY TRANSACTIONS

The LLCs entered into management agreement with a company (the management company) that is owned by a related party that provides management services for all the LLCs. There is no formal written agreement. The terms of the verbal agreement state that the LLCs must pay the management company's service fees and reimburse any out-of-pocket expenses. The total amount of related party management fees for the years ended December 31, 2020 and 2019 was $2,350,234 and $2,037,290, respectively.

There was a total of $360,969 and $336,135 paid to members of the LLCs in the form of guaranteed payments for the years ended December 31, 2020 and 2019, respectively.

NOTE Q - CONTINGENCIES

Compliance:

The Company's compliance with certain laws and regulations is subject to review by the various states in which they operate. Although such reviews could result in adverse decisions, it is the opinion of management that any matters could be resolved without significant impact to the operations of the Company.

Litigation

The Company is contingently liable for claims and judgments resulting from lawsuits incidental to the normal operation of a company. In the opinion of the Company's management, the Company's insurance coverage is adequate to cover claims relating to normal operations and any lawsuit that might adversely impact the Company would not have a material effect on the consolidated financial statements. Accordingly, no provision for possible losses is reflected in the consolidated financial statements.

Marijuana Remains Illegal under Federal Law:

The Company engages in the medical marijuana business. Marijuana is currently illegal under U.S. federal law. It is a Schedule I controlled substance. Accordingly, in those jurisdictions in which the use of medical marijuana has been legalized at the U.S. state level, its prescription is a violation of federal law. The U.S. Supreme Court has ruled that the U.S. federal government has the right to regulate and criminalize marijuana, even for medical purposes. Therefore, U.S. federal law criminalizing the use of marijuana supersedes U.S. state laws that legalize its use for medicinal purposes. The Obama administration made a policy decision to allow U.S. states to implement these laws and not prosecute anyone operating in accordance with applicable U.S. state law. A change in the U.S. federal position towards enforcement could cripple the industry, rendering the Company unable to operate. Moreover, a change in the U.S. federal position towards enforcement could result in U.S. federal law enforcement seizing the assets of the Company, which would result in a complete loss for the Company. Additionally, the U.S. federal government could extend enforcement of the antidrug laws against people who are assisting the medical marijuana industry, including investors and finance sources.

As discussed above, the cultivation, sale, and use of marijuana is illegal under U.S. federal law. Therefore, there is a compelling argument that banks cannot accept deposit funds from the medical marijuana business and therefore would not be able to do business with the Company. As such, the Company may have trouble finding a bank willing to accept its business. There can be no assurance that banks in U.S. states currently or in the future will decide to do business with medical marijuana growers or retailers, or that in the absence of U.S. legislation, U.S. state and federal banking regulators will not strictly enforce current prohibitions on banks handling funds generated from an activity that is illegal under U.S. federal law. This may make it difficult for the Company to open accounts, use the service of banks, and otherwise transact business, which in turn may negatively affect the Company.

NOTE Q – CONTINGENCIES (CONTINUED)

COVID-19 Pandemic:

On January 30, 2020 the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES

CONSOLIDATING BALANCE SHEET

December 31, 2020

ASSETS

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Cave Creek RE, LLC	Fort Consulting, LLC	MuV Health LLC	NuTrac, LLC	Elimination	Total
CURRENT ASSETS										
Cash and cash equivalents	$ 0	$ 7,746	$ 281,449	$ 0	$ 9,857	$ 646,213	$ 6,310	$ 5,804	$ 0	$ 957,389
Accounts receivable, net	0	0	60,000	0	0	225,143	(21)	(60)	0	285,062
Notes receivable	163,896	100,000	16,745,052	0	(2,684,088)	-	0	(3,370)	(14,057,594)	263,896
Inventories	0	0	276,812	0	0	2,876,037	232,480	0	0	3,385,329
Biological assets	0	0	0	0	0	504,758	0	0	0	504,758
Other current assets	122,384	0	195,353	0	0	0	60	0	(96,688)	221,109
TOTAL CURRENT ASSETS	286,280	107,746	17,558,666	0	(2,674,221)	4,252,151	238,829	2,374	(14,154,282)	5,617,543
PROPERTY AND EQUIPMENT, NET	67,708	0	7,302,149	46,067	5,064,536	0	0	0	0	12,480,460
OTHER ASSETS										
Intangible & investments in related companies, net	39,686,508	21,540,258	4,564,588	75,423,511	0	0	0	0	(61,226,766)	79,988,099
Security deposits	0	0	34,753	6,400	0	0	0	200	0	41,353
TOTAL OTHER ASSETS	39,686,508	21,540,258	4,599,341	75,429,911	0	0	0	200	(61,226,766)	80,029,452
	$ 40,040,496	$ 21,648,004	$ 29,460,156	$ 75,475,978	$ 2,390,315	$ 4,252,151	$ 238,829	$ 2,574	$ (75,381,048)	$ 98,127,455

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Cave Creek RE, LLC	Fort Consulting, LLC	MuV Health LLC	NuTrac, LLC	Elimination	Total
CURRENT LIABILITIES										
Accounts payable	$ 0	$ 0	$ 231,724	$ 0	$ 0	$ 225,197	$ 1,080	$ 0	$ 0	$ 458,001
Accrued expenses	9,883,741	0	9,829,788	(6,760,886)	0	5,548,836	933,643	(2,758,547)	(15,854,073)	822,502
Current portion of lease liabilities	0	0	84,378	49,080	0	0	0	0	0	133,458
Current portion of long-term debt	0	0	0	0	1,468,063	0	0	0	0	1,468,063
Income tax payable	0	0	0	0	0	210,000	0	0	0	210,000
TOTAL CURRENT LIABILITIES	9,883,741	0	10,145,890	(6,711,806)	1,468,063	5,984,033	934,723	(2,758,547)	(15,854,073)	3,092,024
LONG-TERM LIABILITIES										
Lease liabilities, net of current portion	0	0	54,536	0	0	0	0	0	0	54,536
Long-term debt, net of current portion	0	0	0	0	1,083,741	0	0	0	0	1,083,741
TOTAL LONG-TERM LIABILITIES	0	0	54,536	0	1,083,741	0	0	0	0	1,138,277
TOTAL LIABILITIES	9,883,741	0	10,200,426	(6,711,806)	2,551,804	5,984,033	934,723	(2,758,547)	(15,854,073)	4,230,301
MEMBERS' EQUITY (DEFICIT)	30,156,755	21,648,004	19,259,730	82,187,784	(161,489)	(1,731,882)	(695,894)	2,761,121	(59,526,975)	93,897,154
	$ 40,040,496	$ 21,648,004	$ 29,460,156	$ 75,475,978	$ 2,390,315	$ 4,252,151	$ 238,829	$ 2,574	$ (75,381,048)	$ 98,127,455

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 2020

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Cave Creek RE, LLC	Fort Consulting, LLC	MuV Health LLC	NuTrae, LLC	Elimination	Total
OPERATING INCOME										
Sales	$ 0	$ 3,566	$ 15,552,777	$ 0	$ 0	$ 20,591,054	$ 41,184	$ 732,004	$ (16,272,281)	$ 20,648,304
Cost of sales	0	0	6,060,393	0	0	17,859,078	17,400	(44)	(13,621,575)	10,315,252
GROSS PROFIT BEFORE BIOLOGIAL ASSET ADJUSTMENT	0	3,566	9,492,384	0	0	2,731,976	23,784	732,048	(2,650,706)	10,333,052
NET EFFECT OF CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS	0	0	0	0	0	23,586	0	0	0	23,586
OPERATING EXPENSES										
General and administrative expenses	1,231,457	5,834	2,800,805	(350)	(41,112)	2,662,660	498,174	44,990	(2,658,611)	4,543,847
Amortization	0	0	542,252	85,645	0	0	0	0	0	627,897
Depreciation	5,855	0	560,351	125,527	59,417	0	0	0	0	751,150
TOTAL OPERATING EXPENSES	1,237,312	5,834	3,903,408	210,822	18,305	2,662,660	498,174	44,990	(2,658,611)	5,922,894
INCOME (LOSS) FROM OPERATIONS	(1,237,312)	(2,268)	5,588,976	(210,822)	(18,305)	92,902	(474,390)	687,058	7,905	4,433,744
OTHER INCOME (EXPENSE)										
Income from investments in related companies	0	0	0	47,661,050	0	0	0	0	0	47,661,050
Income from the sale of investment	0	885,678	0	0	0	0	0	0	0	885,678
Interest expense	0	(100)	(26,854)	(9,279)	(143,183)	0	(15)	0	0	(179,431)
Gain (loss) on sale of property and equipment	0	0	94,918	(510,493)	0	0	0	0	0	(415,575)
Interest income	3,871	115	0	0	0	0	0	0	0	3,986
Other income (expense)	(109,425)	0	(127)	0	0	0	0	113,226	0	3,674
	(105,554)	885,693	67,937	47,141,278	(143,183)	0	(15)	113,226	0	47,959,382
INCOME BEFORE PROVISION FOR INCOME TAXES	(1,342,866)	883,425	5,656,913	46,930,456	(161,488)	92,902	(474,405)	800,284	7,905	52,393,126
PROVISION FOR INCOME TAXES	0	0	0	0	0	210,000	0	0	0	210,000
NET INCOME (LOSS)	$ (1,342,866)	$ 883,425	$ 5,656,913	$ 46,930,456	$ (161,488)	$ (117,098)	$ (474,405)	$ 800,284	$ 7,905	$ 52,183,126

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES

CONSOLIDATING BALANCE SHEET

December 31, 2019

ASSETS

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Fort Consulting, LLC	MuV Health LLC	NuTrae, LLC	Elimination	Total
CURRENT ASSETS									
Cash and cash equivalents	$ 5,495	$ 9,792	$ 921,491	$ 10,577	$ 943,628	$ 26,203	$ 18,224	$ 0	$ 1,935,410
Accounts receivable, net	0	0	0	0	400,040	0	3,502	0	403,542
Notes receivable	163,895	914,322	0	0	0	0	0	0	1,078,217
Inventories	0	0	382,206	0	2,156,356	229,460	0	0	2,768,022
Biological assets	0	0	0	0	446,085	0	0	0	446,085
Due from, related party	84,593	0	6,609,549	287,000	33,110	10,000	2,050,270	(9,074,522)	0
Prepaid expenses	117,886	0	184,351	0	0	0	0	0	302,237
TOTAL CURRENT ASSETS	371,869	924,114	8,097,597	297,577	3,979,219	265,663	2,071,996	(9,074,522)	6,933,513
PROPERTY AND EQUIPMENT, NET	218,879	0	4,697,748	542,672	0	0	0	0	5,459,299
OTHER ASSETS									
Intangible assets, net	0	0	5,106,838	88,570	0	0	0	0	5,195,408
Investments in related companies, net	39,686,509	19,840,466	0	34,322,458	0	0	0	(59,526,975)	34,322,458
Security deposits	0	0	33,554	6,400	0	0	200	0	40,154
TOTAL OTHER ASSETS	39,686,509	19,840,466	5,140,392	34,417,428	0	0	200	(59,526,975)	39,558,020
	$ 40,277,257	$ 20,764,580	$ 17,935,737	$ 35,257,677	$ 3,979,219	$ 265,663	$ 2,072,196	$ (68,601,497)	$ 51,950,832

LIABILITIES AND MEMBERS' EQUITY

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Fort Consulting, LLC	MuV Health LLC	NuTrae, LLC	Elimination	Total
CURRENT LIABILITIES									
Accounts payable	$ 19,159	$ 0	$ 75,504	$ 350	$ 404,187	$ 65,250	$ 15,744	$ 0	$ 580,194
Accrued expenses and other liabilities	6,817	0	287,229	0	80,645	0	1,020	0	375,711
Due to related parties	1,111,585	0	2,337,270	0	5,109,174	421,900	94,593	(9,074,522)	0
Current portion of long-term debt	-	0	1,000,000	0	0	0	0	0	1,000,000
Current portion of lease liabilities	107,426	0	385,617	0	0	0	0	0	493,043
TOTAL CURRENT LIABILITIES	1,244,987	0	4,085,620	350	5,594,006	487,150	111,357	(9,074,522)	2,448,948
Lease liabilities, net of current portion	49,055	0	247,297	0	0	0	0	0	296,352
TOTAL LIABILITIES	1,294,042	0	4,332,917	350	5,594,006	487,150	111,357	(9,074,522)	2,745,300
MEMBERS' EQUITY (DEFICIT)	38,983,215	20,764,580	13,602,820	35,257,327	(1,614,787)	(221,487)	1,960,839	(59,526,975)	49,205,532
	$ 40,277,257	$ 20,764,580	$ 17,935,737	$ 35,257,677	$ 3,979,219	$ 265,663	$ 2,072,196	$ (68,601,497)	$ 51,950,832

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 2019

	Alternative Medical	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Fort Consulting, LLC	MuV Health LLC	NuTree, LLC	Elimination	Total
OPERATING INCOME									
Sales	$ 0	$ 0	$ 9,598,619	$ 0	$ 13,981,195	$ 0	$ 1,068,591	$ (10,566,355)	$ 14,482,050
Cost of sales	16,033	0	3,412,555	0	13,249,504	0	82,428	(8,539,642)	8,620,878
GROSS PROFIT (LOSS) BEFORE BIOLOGIAL ASSET ADJUSTMENT	(16,033)	0	6,186,064	0	731,691	0	986,163	(2,026,713)	5,861,172
NET EFFECT OF CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS	0	0	0	0	(255,001)	0	0	0	(255,001)
OPERATING EXPENSES									
General and administrative expenses	776,867	0	3,238,683	0	2,075,148	221,487	22,320	(2,026,713)	4,307,792
Amortization	0	0	1,256,161	44,286	0	0	0	0	1,300,447
Depreciation	92,270	0	768,349	35,105	0	0	0	0	895,724
TOTAL OPERATING EXPENSES	869,137	0	5,263,193	79,391	2,075,148	221,487	22,320	(2,026,713)	6,503,963
INCOME (LOSS) FROM OPERATIONS	(885,170)	0	922,871	(79,391)	(1,598,458)	(221,487)	963,843	0	(897,792)
OTHER INCOME (EXPENSE)									
Income from investments in related companies	62,299	50,619	0	12,086,526	0	0	0	0	12,199,444
Interest expense	(20,552)	178	779	192	0	0	16	0	(19,387)
Loss on sale of property and equipment	0	0	(87,375)	0	0	0	0	0	(87,375)
	41,747	50,797	(86,596)	12,086,718	0	0	16	0	12,092,682
NET INCOME (LOSS)	$ (843,423)	$ 50,797	$ 836,275	$ 12,007,327	$ (1,598,458)	$ (221,487)	$ 963,859	$ 0	$ 11,194,890

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES

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DECEMBER 31, 2019 AND 2018

South Phoenix
4653 E Cotton Gin Loop, Suite 120
Phoenix, AZ 85040

It's about time.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
Alternative Medical Enterprises, LLC and Affiliates
Phoenix, Arizona

We have audited the accompanying consolidated financial statements of Alternative Medical Enterprises, LLC and Affiliates, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with International Standards on Auditing. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. ln making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

O: 602.431.9288
F: 602.431.9299

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respect, the financial position of Alternative Medical Enterprises, LLC and Affiliates as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter - Cannabis Laws

As discussed in Note 13 to the consolidated financial statements, the Company operates in the cannabis industry which is legal in the States of Arizona and Florida but illegal under United States federal law. Our opinion is not modified with respect to this matter.

ATLAS CPAs & Advisors PLLC

Phoenix, Arizona

October 26, 2020

O: 602.431.9288
F: 602.431.9299

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,935,410	1,886,613
Accounts receivable, net	403,542	143,754
Notes receivable	1,078,217	163,895
Inventories	2,768,022	2,861,943
Biological assets	446,085	289,656
Prepaid expenses	302,237	309,031
TOTAL CURRENT ASSETS	6,933,513	5,654,892
LONG-TERM ASSETS		
Property and equipment, net	5,459,299	4,908,441
Intangible assets, net	5,195,408	6,495,855
Investments in related companies, net	34,322,458	23,386,635
Security deposits	40,154	40,154
TOTAL LONG-TERM ASSETS	45,017,319	34,831,085
TOTAL ASSETS	$ 51,950,832	$ 40,485,977
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 580,194	$ 199,987
Accrued expenses and other liabilities	375,711	264,922
Current portion of lease liabilities	493,043	36,269
Notes payable	1,000,000	-
Deferred revenue	-	490,278
TOTAL CURRENT LIABILITIES	2,448,948	991,456
Lease liabilities, net of current portion	296,352	29,025
TOTAL LIABILITIES	2,745,300	1,020,481
MEMBERS' EQUITY	49,205,532	39,465,496
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 51,950,832	$ 40,485,977

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

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Operating Income		
Net Revenues	$ 14,482,050	$ 6,329,584
Cost of Revenues	8,620,878	2,934,201
Gross Profit Before Biological Asset Adjustment	5,861,172	3,395,383
Net Effect of Changes in Fair Value of Biological Assets	(255,001)	1,083,682
Operating Expenses		
General and administrative expense	4,307,792	4,573,509
Amortization	1,300,447	187,050
Depreciation	895,724	432,286
Total Operating Expenses	6,503,963	5,192,845
Loss from Operations	(897,792)	(713,780)
Other Income (Expense)		
Income from investments in related companies	12,199,444	6,267,105
Interest expense	(20,605)	(207,982)
Loss on sale of property and equipment	(87,375)	-
Interest income	1,218	12,718
Total Other Income (Expense)	12,092,682	6,071,841
Net Income (Loss)	$ 11,194,890	$ 5,358,061

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

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Balances at December 31, 2017	$	5,554,999
Contribution from members		28,552,436
Net income		5,358,061
Balances at December 31, 2018	$	39,465,496
Adoption of IFRS 16, *Leases*		(204,854)
Repurchase of member's interest		(1,250,000)
Net income		11,194,890
Balances at December 31, 2019	$	49,205,532

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

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income	$ 11,194,890	$ 5,358,061
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense	895,724	432,286
Amortization expense	1,300,447	187,050
Income (loss) from investment in related companies	(12,199,444)	(6,267,105)
Loss on sale of property and equipment	87,375	-
Effects of changes in operating assets and liabilities:		
(Increase) decrease in operating assets		
Accounts receivable	(259,788)	40,730
Prepaid expenses	62,574	(298,880)
Inventories	93,921	(2,751,831)
Biological asset	(156,429)	(289,656)
Increase (decrease) in operating liabilities		
Accounts payable	383,619	(447,349)
Accrued expenses and other liabilities	109,610	(629,310)
Deferred revenue	(490,278)	(4,571)
Net cash provided by (used in) operating activities	1,022,221	(4,670,575)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions received from investments	287,000	-
Purchase of property and equipment	(997,911)	(6,156,473)
Proceeds from sale of property and equipment	17,500	457,178
Net cash used in investing activities	(693,411)	(5,699,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on capital leases	(30,013)	36,270
Payments on long term debt	-	(17,427,021)
Repurchase of member's interest	(250,000)	-
Contribution from members	-	28,552,436
Net cash provided by (used) in financing activities	(280,013)	11,161,685
Net increase in cash	48,797	791,815
Cash and cash equivalents - beginning of period	1,886,613	1,094,798
Cash and cash equivalents - end of period	$ 1,935,410	$ 1,886,613
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Issuance of debt to repurchase members' interest	$ 1,000,000	$ -
Interest paid	$ 20,605	$ 207,982

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

NOTE 1: BUSINESS ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Organization and Operations

Alternative Medical Enterprises, LLC and Affiliates consists of the following entities:

Alternative Medical Enterprises, LLC (aka WP&RS Enterprises, LLC) was organized in 2014 under the laws of the State of Florida. Alternative Medical Enterprises, LLC, through its subsidiaries, provides alternative medicines in the form of cannabis and cannabis related products (MMJ).

As of December 31, 2019, Alternative Medical Enterprises, LLC owns 100% of the following companies:

AltMed, LLC, a Florida limited liability company, was formed in 2014, and it owns 41% of a license in Florida to grow, process, and dispense MMJ. NuTrae, LLC, a Florida limited liability company, was formed in 2014, and develops products for MMJ delivery systems and licenses intellectual property to other parties. Agronomy Holdings, LLC (aka AltMed North America, LLC), a Florida limited liability company, was formed in 2015, and is a holding company for ventures entered outside the state of Florida. MuV Health, LLC, an Arizona limited liability company, was organized in 2019 to produce and sell CBD only products.

As of December 31, 2019, Agronomy Holdings, LLC owns 100% of Agronomy Innovations, LLC, an Arizona limited liability company, was acquired during 2015, and is an MMJ grow facility located in Arizona.

Fort Consulting, LLC (the Dispensary) operates as a Medical Marijuana Dispensary and under the rules and regulations of the Arizona Department of Health Services - Medical Marijuana Program. The Dispensary is an Arizona nonprofit Organization, incorporated under the laws of the state of Arizona in July, 2016. The Dispensary's primary mission is to run a patient-centric wellness which processes the highest-grade medical marijuana in Arizona. The Dispensary has a goal of infusing horticultural innovations and sympathetic treatments into the Arizona Medical marijuana industry and is committed to combining mental and physical health in a format previously inaccessible to terminally ill and other patients. The Dispensary has a one year license with the Arizona Department of Health Services to operate a Medical Marijuana Dispensary in the state of Arizona. The contract is renewed annually.

Alternative Medical Enterprises, LLC, AltMed, LLC, NuTrae, LLC, Agronomy Holdings, LLC, Agronomy Innovations, LLC, Fort Consulting, LLC, Vida Pets, LLC and MUV Health, LLC will be referred to herein as "the Company".

While part of the Company's operation is considered legal under state and local law, the sale of marijuana for any purpose is still illegal under federal law. Management believes it is unlikely that the federal government will force the closing of the facilities. However, action by the federal government could result in significant losses to the Company as well as potential exposure to criminal charges for the trafficking of a substance deemed illegal under federal law.

Significant Accounting Policies

Statement of Compliance

The consolidated financial statements of the Company for the years ended December 31, 2019 and 2018, have been prepared in accordance with IAS 1 Presentation of Financial Statements (Revised 2007) as issued by the IASB.

The significant policies that have been applied in the preparation of these consolidated financial statements are summarized below. These accounting policies have been used throughout all periods presented in the consolidated financial statements.

NOTE 1: BUSINESS ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company which are affiliated by virtue of common ownership and control. All significant intercompany transactions and balances have been eliminated in the consolidation.

Nature of Activities

The Company's operations are dependent on economic and legal conditions which affect the medicinal cannabis and health care industries, and changes in those conditions may affect the Company's continuing operations. While the nature of the Company's business is legalized and approved by the states of Florida and Arizona, it is considered to be an illegal activity under federal law. Accordingly, certain additional risks and uncertainties are prevalent as discussed in the following notes.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement

The consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for biological assets and certain financial instruments, which are measured at fair value.

Functional Currency

The functional currency of the Company, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

Changes in Significant Accounting Policies

The Company has adopted IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

IFRS 16 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to measure right-of- use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. The lessee is then required to recognize depreciation of the right-of-use asset and interest on the lease liability. Under IAS 17 and IFRIC 4, the Company recognized lease payments as an expense on a straight-line basis over the lease term.

IFRS 16 substantially carried forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its lease as operating or finance and to account for these two types of leases differently.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

NOTE 1: BUSINESS ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Significant Accounting Policies (Continued)

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changes on or after January 1, 2019.

Revenue Recognition

Revenue is recognized by the Company in accordance with IFRS 15, *Revenue from Contracts with Customers* . Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under IFRS 15, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer.
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract;
- Recognize revenue when or as the Company satisfies the performance obligation(s).

Under IFRS 15, revenues from the sale of cannabis are generally recognized at a point in time when control over the goods have been transferred to the customer. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

Based on the Company's assessment, the adoption of this new standard had no impact on the amounts recognized in its consolidated financial statements.

Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's combined financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Collectability of accounts receivable/computing the allowance for doubtful accounts:

The Company estimates the allowance for doubtful accounts based on historical experience and other known factors at the time of sale, which reduces the operating revenue.

NOTE 1: BUSINESS ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Judgments, Estimates, and Assumptions (Continued)

Estimated useful lives and depreciation of property and equipment:

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Estimated useful lives and amortization of intangible assets:

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Inventories:

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in costs of goods sold.

Biological assets:

Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth of the cannabis, harvested costs, sales price and expected yields.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Credit Risk

The Company maintains cash balances at financial institutions in excess of federally insured limits from time to time. The Company has experienced no losses due to this concentration.

Accounts Receivable

The Company provides for potentially uncollectable accounts receivable by use of the allowance method. The allowance is provided based upon a review of the individual accounts outstanding, prior history of uncollectable accounts receivable and existing economic conditions. Normal accounts receivable are due 15 days after the issuance of the invoice. Receivables past due more than 60 days are considered delinquent. The allowance for doubtful accounts was $2,984 and $0 as of December 31, 2019 and 2018 respectively. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

NOTE 1: BUSINESS ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventory of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost or net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell and complete at harvest which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that the cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at lower of cost or net realizable value. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value.

Biological Assets

The Company measures biological assets consisting of medical cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of internally produced work in progress and finished goods inventories after harvest. These costs are then recorded with costs of goods sold in the statements of operations in the period when the related product is sold. Unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the results of operations.

Production costs related to biological assets are expensed. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labor for individuals involved in the growing and quality control process is also included, as well as depreciation on production equipment and overhead costs such as rent to the extent it is associated with the growing space. Unrealized fair value gains/losses on growth of biological assets are recorded in a separate line on the face of the statements of operation.

The Company capitalizes costs incurred after harvest to bring the products to their present location and condition in accordance with IAS 41 Agriculture. The cost of inventories includes fair value less cost to sell at harvest and costs incurred after harvest (such as quality assurance costs, fulfillment costs and packaging costs) to bring the products to their present location and condition.

Notes Receivable

The Company sold interests to related parties in exchange for notes receivable in the amount of the interest sold. The expectation was that these notes would be paid within three years. Any distributions the related parties receive as their share of income will first go towards the payment of the note receivable, and only after that note has been paid will they receive future distributions. The balance of notes receivable as of December 31, 2019 and 2018 is $163,895.

At December 31, 2019, the Company’s share in one of its related parties was repurchased for $1,800,000 in exchange for cash and a promissory note with a maturity date of December 31, 2020 and a face amount of $1,400,000. The balance of the note as of December 31, 2019 is $914,322.

Prepaid Expenses

The Company pays for certain expenses in advance of receipt of goods or services. The amount is expensed over the term of contract or period for which the expenses are paid, using the straight-line method.

NOTE 1: BUSINESS ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leased Assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

The policy is applied to contracts entered into or changes, on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value or guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

NOTE 1: BUSINESS ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leased Assets (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Property and Equipment

Property and equipment are recorded at cost and are depreciated on the straight-line method over their estimated useful lives which range from 5 to 10 years. Leasehold improvements are depreciated over the lesser of the useful life or the lease term.

Income Taxes

As limited liability companies, the Company's taxable income or loss is allocated to members in accordance with their respective percentage of ownership. Therefore, no provision for income taxes has been included in the consolidated financial statements.

Deferred Income Taxes - Fort Consulting, LLC - Income taxes are provided for the tax effects of transactions reported in the financial statements and consists of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and tax purposes). The deferred tax liability represents future tax return consequences for those differences, which will be deductible when the assets and liabilities are recovered or settled.

U.S. GAAP requires management to perform an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Company's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. This evaluation is required to be performed for all open tax years, as defined by the various statutes of limitations, for Federal and state purposes.

With limited exceptions, the Company is no longer subject to income tax examination for returns filed more than three years ago. The Company believes the only years open for potential IRS audits are the year ending December 31, 2017, 2018 and 2019. Management has performed an evaluation of income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain tax positions in the accompanying consolidated financial statements.

On December 22, 2017, the Tax Cuts and Jobs Act (H.R. 1) (the "Tax Act") was signed into law by President Trump. The Tax Act contains significant changes to corporate taxation, including reduction of the corporate tax rate from 35% to 21%, limitation of the tax deduction for interest expense to 30% of earnings (except for certain small businesses), limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. Since the Company elected to be taxed as a C-corporation, the Tax Act had no impact on the financial statements.

NOTE 1: BUSINESS ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

IFRS 13, *"Fair Value Measurement"*, establishes the minimum disclosure requirements for fair value measurements (and those based on fair value) that are recognized in the statement of financial position after initial recognition. The requirements vary depending on whether the fair value measurements are recurring or non-recurring and their categorization within the fair value hierarchy (i.e. Level 1, 2, or 3).

In order to determine the appropriate categorization of a fair value measurement (as a whole) within the hierarchy, the Company determines the categorization of the inputs used to measure fair value and categorization of the fair value measurement (as a whole). IFRS 13's fair value hierarchy categorizes inputs to valuation techniques into the following levels, based on their observability:

Level 1 - Quoted prices (that are unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date

Level 2 - Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability

A fair value measurement (as a whole) is categorized within the fair value hierarchy, based on the lowest level of input that is significant to the entire measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

The Company has a number of financial instruments, none of which are held for trading purposes and are measured using Level 3 measurements. The Company estimates that the fair value of all financial instruments at December 31, 2019 does not materially differ from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The Company, using available market information and appropriate valuation methodologies, has determined the estimated fair value amounts. Considerable judgment is necessary in interpreting market data to develop estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Advertising

The Company expenses advertising as incurred. Advertising expenses were $202,891 and $255,869 for the years ended December 31, 2019 and 2018 respectively.

Research and Development

The Company, from time to time, engages in research and development activities. Those costs are charged to operations as incurred. As of December 31, 2019 and 2018, the Company had research and development expenses of $455 and $0 respectively.

NOTE 2: INVENTORIES

The Company's inventories as of December 31, 2019 and 2018, consist of the following:

	2019	2018
Raw materials		
Harvested cannabis	$ -	$ 25,720
Packaging and miscellaneous	607,057	246,376
Total raw material	$ 607,057	$ 272,096
Work-in-process	1,322,690	1,705,341
Finished goods	838,275	884,506
Total	$ 2,768,022	$ 2,861,943

NOTE 3: BIOLOGICAL ASSETS

Biological assets consist of cannabis plants. Changes in the carrying value of biological assets at December 31, 2019 and 2018 are as follows:

	2019	2018
Biological assets, beginning balance	$ 289,656	$ -
Costs incurred prior to harvest to facilitate biological transformation	1,306,563	738,881
Unrealized gain on fair value of biological assets	3,031,786	2,475,370
Transferred to inventory upon harvest	(4,181,920)	(2,924,595)
Net change	156,429	289,656
Biological assets, ending balance	$ 446,085	$ 289,656

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

Management has made the following estimates in this valuation model for the year ended December 31, 2019 (unless noted):

- The average number of weeks in the growing cycle is nineteen weeks from propagation to harvest for flower and trim;
- The average harvest yield of dried flower is 57.93 grams per plant for flower (41.58 grams - 2018) and 50.87 grams per plant for trim (45.10 grams – 2018);
- The average selling price of dried flower is $3.51 per gram for flower ($3.71 - 2018) and $.55 per gram used for trim ($0.55 – 2018);
- Processing costs include drying and curing, testing and packaging, post-harvest overhead allocation costs estimated to be $.66 per gram for flower ($0.44 - 2018) and $0.58 per gram for trim ($0.48 - 2018);
- Selling costs include shipping, order fulfillment, and labelling, estimated to be $0.25 per gram for flower sales ($0.25 - 2018) and $0 per gram for trim ($0 – 2018).

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward.

NOTE 3: BIOLOGICAL ASSETS (CONTINUED)

Management has quantified the sensitivity of the inputs, and determined the following for the year ended December 31, 2019 (unless noted):

- Selling price per gram – an increase or decrease in the selling price for both flower and trim per gram by 5% would result in an increase or decrease the fair value of biological assets by $28,652 ($17,909 - 2018).

- Harvest yield per plant – an increase or decrease in the harvest yield per plant of 5% would result in an increase or decrease the fair value of biological assets by $22,304 ($14,483 - 2018).

- Cost of production per gram – an increase or decrease in the cost of production for both flower and trim per gram by 5% would result in an increase or decrease the fair value of biological assets by $4,554 ($2,387 - 2018).

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As of December 31, 2019 and 2018, the biological assets were on average, 42.8% and 36.6% respectively, for flower and 42.8% and 36.6% complete, respectively, for trim and the estimated fair value less costs to sell of dried flower was $2.60 and $3.02 per gram, respectively, and the estimated fair value less costs to sell of trim was $-0.03 and $.07 per gram, respectively.

As of December 31, 2019 and 2018, it is expected that the Company's biological assets will ultimately yield approximately 396 and 285 kilograms, respectively, of dry cannabis for flower sales and 348 and 309 kilograms, respectively, for trim sales.

NOTE 4: INCOME TAX STATUS - FORT CONSULTING, LLC

Fort Consulting, LLC is a non-profit entity for Arizona income tax purposes and elected to be taxed as a C-corporation for Federal tax purposes. Therefore, income taxes are provided for the tax effects of transactions in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting.

Deferred taxes are provided on the asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Company accounts for uncertain tax positions in accordance with the provisions of FASB ASC Topic 740, Income Taxes ("ASC 740"). ASC 740 provides a comprehensive model for the recognition, measurement and disclosure in the financial statements of uncertain tax positions that the Company has taken or expects to take on a tax return. Under this standard, the Company can recognize the benefit of an income tax position only if it is more likely than not (greater than 50%) that the tax position will be sustained upon tax examination, based solely on the technical merits of the tax position. Otherwise, no benefit can be recognized. The tax benefits recognized are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Company has not recorded a deferred tax asset for the net operating loss incurred for the period from inception to December 31, 2019 due to the uncertainty of the benefit of the loss being realized. Therefore, if recorded the Company would provide for a valuation allowance equal to the potential realized benefit. In the future if the Company receives benefit from this net operating loss the financial statements will reflect this benefit through a reduction of the valuation allowance. As of December 31, 2019, the net operating loss carryover is approximately $1,070,000.

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2019 and 2018 are summarized as follows:

	2019	2018
Buildings and improvements	$ 4,268,411	$ 4,064,715
IFRS 16 implementation	2,051,211	-
Furniture and equipment	1,482,743	1,236,006
Vehicles	191,064	201,087
Construction in progress	180,131	174,914
Land and improvements	78,040	78,040
	8,251,600	5,754,762
Less: accumulated depreciation	(2,792,301)	(846,321)
Total property, plant and equipment	$ 5,459,299	$ 4,908,441

Depreciation expense for the years ended December 31, 2019 and 2018 totaled $895,724 and $432,286, respectively. The value of property and equipment held under capital leases for both years ended December 31, 2019 and 2018 totaled $2,235,851 and $184,640, respectively.

NOTE 6: INVESTMENTS AND NOTES RECEIVABLES

The Company has two investments as listed below:

Investment in related company

In 2016, the Company invested $1,201,000 in a minority interest (10%) of a farm in Colorado. The investment is recorded using the equity method. The Company does not have significant influence or control. Below is a reconciliation of this investment:

	2019	2018
Balance, beginning of year	$ 863,703	$ 913,380
Current year income (loss)	50,619	(49,677)
Sale of interest in related company	(914,322)	-
Balance, end of year	$ -	$ 863,703

Below is a summary of the balance sheet and income statement of the entity that the Company has invested in:

	2019	2018
Total Assets	$ 6,020,085	$ 5,339,131
Total Liabilities	$ 1,053,799	$ 34,966
Total Equity	4,966,286	5,304,165
	$ 6,020,085	$ 5,339,131
Total Income	$ 506,190	$ -
Total Expenses	2,313,987	-
Net Loss	$ (1,807,797)	$ -

NOTE 6: INVESTMENTS AND NOTES RECEIVABLES (CONTINUED)

At December 31, 2019, the Company's share in one of its related parties was repurchased for $1,800,000 in exchange for cash and a promissory note with a maturity date of December 31, 2020 with a face amount of $1,400,000 (Note 1). As of December 31 2019, the balance of notes receivable is $914,322 with an allowance for doubtful accounts totaling $885,678.

The promissory note is payable in three monthly installments of $32,000 starting March 1, 2020 and the balance payable in full on December 31, 2020. As of the report date, the amount collected is $364,000.

Investment in related company

The Company has invested $16,206,150 for a minority interest (41%) in a Company in Florida. The investment has been recorded at equity method as the Company has significant influence or control. Below is a reconciliation of this investment:

	2019	2018
Balance, beginning of year	$ 22,522,932	$ 10,000,000
Additional investment	-	6,206,150
Distributions during the year	(287,000)	-
Share in current year net income	12,086,526	6,316,782
Balance, end of year	$ 34,322,458	$ 22,522,932

Below is a summary of the balance sheet and income statement of the entity that the Company has invested in:

	2019	2018
Total Assets	$ 77,216,022	$ 35,069,920
Total Liabilities	$ 17,375,926	$ 3,965,468
Total Equity	59,840,096	31,104,452
	$ 77,216,022	$ 35,069,920
Total Income	$ 39,371,011	$ 8,028,370
Total Expenses	9,891,679	(7,378,415)
Net Income	$ 29,479,332	$ 15,406,785

NOTE 7: INTANGIBLES

Goodwill, net of impairment

Goodwill is from the 2015 purchase of Agronomy Innovations, LLC. The purchase of Agronomy Innovations, LLC for $775,000 was to establish a foothold in Arizona by obtaining a grow facility that was already established and provide the Company the opportunity to do business in Arizona. The entire purchase price went towards goodwill as there were almost no assets purchased. The Company has elected to amortize this asset over 10 years for book purposes. The accumulated amortization at December 31, 2019 and 2018 was $342,292 and $264,796, respectively.

NOTE 7: INTANGIBLES (CONTINUED)

Right to use agreement

The Company contracted with a nursery in Florida for the use of their farm land. In exchange for $310,000 worth of Class A Units, the Company obtained the right to grow Medical Marijuana on their land for a 7-year period. Management has elected to amortize this intangible asset over 7 years, which is the term of the lease. Accumulated amortization expense for the years ended December 31, 2019 and 2018 was $221,429 and $177,144 respectively. Net book value of the asset was $88,571 and $132,856 as of December 31, 2019 and 2018, respectively.

Cultivation and management agreement

During 2017 the Company entered into a cultivation and management agreement for a marijuana grow and dispensary operation in Arizona with a related party. The Company entered into a cultivation and management agreement and requires the Company to provide cultivation and management services to a related party (under common control). The Company receives a fee for these services on a monthly basis. The Company has experience and expertise in managing the medical marijuana program and its associated retail operation. The Company oversees the day to day operations of the dispensary and cultivation site and provides services related to the purchase and sales of the product. The Company is also involved in ensuring that the Company is compliant with all Federal, State and local laws applicable to the Company. The total fee for cultivation services for the years ended December 31, 2019 and 2018 was $13,249,504 and $7,229,447, respectively. The total management fees related to this management agreement for the years ended December 31, 2019 and 2018 was $2,037,290 and $549,278, respectively.

Royalty agreement

During 2017 the Company negotiated the buyout of a royalty agreement with an outside third party. The Company paid the outside third party a total of $1,200,000. The Company is amortizing this asset over the term of the original agreement and recognizing expense as the payments would have been made based on the revenue earned. The total expense related to the agreement for the years ended December 31, 2019 and 2018 was $1,069,111 and $0, respectively.

NOTE 8: CLASS A UNITS SOLD

The Company has sold ownership interests to related and non-related parties (Subscriber), in the form of Class A Units (“Units”). These Units are restricted securities under applicable U.S. Federal and state securities laws, and the Units cannot be offered for sale, sold, delivered after sale, pledged, hypothecated, transferred, or otherwise disposed of by Subscriber, and must be held indefinitely unless Subscriber’s offer and sale of the Units are subsequently registered under the Securities Act, and any applicable state securities laws, or an exemption from such registration is available. Subscriber understands and agrees that the Company has no obligation or intent (i) to register any of the Units under the Securities Act or any applicable state securities laws; (ii) to take any action so as to permit sales pursuant to Rule 144 under the Securities Act; and (iii) the Company has not covenanted to assure that such Rule 144 is, or will be, available for resale of the Units.

Subscriber understands and agrees that (i) there will be no public market for the Units; (ii) the investment in the Units is not liquid; and (iii) Subscriber must bear the economic risk of the Subscriber’s investment in the Units for an indefinite period of time.

The total value, net of redemptions, (and total number) of Class A Units outstanding as of December 31, 2019 and 2018 was $47,703,986 and $48,704,016, respectively.

NOTE 9: NOTE PAYABLE

In 2019, the Company issued a promissory note amounting to $1,250,000 payable within one year from the date of the note. The promissory note is to be paid in two installments, and such amount shall accrue interest at a rate of 15%. As of December 31, 2019, the balance of the note payable was $1,000,000.

NOTE 10: LEASES

The Company leased office space in Sarasota, Florida under an initial non-cancelable agreement which was expiring in June 2019, with monthly rent of $6,400. The agreement was amended effective July 2018 expiring on July 2020 with a monthly payment of $6,592 from July 2018 to July 2019 and $6,790 from July 2019 to July 2020.

The Company leases office space in Coolidge, Arizona from a related party which expires in May 2021, with increasing monthly payments. As of December 31, 2019 the monthly payment was $24,662.

The Company leases a dispensary facility in Arizona with a term of five years starting July 2017 with a monthly payment of $7,000.

In 2016, the Company leased a laboratory equipment with a lease term of 3 years which expired in June 2019. No renewal was made. Monthly rent payment was $1,958.

In 2016, the Company leased a vehicle with a lease term of 5 years which expires in June 2021. Monthly rent payment was $2,043.

The Company recognized right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Interest rates on capitalized leases vary from 6.6% to 10.2% and are imputed based on the lower of the Company’s incremental borrowing rate at the time of inception of each lease or the lessor’s implicit rate of return.

NOTE 11: LEASES WHERE COMPANY IS LESSEE

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise primarily of:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value or guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonable certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured this way, a corresponding adjustment is made to the carrying amount of the right- of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The maturity of the contractual undiscounted lease liabilities at December 31, 2019 is as follows:

Years Ending December 31,		
2020	$	545,521
2021		300,680
Total undiscounted lease liabilities at December 31, 2019		846,201
Interest on lease liabilities		56,806
Total present value of minimum lease payments		789,395
Lease liability - current portion		493,043
Lease liability - noncurrent portion	$	296,352

The Company's right-of-use assets consist of real property and office equipment. As of December 31, 2019, the

Company's lease schedule consisted of the following:

Balance, beginning of year	$	65,294
Additions		2,051,211
Lease and interest payments, accretion, and accrued interest, net		1,327,110
Balance, end of year		789,395
Lease liability - current portion		493,043
Lease liability - noncurrent portion	$	296,352

Interest expense charged to operations for right-of-use lease liabilities for the year ended December 31, 2019 and 2018 totaled $82,900 and $118,955.

NOTE 12: RELATED PARTY TRANSACTIONS

The LLCs entered into management agreement with a company (the management company) that is owned by a related party that provides management services for all the LLCs. There is no formal written agreement. The terms of the verbal agreement state that the LLCs must pay the management company's service fees and reimburse any out-of-pocket expenses. The total amount of related party management fees for the years ended December 31, 2019 and 2018 was $2,037,290 and $549,278 respectively.

There was a total of $336,135 and $423,577 paid to members of the LLCs in the form of guaranteed payments for the years ended December 31, 2019 and 2018 respectively.

NOTE 13: CONTINGENCIES

Compliance

The Company's compliance with certain laws and regulations is subject to review by the various states in which they operate. Although such reviews could result in adverse decisions, it is the opinion of management that any matters could be resolved without significant impact to the operations of the Company.

Litigation

The Company is contingently liable for claims and judgments resulting from lawsuits incidental to the normal operation of a company. In the opinion of the Company's management, the Company's insurance coverage is adequate to cover claims relating to normal operations and any lawsuit that might adversely impact the Company would not have a material effect on the financial statements. Accordingly, no provision for possible losses is reflected in the financial statements.

Illegal Activity - Federal

The Company engages in the medical marijuana business. Marijuana is currently illegal under U.S. federal law. It is a Schedule I controlled substance. Accordingly, in those jurisdictions in which the use of medical marijuana has been legalized at the U.S. state level, its prescription is a violation of federal law. The U.S. Supreme Court has ruled that the U.S. federal government has the right to regulate and criminalize marijuana, even for medical purposes. Therefore, U.S. federal law criminalizing the use of marijuana supersedes U.S. state laws that legalize its use for medicinal purposes. The Obama administration made a policy decision to allow U.S. states to implement these laws and not prosecute anyone operating in accordance with applicable U.S. state law. A change in the U.S. federal position towards enforcement could cripple the industry, rendering the Company unable to operate. Moreover, a change in the U.S. federal position towards enforcement could result in U.S. federal law enforcement seizing the assets of the Company, which would result in a complete loss for the Company. Additionally, the U.S. federal government could extend enforcement of the antidrug laws against people who are assisting the medical marijuana industry, including investors and finance sources.

Banking Difficulties

As discussed above, the cultivation, sale, and use of marijuana is illegal under U.S. federal law. Therefore, there is a compelling argument that banks cannot accept deposit funds from the medical marijuana business and therefore would not be able to do business with the Company. As such, the Company may have trouble finding a bank willing to accept its business. There can be no assurance that banks in U.S. states currently or in the future will decide to do business with medical marijuana growers or retailers, or that in the absence of U.S. legislation, U.S. state and federal banking regulators will not strictly enforce current prohibitions on banks handling funds generated from an activity that is illegal under U.S. federal law. This may make it difficult for the Company to open accounts, use the service of banks, and otherwise transact business, which in turn may negatively affect the Company.

NOTE 14: SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 26, 2020 which is the date the consolidated financial statements were available to be issued. In 2020, domestic and international economies face uncertainty related to the impact of the COVID-19 disease. The Company may be adversely affected through lack of raw materials availability, interruptions in shipping and manufacturing process, idle or vacant facilities, and decrease in revenue. Management is currently evaluating the impact it will have on future operations.

South Phoenix
4653 E Cotton Gin Loop, Suite 120 Phoenix, AZ
85040_____

It's about time.

INDEPENDENT AUDITOR'S REPORT ON
THE CONSOLIDATED SUPPLEMENTARY INFORMATION

To the Board of Directors and Members
Alternative Medical Enterprises, LLC and Affiliates
Phoenix, Arizona

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and in accordance with International Standards on Auditing.

In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial

ATLAS CPAs & Advisors PLLC
Phoenix, Arizona
October 26, 2020

O: 602.431.9288
F: 602.431.9299

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES
CONSOLIDATED SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
REVENUE	$ 14,482,050	$ 6,329,584
Payroll expense	1,303,647	2,303,876
Professional fees	1,344,261	491,808
Office expense	152,224	134,271
Rent expense	4,087	492,263
Utilities	439,816	446,778
Advertising	202,891	255,869
Repairs and maintenance	193,982	60,264
Insurance expense	169,426	118,237
Travel expense	132,928	85,709
Bank service charges	104,152	30,539
License and fees	81,537	63,487
Telecommunication and internet	66,713	-
Bad debt	37,858	-
Supplies	34,867	36,246
Meals and entertainment	14,417	21,801
Lobbying expense	-	14,038
Janotorial expense	-	8,728
Security expense	-	4,109
Automobile expense	13,000	2,236
Dues and subscriptions	9,786	2,000
Cash donations	2,200	1,250
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	$ 4,307,792	$ 4,573,509

See Independent Auditor’s Report on Supplementary Information.

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2019

ASSETS

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Fort Consulting, LLC	MuV Health LLC	NuTrae, LLC	Elimination	Total
CURRENT ASSETS									
Cash and cash equivalents	$ 5,495	$ 9,792	$ 921,491	$ 10,577	$ 943,628	$ 26,203	$ 18,224	$ -	$ 1,935,410
Accounts receivable	-	-	-	-	400,040	-	3,502	-	403,542
Notes receivable	163,895	914,322	-	-	-	-	-	-	1,078,217
Inventories	-	-	382,206	-	2,156,356	229,460	-	-	2,768,022
Biological assets	-	-	-	-	446,085	-	-	-	446,085
Due from, related party	84,593	-	6,609,549	287,000	33,110	10,000	2,050,270	(9,074,522)	-
Prepaid expenses	117,886	-	184,351	-	-	-	-	-	302,237
TOTAL CURRENT ASSETS	371,869	924,114	8,097,597	297,577	3,979,219	265,663	2,071,996	(9,074,522)	6,933,513
LONG-TERM ASSETS									
Property and equipment, net	218,879	-	4,697,748	542,672	-	-	-	-	5,459,299
Intangible assets, net	-	-	5,106,838	88,570	-	-	-	-	5,195,408
Investments, net	39,686,509	19,840,466	-	34,322,458	-	-	-	(59,526,975)	34,322,458
Security deposits	-	-	33,554	6,400	-	-	200	-	40,154
TOTAL LONG-TERM ASSETS	39,905,388	19,840,466	9,838,140	34,960,100	-	-	200	(59,526,975)	45,017,319
TOTAL ASSETS	$ 40,277,257	$ 20,764,580	$ 17,935,737	$ 35,257,677	$ 3,979,219	$ 265,663	$ 2,072,196	$ (68,601,497)	$ 51,950,832

LIABILITIES AND MEMBERS' EQUITY

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Fort Consulting, LLC	MuV Health LLC	NuTrae, LLC	Elimination	Total
CURRENT LIABILITIES									
Accounts payable	$ 19,159	$ -	$ 75,504	$ 350	$ 404,187	$ 65,250	$ 15,744	$ -	$ 580,194
Accrued expenses and other liabilities	6,817	-	287,229	-	80,645	-	1,020	-	375,711
Due to related parties	1,111,585	-	2,337,270	-	5,109,174	421,900	94,593	(9,074,522)	-
Notes payable	-	-	1,000,000	-	-	-	-	-	1,000,000
Current portion of lease liabilities	107,426	-	385,617	-	-	-	-	-	493,043
TOTAL CURRENT LIABILITIES	1,244,987	-	4,085,620	350	5,594,006	487,150	111,357	(9,074,522)	2,448,948
Lease liabilities, net of current portion	49,055	-	247,297	-	-	-	-	-	296,352
TOTAL LIABILITIES	1,294,042	-	4,332,917	350	5,594,006	487,150	111,357	(9,074,522)	2,745,300
MEMBERS' EQUITY	38,983,215	20,764,580	13,602,820	35,257,327	(1,614,787)	(221,487)	1,960,839	(59,526,975)	49,205,532
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 40,277,257	$ 20,764,580	$ 17,935,737	$ 35,257,677	$ 3,979,219	$ 265,663	$ 2,072,196	$ (68,601,497)	$ 51,950,832

See Independent Auditor's Report on Supplementary Information.

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATION
DECEMBER 31, 2019

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Fort Consulting, LLC	MuV Health LLC	NuTrae,LLC	Elimination	Total
Operating Income									
Net Revenues	$ -	$ -	$ 9,998,619	$ -	$ 13,981,195	$ -	$ 1,068,591	$ (10,566,355)	$ 14,482,050
Cost of Revenues	16,033	-	3,812,555	-	13,249,504	-	82,428	(8,539,642)	8,620,878
Gross Profit (Loss) Before Biological Asset Adjustment	(16,033)	-	6,186,064	-	731,691	-	986,163	(2,026,713)	5,861,172
Net effect of changes in fair value of biological assets	-	-	-	-	(255,001)	-	-	-	(255,001)
Operating Expenses									
General and Administrative Expenses	776,867	-	3,238,683	-	2,075,148	221,487	22,320	(2,026,713)	4,307,792
Amortization	-	-	1,256,161	44,286	-	-	-	-	1,300,447
Depreciation	92,270	-	768,349	35,105	-	-	-	-	895,724
Income (Loss) from Operations	(885,170)	-	922,871	(79,391)	(1,598,458)	(221,487)	963,843	-	(897,792)
Other Income (Expense)									
Income from investments in related companies	62,299	50,619	-	12,086,526	-	-	-	-	12,199,444
Interest expense	(20,605)	-	-	-	-	-	-	-	(20,605)
Loss on sale of property and equipment	-	-	(87,375)	-	-	-	-	-	(87,375)
Interest income	53	178	779	192	-	-	16	-	1,218
Total Other Income (Expense)	41,747	50,797	(86,596)	12,086,718	-	-	16	-	12,092,682
Net Income (Loss)	$ (843,423)	$ 50,797	$ 836,275	$ 12,007,327	$ (1,598,458)	$ (221,487)	$ 963,859	$ -	$ 11,194,890

See Independent Auditor's Report on Supplementary Information.

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2018

ASSETS

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Fort Consulting, LLC	NuTrae, LLC	Vida Pets LLC	Elimination	Total
CURRENT ASSETS									
Cash and cash equivalents	$ 11,306	$ 9,614	$ 1,451,022	$ 10,385	$ 401,724	$ 1,197	$ 1,365	$ -	$ 1,886,613
Accounts receivable, net	-	-	-	-	140,252	3,502	-	-	143,754
Notes receivable	163,895	-	-	-	-	-	-	-	163,895
Inventories	-	-	246,376	-	2,615,567		--	-	2,861,943
Biological assets	-	-	-	-	289,656	-	-	-	289,656
Due from related party	1,388,753	-	3,463,116	-	-	1,487,592	-	(6,339,461)	-
Prepaid expense	40,551	-	268,480	-	-	-	-	-	309,031
TOTAL CURRENT ASSETS	1,604,505	9,614	5,428,994	10,385	3,447,199	1,492,291	1,365	(6,339,461)	5,654,892
LONG-TERM ASSETS									
Property and equipment, net	88,275	-	4,242,389	577,777	-	-	-	-	4,908,441
Intangible assets, net	-	-	6,362,999	132,856	-	-	-	-	6,495,855
Investments, net	39,688,674	20,704,169	-	22,522,932	-	-	-	(59,529,140)	23,386,635
Security deposits	-	-	33,554	6,400	-	200	-	-	40,154
TOTAL LONG-TERM ASSETS	39,776,949	20,704,169	10,638,942	23,239,965	-	200	-	(59,529,140)	34,831,085
TOTAL ASSETS	$ 41,381,454	$ 20,713,783	$ 16,067,936	$ 23,250,350	$ 3,447,199	$ 1,492,491	$ 1,365	$ (65,868,601)	$ 40,485,977

LIABILITIES AND MEMBERS' EQUITY

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Fort Consulting, LLC	NuTrae, LLC	Vida Pets LLC	Elimination	Total
CURRENT LIABILITIES									
Accounts payable	$ 78,570	$ -	$ 116,786	$ 350	$ -	$ 2,048	$ 2,233	$ -	$ 199,987
Accrued expenses and other liabilities	164,357	-	65,828	-	33,717	1,020	-	-	264,922
Due to related parties	33,305	-	2,876,345	-	3,429,811	-	-	(6,339,461)	-
Current portion of lease liabilities	-	-	36,269	-	-	-	-	-	36,269
Deferred revenue	-	-	-	-	-	490,278	-	-	490,278
TOTAL CURRENT LIABILITIES	276,232	-	3,095,228	350	3,463,528	493,346	2,233	(6,339,461)	991,456
Lease liabilities, net of current portion	-	-	29,025	-	-	-	-	-	29,025
TOTAL LIABILITIES	276,232	-	3,124,253	350	3,463,528	493,346	2,233	(6,339,461)	1,020,481
MEMBERS' EQUITY	41,105,222	20,713,783	12,943,683	23,250,000	(16,329)	999,145	(868)	(59,529,140)	39,465,496
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 41,381,454	$ 20,713,783	$ 16,067,936	$ 23,250,350	$ 3,447,199	$ 1,492,491	$ 1,365	$ (65,868,601)	$ 40,485,977

See Independent Auditor's Report on Supplementary Information.

ALTERNATIVE MEDICAL ENTERPRISES, LLC AND AFFILIATES
CONSOLIDATING STATEMENTS OF OPERATION
DECEMBER 31, 2018

	Alternative Medical Enterprises, LLC	Agronomy Holdings, LLC	Agronomy Innovations, LLC	AltMed, LLC	Fort Consulting, LLC	NuTrae, LLC	Vida Pets LLC	Elimination	Total
Operating Income									
Net Revenues	$ -	$ -	$ 6,080,737	$ -	$ 7,212,338	$ 815,234	$ -	$ (7,778,725)	$ 6,329,584
Cost of Revenues	43,055	-	2,894,786	-	7,225,807	-	-	(7,229,447)	2,934,201
Gross Profit (Loss) Before Biological Asset Adjustment	(43,055)	-	3,185,951	-	(13,469)	815,234	-	(549,278)	3,395,383
Net effect of changes in fair value of biological assets	-	-	-	-	1,083,682	-	-	-	1,083,682
Operating Expenses									
General and administrative expenses	1,629,795	-	2,919,812	17,764	552,918	298	2,200	(549,278)	4,573,509
Amortization	-	-	187,050	-	-	-	-	-	187,050
Depreciation	28,433	-	403,853	-	-	-	-	-	432,286
Income (Loss) from Operations	(1,701,283)	-	(324,764)	(17,764)	517,295	814,936	(2,200)	-	(713,780)
Other Income (Expense)									
Gain (loss) on investments	-	(49,677)	-	6,316,782	-	-	-	-	6,267,105
Interest expense	(197,705)	-	(10,277)	-	-	-	-	-	(207,982)
Interest income	9,647	138	563	174	-	2,171	25	-	12,718
Total Other Income (Expense)	(188,058)	(49,539)	(9,714)	6,316,956	-	2,171	25	-	6,071,841
Net Income (Loss)	$ (1,889,341)	$ (49,539)	$ (334,478)	$ 6,299,192	$ 517,295	$ 817,107	$ (2,175)	$ -	$ 5,358,061

See Independent Auditor's Report on Supplementary Information.

VERANO HOLDINGS CORP.

UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
June 30, 2021

(Expressed in United States Dollars)

VERANO HOLDINGS CORP.
Condensed Interim Consolidated Statements of Financial Position (Unaudited)
As of June 30, 2021 and December 31, 2020

	Financial Footnote	June 30, 2021	December 31, 2020
ASSETS			
Current Assets:			
Cash		$ 149,671,398	$ 16,494,365
Accounts Receivable, Net		13,448,148	7,513,736
Notes Receivable	*6*	263,825	3,010,523
Due from Related Parties	*18*	62,236	108,254
Inventories	*4*	251,164,783	59,356,804
Biological Assets	*5*	143,997,363	109,376,567
Prepaid Expenses and Other Current Assets		13,422,327	7,163,267
Total Current Assets		$ 572,030,080	$ 203,023,516
Property, Plant and Equipment, Net	*7*	280,862,938	143,607,264
Right Of Use Assets, Net	*17(a)*	41,274,888	11,337,343
Intangible Assets	*9*	1,019,874,009	73,096,730
Goodwill	*9*	264,769,092	16,311,182
Investment in Associates		12,211,815	11,547,004
Deposits and Other Assets		2,115,313	797,321
TOTAL ASSETS		$ 2,193,138,135	$ 459,720,360
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities:			
Accounts Payable		$ 25,808,681	$ 18,305,258
Accrued Liabilities		32,036,724	13,915,776
Income Tax Payable	*16*	57,829,659	46,872,445
Current Portion of Lease Liabilities	*17(a)*	5,677,797	1,910,645
Current Portion of Notes Payable	*10*	2,969,277	7,814,261
License Payable	*8(c)*	-	49,950
Acquisition Price Payable	*8(a,b)*	162,796,000	33,611,485
Due to Related Parties	*18*	44,664	44,664
Total Current Liabilities		287,162,802	122,524,484
Long-Term Liabilities:			
Deferred Revenue		815,507	2,035,405
Notes Payable, Net of Current Portion	*10*	131,041,859	32,479,649
Lease Liabilities, Net of Current Portion	*17(a)*	38,244,466	10,864,742
Deferred Income Taxes	*16*	251,366,932	49,084,004
Total Long-Term Liabilities		421,468,764	94,463,800
TOTAL LIABILITIES		$ 708,631,566	$ 216,988,284
SHAREHOLDERS' EQUITY		1,482,722,703	242,387,456
NON-CONTROLLING INTEREST		1,783,866	344,620
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 2,193,138,135	$ 459,720,360

See accompanying notes to unaudited condensed interim consolidated financial statements.

VERANO HOLDINGS CORP.
Condensed Interim Consolidated Statements of Operations (Unaudited)
Three and Six Months Ended June 30, 2021 and 2020

		Three Months Ended June 30,		Six Months Ended June 30,	
		2021	**2020**	**2021**	**2020**
		(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Revenues, net of discounts		$ 198,706,561	$ 47,298,240	$ 319,601,554	$ 90,147,010
Cost of Goods Sold		98,577,575	23,513,725	144,845,799	31,978,372
Gross Profit before Biological Asset Adjustment		100,128,986	23,784,515	174,755,755	58,168,638
Realized fair value amounts included in inventory sold	*Note 5*	(185,972,578)	(48,046,546)	(252,258,674)	(54,529,795)
Unrealized fair value gain on growth of biological assets	*Note 5*	161,051,641	64,886,421	298,189,055	84,276,070
Gross Profit		75,208,049	40,624,390	220,686,136	87,914,913
Expenses:					
General and Administrative		33,394,836	3,778,393	48,159,869	8,026,836
Sales and Marketing		2,479,359	235,334	3,517,212	385,139
Salaries and Benefits		17,454,500	3,196,575	28,296,894	5,648,558
Depreciation and Amortization		4,253,184	2,689,087	6,681,615	4,865,051
Total Expenses		57,581,879	9,899,389	86,655,590	18,925,584
(Loss) Income from Investments in Associates		644,615	853,703	1,447,563	1,122,793
Income From Continuing Operations		18,270,785	31,578,704	135,478,109	70,112,122
Other Income (Expense):					
Loss on Disposal of Property, Plant and Equipment		(467,615)	-	(467,775)	-
Amortization of Debt Issuance Costs for Warrant	*Note 10*	-	(1,524,141)	-	(3,048,282)
Amortization of Convertible Debt Discount	*Note 11*	-	(2,072,063)	-	(4,144,127)
Other Income (Expense), Net		379,448	(73,045)	(885,874)	(254,809)
Interest Expense		(5,530,997)	(236,053)	(7,355,782)	(527,005)
Total Other Expense		(5,619,164)	(3,905,302)	(8,709,431)	(7,974,223)
Net Income Before Provision for Income Taxes and Non-Controlling Interest		12,651,621	27,673,402	126,768,678	62,137,899
Provision For Income Taxes	*Note 16*	(5,087,824)	(15,131,857)	(50,414,686)	(29,003,736)
Net Income (Loss) Before Non-Controlling Interest		7,563,797	12,541,545	76,353,992	33,134,163
Net Income (Loss) Attributable to Non-Controlling Interest		733,696	126,693	1,439,246	294,319
Net Income (Loss) Attributable to Verano Holdings Corp.		$ 6,830,101	$ 12,414,852	$ 74,914,746	$ 32,839,844
Net Income per share - basic		$ 0.05		$ 0.56	
Net Income per share – diluted		$ 0.02		$ 0.27	
Basic – weighted average shares outstanding		128,990,489		134,938,290	
Diluted – weighted average shares outstanding		307,369,829		280,358,289	

See accompanying notes to unaudited condensed interim consolidated financial statements.

VERANO HOLDINGS CORP.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
Six Months Ended June 30, 2021 and 2020

	LLC Membership Units	Share Capital # of Shares SVS	Share Capital # of Shares PVS	Share Capital Amount	Share-Based Reserves	Accumulated Earnings	Non-Controlling Interest	Total Shareholder's Equity
Balance as of January 1, 2020	261,545,678			111,752,803	-	-	5,090,823	116,843,626
Net income						32,839,844	294,319	33,134,163
Balance as of June 30, 2020	261,545,678	-	-	$ 111,752,803	$ -	$ 32,839,843	$ 5,385,142	$ 149,977,789

	LLC Membership Units	Share Capital # of Shares SVS	Share Capital # of Shares PVS	Share Capital Amount	Share-Based Reserves	Accumulated Earnings	Non-Controlling Interest	Total Shareholder's Equity
Balance as of January 1,2021	279,900,000			242,387,456			344,620	242,732,076
Issuance of PubCo	(279,900,000)	115,663,381	1,643,366	716,240,115				716,240,115
Reverse takeover ("Financing"), net		10,000,000		95,420,117				95,420,117
Issuance of shares in conjunction with acquisitions		4,806,232	88,032	270,243,583				270,243,583
Issuance of warrants		3,510,000		75,100,072				75,100,072
Contingent consideration & purchase accounting adjustments			1,038	3,437,504	4,662,990			8,100,494
Conversion of shares		(13,621,002)	136,210					-
Share based compensation					316,120			316,120
Net income						74,914,746	1,439,246	76,353,992
Balance as of June 30, 2021	-	120,358,611	1,868,646	$ 1,402,828,847	$ 4,979,110	$ 74,941,746	$ 1,783,866	$ 1,484,506,569

See accompanying notes to unaudited condensed interim consolidated financial statements.

VERANO HOLDINGS CORP.
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended June 30, 2021 and 2020

	Six months ended June 30,	
	2021	**2020**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	$ 76,353,992	$ 33,134,163
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,807,059	5,038,509
Non-cash interest expense	4,327,060	401,985
Non-cash interest income	1,036,195	-
Loss on disposal of property, plant and equipment	488,521	-
Bad debt expense	76,000	116,523
Amortization of loan issuance costs (warrants)	-	3,048,282
Amortization of debt issuance costs and debt discount	517,301	-
Amortization of convertible debt discount	-	4,144,127
Write-off of note receivable	13,733	-
(Income) loss from underlying investees	(1,664,811)	349,340
Stock based compensation	316,120	-
Contingent consideration compensation	9,336,049	-
Changes in operating assets and liabilities:		
Accounts receivable	(3,136,037)	(4,752,187)
Inventories	(120,162,384)	(5,422,202)
Biological assets	57,403,392	(28,186,950)
Prepaid expenses and other current assets	(3,037,504)	(2,236,074)
Deposits and other assets	(149,147)	3,234,856
Accounts payable and accrued liabilities	(6,736,779)	970,591
Income tax payable	10,423,833	19,568,253
Due to related parties	-	(38,054)
Members' distribution payable	-	83,295
Deferred taxes	26,716,095	9,442,680
Deferred revenue	(1,304,898)	3,816,070
NET CASH PROVIDED BY OPERATING ACTIVITIES	65,623,790	42,713,207
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(60,813,678)	(32,521,881)
Proceeds from disposal of assets	(689,536)	-
Advances to (repayments from) related parties	46,018	147,227
Purchases of licenses	(924,950)	-
Acquisition of business, net of cash acquired	17,849,859	(132,277)
Acquisition of investment in associate	1,000,000	-
Purchase of interest in Majesta Minerals	1,000,000	-
Issuance of note receivable	(536,133)	-
Proceeds from payment of note receivable	3,551,846	150,000
Interest received on note receivable	141,749	-
NET CASH USED IN INVESTING ACTIVITIES	(39,374,825)	(32,356,931)

See accompanying notes to unaudited condensed interim consolidated financial statements.

VERANO HOLDINGS CORP.
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended June 30, 2021 and 2020

	Six months ended June 30,	
	2021	**2020**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable	100,000,000	2,473,922
Principal repayments of notes payable	(8,563,857)	62,530
Debt issuance costs paid	(5,132,199)	-
Payment of lease liabilities	(2,471,431)	(1,857,724)
Payment of acquisition price payable	(127,424,634)	(200,000)
Proceeds received from RTO financing	75,420,117	-
Cash received in private placement warrant	75,100,072	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	106,928,068	478,728
NET INCREASE (DECREASE) IN CASH	133,177,033	10,835,004
CASH, BEGINNING OF PERIOD	16,494,365	6,417,703
CASH, END OF PERIOD	$ 149,671,398	$ 17,252,707
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 3,742,982	$ 748,396
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES		
Accrued Capital Expenditures	$ 3,626,999	$ -
Cash paid in business combination:		
Tangible and intangible assets acquired, net of cash	$ 1,220,237,597	$ -
Liabilities assumed	(218,251,230)	-
Acquisition price payable	(127,424,634)	-
Issuance of note payable	-	-
Goodwill	248,537,539	(132,277)
Non-controlling interest from acquisitions	-	-
Previously held equity interest	-	-
Cash paid (received) in business combination	$ 1,123,099,272	$ (132,277)

See accompanying notes to unaudited condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

References herein to "the Company," or "Verano," are intended to mean Verano Holdings Corp. and its subsidiaries, affiliates, licensees, and managed entities (collectively, the "Company").

Verano is a vertically integrated cannabis operator that focuses on limited-licensed markets in the United States. As a vertically integrated provider, the Company owns, operates, manages, consults, and/or has licensing or other commercial agreements with cultivation, processing, and retail licensees across eleven state markets (Illinois, Florida, Arizona, Maryland, Nevada, Ohio, Michigan, Massachusetts, Arkansas, New Jersey and, Pennsylvania).

In addition to the states listed above, the Company also conducts pre-licensing activities in several other markets. In these markets, the Company has either applied for licenses, or plans on applying for licenses, but does not currently own any cultivation, production, or retail licenses.

On February 11, 2021, the Company completed a reverse takeover transaction ("RTO") as further described in Note 3. Thereafter, the Company's Subordinate Voting Shares were listed on the Canadian Securities Exchange (the "CSE") under ticker symbol "VRNO" and subsequently began trading on the OTCQX, part of the OTC Markets Group, under the ticker "VRNOF".

The Company's corporate headquarters is located at 415 North Dearborn St., Suite 400, Chicago, Illinois 60654.

2. BASIS OF PRESENTATION

The unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), International Accounting Standards ("IAS") 34 *Interim Financial Reporting* and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for all periods presented.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. Management estimates that the Company will be able to meet its obligations and to sustain operations for at least the next twelve months. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These unaudited condensed interim consolidated financial statements do not include any adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern.

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on August 9, 2021.

(a) Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments and biological assets that are measured at fair values.

2. BASIS OF PRESENTATION *(Continued)*

(b) Significant Accounting Policies

There have been no changes to the Company's significant accounting policies as described in Note 2 of the Company's 2020 annual report and the Company's March 31, 2021, unaudited condensed interim consolidated financial statements.

(c) Share-Based Compensation

The Company measures equity settled share-based payment based on their value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate.

(d) Earnings Per Share

The Company presents basic and diluted earnings per share. Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding, for the effects of all dilutive potential shares, which are comprised of convertible shares, warrants, options and restricted stock units ("RSUs") issued. Items with an anti-dilutive impact are excluded from the calculation.

(e) Intangible Assets

The Company accounts for intangible assets at cost, less impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Certain intangible assets, including cannabis licenses and tradenames, have indefinite useful lives and are not subject to amortization. Such assets are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired.

In accordance with IAS 38, Intangible Assets, an intangible asset has an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The Issuer assessed intangible assets, including cannabis licenses, based on certain factors including the following:

- Number of licenses granted in the respective state;
- Perpetual life of the license; and
- The on-going nature of the business requires licenses.

In accordance with IAS 38, Intangible Assets, intangible assets are amortized, unless they have an indefinite useful life. Amortization is carried out on a systematic basis over the useful life of the intangible asset.

The Company identified certain intangible assets that do not meet the definition of an indefinite lived intangible asset. These assets include technology and website licenses.

Intangible assets with finite useful lives are amortized on a systematic basis and are analyzed for impairment when there is an indication that the asset has been impaired.

2. BASIS OF PRESENTATION *(Continued)*

(f) Adoption of New and Revised Standards and Interpretations

The following IFRS standards have been recently issued by the IASB. The Company has assessed or is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments were effective for annual reporting periods beginning on or after January 1, 2020. The Company early adopted IAS 1 and IAS 8 prior to January 1, 2020. The adoption of IAS 1 and IAS 8 did not have a material impact on the consolidated financial statements.

(ii) Amendment to IFRS 3: Definition of a Business

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)" (the "IFRS 3 Amendment"). The IFRS 3 Amendment clarifies the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The IFRS 3 Amendment provides an assessment framework to determine when a series of integrated activities is not a business. The IFRS 3 Amendment is effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company early adopted IFRS 3 as of January 1, 2019. The adoption did not have a material impact on the consolidated financial statements.

(g) New and Revised Standards and Interpretations to be Adopted

The following is a brief summary of the new standards issued but not yet effective:

(iii) Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current ("Amendments to IAS 1"). The Amendments to IAS 1 aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The Amendments to IAS 1 include clarifying the classification requirements for debt a company might settle by converting it into equity. The Amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted.

(iv) Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract ("Amendments to IAS 37") amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

3. REVERSE TAKEOVER TRANSACTION

On December 14, 2020, Verano Holdings, LLC, Majesta Minerals, Inc., an Alberta corporation (the "Public Corporation"), 1276268 B.C. Ltd., a British Columbia corporation ("Verano FinCo"), 1277233 B.C. Ltd, a British Columbia corporation, and 1278655 B.C. Ltd., a British Columbia corporation ("Majesta"), entered into an arrangement agreement (as amended January 26, 2021, the "Definitive Agreement"), pursuant to which the Company would result from the reverse takeover transaction contemplated thereby (the "RTO").

In accordance with the plan of arrangement forming part of the Definitive Agreement (the "Plan of Arrangement"), the Public Corporation changed its name to "Verano Holdings Corp." and completed a consolidation of its common shares on the basis of 100,000 issued and outstanding common shares on a post-consolidation basis. In accordance with the terms of the Financing, 10,000,000 subscription receipts (the "Subscription Receipts") were issued on January 21, 2021, at a price per Subscription Receipt of US$10.00, for aggregate gross proceeds of US$100,000,000. In connection with the Financing and the RTO, the Company issued 578,354 Subordinate Voting Shares to the offering agents as a broker fee.

The Public Corporation reorganized capital by altering its notice of articles and articles to (i) attach special rights and restrictions to its common shares, (ii) change the identifying name of its common shares to "Subordinate Voting Shares" (the "Subordinate Voting Shares") and (iii) create a new class of Proportionate Voting Shares (the "Proportionate Voting Shares"). Pursuant to the Plan of Arrangement, thereafter Verano Finco combined with Majesta Subco. Majesta Subco was then liquidated, and the net proceeds of the Financing transferred to the Company, as the resulting corporation in the RTO. In connection with the Financing and the RTO, the Company issued 578,354 Subordinate Voting Shares to the offering agents as a broker fee.

The RTO holders of Finco Shares received one Subordinate Voting Share for each Finco Share for a total of 10,000,000 Subordinate Voting Shares in the aggregate. The members of Verano Holdings LLC, and owners of certain of its subsidiaries, through a series of transactions, exchanged their ownership interests in Verano Holdings LLC and such subsidiaries for 96,892,040 Subordinate Voting Shares and 1,172,382 Proportionate Voting Shares.

In connection with the Company's acquisitions of Alternative Medical Enterprises, LLC, Plants of Ruskin GPS, LLC, and RVC 360, LLC (collectively, the "AME Parties"), that occurred concurrently with the RTO, the members of the AME Parties, through a series of transactions, exchanged their membership interests in the AME Parties for 18,092,987 Subordinate Voting Shares and 470,984. Proportionate Voting Shares, plus cash consideration, as further described in Note 8(a).

4. INVENTORIES

The Company's inventories consist of the following:

	June 30, 2021	December 31, 2020
Raw Materials	$ 5,491,985	$ -
Work in Process	177,718,469	46,586,170
Finished Goods	67,954,329	12,770,634
Total Inventories	$ 251,164,783	$ 59,356,804

5. BIOLOGICAL ASSETS

Biological assets consist of cannabis plants. At June 30, 2021 and December 31, 2020, the changes in the carrying value of biological assets are shown below:

Balance as of January 1, 2020	$	16,613,392
Cost incurred prior to harvest to facilitate biological transformation		55,535,842
Unrealized gain on fair value of biological assets		254,154,780
Transferred inventory upon harvest		(216,927,447)
Balance as of December 31, 2020	$	109,376,567
Balance as of January 1, 2021	$	109,376,567
Cost incurred prior to harvest to facilitate biological transformation		64,369,084
Unrealized gain on fair value of biological assets		298,189,055
Transferred inventory upon harvest		(419,961,531)
Additions from business acquisition		92,024,188
Balance as of June 30, 2021	$	143,997,363

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is 14.2 weeks from propagation to harvest (as compared to 19 weeks for the fiscal year ended December 31, 2020);
- The average harvest yield of whole flower is 186.73 grams per plant (as compared to 320.20 grams per plant during the fiscal year ended December 31, 2020);
- The average selling price of whole flower is $7.58 per gram (as compared to $6.98 per gram during the fiscal year ended December 31, 2020);
- The average selling price of dried flower used in extract products is $16.72 per gram;
- Processing costs include drying and curing, testing and packaging, post-harvest overhead allocation, and oil extraction costs estimated to be $0.74 per gram (as compared to $0.57 per gram during the fiscal year ended December 31, 2020); and
- Selling costs include shipping, order fulfillment, and labelling, estimated to be $0.29 per gram for flower (as compared to $0.12 per gram during the fiscal year ended December 31, 2020) and $1.48 per gram for dried flower used in extract products.

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward.

Management has quantified the sensitivity of the inputs, and determined the following:

- Selling price per gram – an increase or decrease in the selling price per gram by 5% would result in an increase or decrease to the fair value of biological assets by $8,004,762 (as compared to $6,321,578 for the fiscal year ended December 31, 2020).
- Harvest yield per plant – an increase or decrease in the harvest yield per plant of 5% would result in an increase or decrease to the fair value of biological assets by $7,199,868 (as compared to $5,468,828 for the fiscal year ended December 31, 2020).

5. BIOLOGICAL ASSETS *(Continued)*

- Cost of production per gram – an increase or decrease in the cost of production per gram by 5% would result in a decrease or increase to the fair value of biological assets by $502,545 (as compared to $824,412 for the fiscal year ended December 31, 2020).

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As of June 30, 2021 and December 31, 2020, the biological assets were on average, 43.3% and 34.1% complete, respectively, and the estimated fair value less costs to sell of dry cannabis was $5.30 ($12.72 for extract products) and $4.69 per gram, respectively.

As of June 30, 2021 and December 31, 2020, it is expected that the Company's biological assets will ultimately yield approximately 33,492 and 43,488 kilograms of cannabis, respectively.

6. NOTES RECEIVABLE

The notes receivable consists of three secured promissory notes. The first note is a secured promissory note with SOL Global Investments Corp, a member of the Company for an original amount of $5,000,000. During the six month period ended June 30, 2021, the note was repaid in full and outstanding accrued interest was forgiven.

The second note is a secured promissory note dated August 13, 2020 with an unrelated party for $180,000. The note was originally due and payable on or before the earlier of February 13, 2021 or such other date the principal amount becomes due and payable by acceleration after an event of default, but was extended at the discretion of the Company. As of June 30, 2021, the Company has received principal payments to date of $55,678 and has outstanding principal of $124,322 plus accrued interest of $1,540.

The third note is a secured promissory note issued March 24, 2021 with an unrelated party for $146,510. Interest of 8% per annum and principal are due on September 24, 2021. As of June 30, 2021, the Company had not received any principal payments to date and recognized accrued interest of $1,540.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and related accumulated depreciation consists of the following at June 30, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
Land	$ 19,050,930	$ 12,137,559
Buildings and Improvements	57,772,858	15,223,120
Furniture and Fixtures	7,463,815	5,278,616
Computer Equipment and Software	6,805,874	3,330,685
Leasehold Improvements	136,146,262	88,828,050
Tools and Equipment	52,369,460	27,188,655
Vehicles	1,611,931	850,080
Assets Under Construction	29,057,280	8,514,196
Total Property, Plant and Equipment, Gross	310,278,410	161,350,961
Less: Accumulated Depreciation	(29,415,472)	(17,743,697)
Property, Plant and Equipment, Net	$ 280,862,938	$ 143,607,264

Assets under construction represent construction in progress related to facilities not yet completed or otherwise not placed in service.

A reconciliation of the beginning and ending balances of property, plant and equipment is as follows:

	Property, Plant and Equipment, Gross	Accumulated Depreciation	Property, Plant and Equipment, Net
Balance as of January 1, 2020	$ 103,199,320	$ (8,819,576)	$ 94,379,744
Additions	58,161,038	-	58,161,038
Property, plant and equipment from business combination	1,820,850	-	1,820,850
Disposals	(11,246)	-	(11,246)
Discontinued operations and deconsolidation	(1,819,001)		(1,819,001)
Depreciation	-	(8,924,121)	(8,924,121)
Balance as of December 31, 2020	$ 161,350,961	$ (17,743,697)	$ 143,607,264
Additions	68,681,662	-	68,681,662
Property, plant and equipment from business combination	82,102,525	-	82,102,525
Disposals	(1,866,881)	100,792	(1,766,089)
Depreciation	-	(11,762,424)	(11,762,424)
Balance as of June 30, 2021	$ 310,268,267	$ (29,405,329)	$ 280,862,938

For the six months ended June 30, 2021 and year ended December 31, 2020, depreciation expense included in costs of goods sold totaled $7,828,147 and $8,147,233 respectively.

8. ACQUISITIONS

(a) Merger Agreement

On November 6, 2020, Verano Holdings LLC entered into an agreement and plan of merger with the AME Parties, pursuant to which the Company, as the assignee of all of Verano Holdings LLC's rights and obligations thereunder, would acquire the AME Parties via a series of merger transactions. The merger transactions were contingent upon, and were to close contemporaneously with, the RTO, resulting in the creation of the Company as a Canadian publicly-traded parent company of Verano Holdings LLC, the AME Parties and their respective subsidiaries.

The RTO and the merger transactions were closed on February 11, 2021, and resulted in the AME Parties becoming wholly-owned subsidiaries of the Company. The members of the AME Parties, through a series of transactions, exchanged their membership interests in the AME Parties for 18,092,987 Subordinate Voting Shares and 470,984 Proportionate Voting Shares, plus cash consideration of $35 million, of which $20 million was paid at the closing of the mergers, $10 million is payable on August 11, 2021, and the $5 million balance is payable on February 11, 2022. The aggregate $15 million installment payments are represented by convertible promissory notes and upon a payment default, the holder thereof may elect to convert such payment obligations into Subordinate Voting Shares. As of June 30, 2021, the present value of unpaid deferred consideration is $14,876,885 and is included in the acquisition price payable balance in the consolidated statement of financial position.

The Company determined that control was transferred at the closing and accounted for the transaction as a business acquisition in accordance with IFRS 3, *Business Combinations*. The following table summarizes the provisional accounting estimates of the mergers that occurred during the six months ended June 30, 2021:

	AME Florida	AME Arizona	Total
Cash	$ 5,446,152	$ 506,926	$ 5,953,078
Accounts receivable, net	59,763	498,006	557,769
Inventories	53,966,109	1,512,146	55,478,255
Biological assets	90,678,322	728,120	91,406,442
Prepaids and other current assets	2,436,485	493,970	2,930,455
Property, plant and equipment	56,095,506	13,044,908	69,140,414
Right of use assets	9,650,967	-	9,650,967
Other assets	1,000,936	1,434,999	2,435,935
Accounts payable and accrued liabilities	(12,915,397)	(3,685,049)	(16,600,446)
Notes payable	(3,578,509)	(3,343,472)	(6,921,981)
Deferred tax liability	(98,099,300)	(36,237,531)	(134,336,831)
Lease liabilities	(9,650,967)	-	(9,650,967)
Total identifiable net assets (liabilities)	95,090,067	(25,046,977)	70,043,090
Intangible assets	479,735,197	199,633,520	679,368,717
Net assets	$ 574,825,264	$ 174,586,543	$ 749,411,807

Selected line items from the Company's unaudited condensed interim consolidated statements of operations for the six months ended June 30, 2021, adjusted as if the acquisition of AltMed, deemed to be the only acquisition with material operations in the period, had occurred on January 1, 2021, are presented below:

	Consolidated Results	AltMed Pre-acquisition	Pro-forma Results
Revenues, net of discounts	319,601,554	22,402,209	342,003,763
Net income	74,914,749	57,488,396	132,403,145

8. ACQUISITIONS *(Continued)*

(b) Business Combinations

Glass City Alternatives, LLC

In January 2021, the Company entered into an agreement to acquire, upon the satisfaction of certain conditions precedent, all of the ownership interest of an owner of one dispensary located in Ohio. The total purchase price was $2,700,000 plus a $329,345 purchase price adjustment. The Company paid $500,000 in shares upon execution of the RTO. As of June 30, 2021, the present value of unpaid deferred consideration of $1,081,915 is included in the acquisition price payable balance in the consolidated statement of financial position and is due in January 2022.

Perpetual Healthcare Inc.

On February 24, 2021, the Company entered into an agreement pursuant to which Perpetual Healthcare Inc. ("PHI") transferred the management and governance of PHI, which operates the Emerald Dispensary in Phoenix, Arizona. The transaction closed on March 10, 2021. Total consideration includes cash consideration of $11,250,000 plus a $326,426 purchase price adjustment, 541,994 Subordinate Voting Shares. The remaining $6,175,342 obligation was settled through the issuance of 350,644 Subordinate Voting Shares. As of June 30, 2021, the total consideration had been paid in full.

The Herbal Care Center, Inc.

On February 24, 2021, the Company entered into an agreement to acquire The Herbal Care Center, Inc. ("The Herbal Care Center"). The transaction closed on March 17, 2021. Total consideration includes cash consideration of $18,750,000, payable over 12 months, plus a $2,107,499 purchase price adjustment, and 90,464 Subordinate Voting Shares and 9,625 Proportionate Voting Shares, equivalent to 962,461 Subordinate Voting Shares on an-as converted basis. As of June 30, 2021, the present value of unpaid deferred consideration of $10,743,251 is included in the acquisition price payable balance in the consolidated statement of financial position with 50% due in October 2021 and January 2022.

Local Joint

On March 22, 2021, an affiliate of the Company entered into an asset purchase agreement with Flower Launch LLC, the manager of Patient Alternative Relief Center, Inc., d/b/a Local Joint, an Arizona nonprofit corporation ("PARC"), which holds a dispensary license, an authorization to operate a second dispensary, and an authorization to operate an offsite cultivation facility, all in the State of Arizona. The transaction closed on March 30, 2021. Total consideration includes cash consideration of $13,500,000, with $10,000,000 paid on the closing date and $3,500,000 payable within 120 days after the closing date, plus 179,767 Subordinate Voting Shares. As of June 30, 2021, the present value of unpaid deferred consideration of $3,603,510 is included in the acquisition price payable balance in the consolidated statement of financial position and is due in July 2021.

Territory

On February 24, 2021, the Company entered into an agreement to acquire three active dispensaries and one cultivation and production facility from NZCO LLC, Murff & Company LLC, JWC1 LLC, Hu Commercial Properties LLC and BISHCO LLC (collectively, "Territory"). The transaction closed April 8, 2021. Total consideration includes $19,735,684 paid upon closing, subject to a purchase price adjustment, 997,453 Subordinate Voting Shares and 29,924 Proportionate Voting Shares, equivalent to 2,992,413 Subordinate Voting Shares on an-as converted basis. The remaining consideration is related to contingent consideration with 50% payable in cash on March 31, 2022, and the remaining payable in shares or in cash at the election of the recipient on March 31, 2023. As of June 30, 2021, the present value of unpaid deferred consideration of $19,387,275 is included in the acquisition price payable balance in the consolidated statement of financial position.

8. ACQUISITIONS *(Continued)*

(b) Business Combinations *(Continued)*

TerraVida Holistic Center, LLC

On February 24, 2021, subsidiaries of the Company entered into an agreement to acquire three active Pennsylvania dispensaries. The transaction closed May 11, 2021. Total consideration includes cash consideration of $62,500,000, subject to a purchase price adjustment, of which $15,000,000 plus a purchase price adjustment of $3,795,515 was paid on the closing date, with $10,000,000 payable within 90 days after closing, and the remaining $37,500,0000 payable within 180 days after the closing date. In addition, the consideration includes 1,506,750 Proportionate Voting Shares and 15,067 Subordinate Voting Shares, equivalent to 1,506,750 Subordinate Voting Shares on an as converted basis. As of June 30, 2021, the present value of unpaid deferred consideration of $47,140,827 is included in the acquisition price payable balance in the consolidated statement of financial position.

The Healing Center, LLC

On March 29, 2021, the Company entered into an agreement to acquire three active dispensaries in Pittsburgh by purchasing all the issued and outstanding equity interests of The Healing Center, LLC (“The Healing Center”). The transaction closed on May 14, 2021. Total consideration includes cash consideration of $56,892,320, plus a $2,354,886 purchase price adjustment, of which $31,463,479 was paid upon closing with $25,428,841 payable within 60 days after the closing date. In addition, the merger consideration included 454,302 Subordinate Voting Shares and 25,744 Proportionate Voting Shares equivalent to 2,574,375 Subordinate Voting Shares on an as converted basis. As of June 30, 2021, the present value of unpaid deferred consideration of $27,678,623 is included in the acquisition price payable balance in the consolidated statement of financial position.

The Company has determined that these acquisitions are business combinations under IFRS 3, *Business Combinations*. They are accounted for by applying the acquisition method, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these unaudited interim condensed consolidated financial statements from the date of the acquisition. Any goodwill recognized is attributed based on cash generating units. The following table summarizes the provisional accounting estimates of the acquisitions that occurred during the six months ended June 30, 2021:

8. ACQUISITIONS *(Continued)*

(b) Business Combinations *(Continued)*

	Glass City Alternatives	Perpetual Healthcare	The Herbal Care Center	Local Joint	Total
Cash	$ 178,041	$ 478,213	$ 2,167,840	$ 539,987	$ 3,364,081
Accounts Receivable, Net	-	-	2,000,000	86,007	2,086,007
Notes Receivable	-	-	-	389,622	389,622
Inventories	58,260	536,391	1,434,925	163,976	2,193,552
Prepaids and other current assets	50,000	42,772	108,975	55,408	257,155
Property, plant and equipment	502,164	135,225	1,642,368	468,377	2,748,134
Right of use assets	63,463	214,989	936,183	2,480,233	3,694,868
Accounts payable and accrued liabilities	(16,812)	(241,315)	(3,306,785)	(1,068,305)	(4,633,217)
Deferred tax liability	-	(6,570,197)	(11,878,383)	-	(18,448,580)
Lease liabilities	(63,463)	(214,988)	(936,183)	(2,480,233)	(3,694,867)
Total identifiable net assets (liabilities)	771,653	(5,678,910)	(7,831,060)	635,072	(12,043,245)
Intangible assets	2,721,523	33,335,364	51,268,788	16,852,174	104,177,849
Total Consideration	$ 3,493,176	$ 27,716,454	$ 43,437,728	$ 17,487,246	$ 92,134,604

	Territory	TerraVida Holistic Center	The Healing Center	Total
Cash	$ 1,808,519	$ 3,227,931	$ 3,496,250	$ 8,532,700
Accounts Receivable, Net	230,599	-	-	230,599
Inventories	6,258,199	4,627,530	3,088,059	13,973,788
Biological Assets	617,746	-	-	617,746
Prepaids and other current assets	3,738	691,665	809,880	1,505,283
Property, plant and equipment	7,872,373	2,612,109	352,233	10,836,715
Right of use assets	567,297	2,119,879	-	2,687,176
Deposits and Other Non-Current Assets	23,222	144,687	-	167,909
Accounts payable and accrued liabilities	(2,783,789)	(1,635,471)	(2,568,821)	(6,988,081)
Other Liabilities	(618,651)	-	-	(618,651)
Deferred tax liability	(22,861,052)	-	-	(22,861,052)
Lease liabilities	(567,297)	(2,119,879)	-	(2,687,176)
Total identifiable net assets (liabilities)	(9,449,096)	9,668,451	5,177,601	5,396,956
Intangible assets	126,223,109	115,427,882	114,734,256	356,385,247
Total Consideration	$ 116,774,013	$ 125,096,333	$ 119,911,857	$ 361,782,203

8. ACQUISITIONS *(Continued)*

(b) Business Combinations *(Continued)*

ChiVegas

In July 2020, Verano Holdings LLC acquired the remaining 50% ownership interest in a Las Vegas real estate entity, which provided Verano Holdings LLC with a controlling interest. The initial 50% interest was purchased in 2017. The transaction was accounted for as a business acquisition in accordance with IFRS 3, *Business Combinations.* The purchase price was allocated to building and land in the amount of $1,160,000. Upon the July closing, consideration included cash of $230,000 and a note payable of $350,000 (Note 10). A gain on the previously held equity interest was recognized for $458,039. The note was repaid in full in May 2021.

MME Evanston Retail, LLC

In July 2020, Verano Holdings LLC entered into a membership interest purchase agreement to acquire 100% of the ownership interests of a dispensary located in Illinois. The total purchase price was $20,000,000 plus a $66,686 purchase price adjustment. Verano Holdings LLC paid $10,000,000 in July 2020, $8,000,000 in November 2020 and $1,066,868 in March 2021. The remaining $1,000,000 of purchase price will be paid pursuant to the membership interest purchase agreement. Verano Holdings LLC, through a subsidiary, also entered into a management and administrative services agreement. Based on the funding and providing of services, the Company determined that control was transferred at the closing and accounted for the transaction as a business acquisition in accordance with IFRS 3, *Business Combination* and consolidated the seller as of July 2020. As of June 30, 2021, the present value of unpaid deferred consideration of $1,000,000 is included in the acquisition price payable balance in the consolidated statement of financial position.

Elevele, LLC

In December 2020, Verano Holdings LLC entered into a membership interest purchase agreement to acquire, 100% of the ownership interests of a dispensary located in Illinois. The total purchase price was $22,347,011 plus a $415,065 purchase price adjustment. Verano Holdings LLC paid $5,347,011 in December 2020 and $5,415,065 in March 2021. The remaining purchase price will be paid pursuant to the membership interest purchase agreement. Verano Holdings LLC, through a subsidiary, also entered into a management and administrative services agreement. Based on the funding and providing of services, the Company determined that control was transferred at the closing and accounted for the transaction as a business acquisition in accordance with IFRS 3, *Business Combination* and consolidated the seller as of December 2020. As of June 30, 2021, the present value of unpaid deferred consideration of $9,840,740 is included in the acquisition price payable balance in the consolidated statement of financial position.

FGM Processing, LLC

In December 2020, a Company affiliate entered into a membership purchase agreement with a licensee in Maryland which would allow Verano LLC to process medical marijuana in Maryland. The Company analyzed the transactions and recorded the transaction as a business acquisition in accordance with IFRS 3, *Business Combination* and consolidated the seller as of December 2020. The total purchase price was $6,900,000, plus a $186,356 purchase price adjustment, $1,050,000 was paid in December 2020 and an aggregate of $3,950,000 was paid in January and February 2021. As of June 30, 2021, the present value of unpaid deferred consideration of $2,086,356 is included in the acquisition price payable balance in the consolidated statement of financial position.

8. ACQUISITIONS *(Continued)*

(b) Business Combinations *(Continued)*

The following table summarizes the provisional accounting estimates of the acquisitions that occurred during the year ended December 31, 2020:

	Evanston	Elevele	FGM	Total
Cash	$ 451,223	$ 993,012	$ 42,217	$ 1,486,452
Accounts Receivable, Net	-	-	121,398	121,398
Inventories	552,633	431,041	66,739	1,050,413
Prepaid and other current assets	3,354	447,011	28,367	478,732
Property, plant and equipment	941,392	38,079	729,367	1,708,838
Deposits and other non-current assets	-	10,848	31,000	41,848
Right of use assets	112,012	43,791	-	155,803
Accounts payable and accrued liabilities	(940,702)	(1,108,987)	(92,358)	(2,142,047)
Deferred tax liability	(5,766,702)	(6,548,193)	-	(12,314,895)
Lease liabilities	(122,779)	(68,451)	-	(191,230)
Total identifiable net assets (liabilities)	(4,769,569)	(5,761,849)	926,730	(9,604,688)
Intangible assets	24,836,255	28,161,760	6,159,626	59,157,641
Total Consideration	$ 20,066,686	$ 22,399,911	$ 7,086,356	$ 49,552,953

Measurement period adjustments that the Company determined to be material will be applied retrospectively to the period of acquisition in the Company's unaudited condensed interim consolidated financial statements, and depending on the nature of the adjustments, other periods subsequent to the period of acquisition could be affected. The primary areas of the purchase price allocation that are subject to change relate to the fair value of certain tangible assets, the value of intangible assets acquired, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period.

(c) Licenses

NSE Holdings, LLC

On February 24, 2021, a subsidiary of the Company entered into an agreement pursuant to which it acquired all the equity interests of a licensee that holds one dispensary permit in Pennsylvania, which gives the subsidiary of the Company the ability to open three dispensaries. The transaction closed on March 9, 2021. Pursuant to the agreement, the Company paid cash consideration of $7,350,000 upon closing and issued 666,587 Subordinate Voting Shares and Proportionate Voting Shares equivalent to 666,586 Subordinate Voting Shares on an as-converted basis. The Company analyzed the transaction and recorded the transaction as an asset acquisition. The Company capitalized licenses in the amount of $55,015,651. As of June 30, 2021, the present value of unpaid deferred consideration is $25,550,049 and is included in the acquisition price payable balance in the consolidated statement of financial position. The unpaid consideration is related to earnouts due in July 2022, 2023, and 2024 and is expected to be settled in share issuances.

8. ACQUISITIONS *(Continued)*

(c) Licenses *(Continued)*

Ohio Grown Therapies, LLC

On June 30, 2021, a subsidiary of the Company entered into a letter agreement to acknowledge final closing pursuant to an option purchase agreement entered into on January 14, 2019, which would allow the Company to operate one dispensary located in Newark, Ohio. The final closing had no impact on operations as the Company already exerted control over the dispensary through a consulting agreement entered into in 2019. The Company capitalized the license in the amount of $760,000 to the intangible license value included on the consolidated statement of financial position.

Local Dispensaries, LLC

On July 6, 2020, a Company affiliate entered into consulting, licensing, or other contractual arrangements with licensees in Pennsylvania which would allow the Company to operate medical and/or recreational marijuana dispensaries in Pennsylvania. The Company analyzed the transactions and recorded the transactions as asset acquisitions. The Company capitalized the licenses in the amount of $7,000,000 to the intangible license value and is included in the intangible assets on the consolidated statement of financial position. The Company entered into a secured promissory note of $3,163,000 in July 2020 and all obligations under the note were fully repaid ahead of the scheduled pay-off date. No financial obligations remain outstanding under the transaction documents.

9. INTANGIBLE ASSETS AND GOODWILL

As of June 30, 2021, indefinite lived intangible assets and goodwill consisted of the following:

	Licenses	Tradenames	Goodwill	Technology	Total
Balance as of January 1, 2020	$ 19,802,449	$ 78,000	$ 5,064,248	$ -	$ 24,944,697
Purchases	7,000,000	-	-	-	7,000,000
Additions from business combination	46,216,281	-	14,234,795	-	60,451,076
Disposals	-	-	(2,987,861)	-	(2,987,861)
Amortization	-	-	-	-	-
Balance as of December 31, 2020	$ 73,018,730	$ 78,000	$ 16,311,182	$ -	$ 89,407,912

	Licenses	Tradenames	Goodwill	Technology	Total
Balance as of January 1, 2021	$ 73,018,730	$ 78,000	$ 16,311,182	$ -	$ 89,407,912
Purchases	55,775,651	-	-	115,000	55,890,651
Additions from business combination	829,556,091	52,098,709	248,537,538	9,739,474	1,139,931,812
Disposals	-	-	-	-	-
Amortization	-	-	(79,628)	(507,646)	(587,274)
Balance as of June 30, 2021	$ 958,350,472	$ 52,176,709	$ 264,769,092	$ 9,346,828	$ 1,284,643,101

10. NOTES PAYABLE

As of June 30, 2021 and December 31, 2020, notes payable consisted of the following:

	June 30, 2021	December 31, 2020
Credit Agreement dated July 2, 2020 (the "Credit Agreement") for an initial commitment of $20,000,000 funded by various investors with Chicago Atlantic GIC Advisers, LLC as administrative and collateral agent, and an incremental loan not to exceed $10,000,000; interest at 15.25% per annum; and a maturity date of May 30, 2023. On May 10, 2021, the Company amended and restated the Credit Agreement by entering into an Amended and Restated Credit Agreement for a senior secured term loan of $130,000,000; interest at 9.75% per annum for the incremental $100,000,000; and a maturity date of May 30, 2023. The note is substantially collateralized by all the assets of the Company and is subject to certain restrictive covenants as defined in the agreement. Refer to *(a)* below.	$ 130,000,000	$ 30,000,000
Convertible note dated November 25, 2019 in the principal amount of $5,000,000 issued to accredited investors; interest at 1.5% per month and a maturity date in August 2020 subject to an extension of six months or the completion of a transaction, if earlier. All principal and accrued interest was repaid in February 2021. Refer to *(b)* below.	-	3,709,425
Secured promissory notes dated February 13, 2019 in the principal amount of $3,412,500 issued to accredited investors; interest at 2.57% compounded annually; and a maturity date in February 2020. The note was amended in June 2020, extended for six months to August 2020 and is subject to four extension dates. The interest rate was also amended to 6% per annum from February to June 2020, 11% compounded annually until August 2020, 14% compounded annually until the second extension date of February 2021. All obligations under the note were repaid in February 2021. Refer to *(c)* below.	-	3,412,500
Promissory note secured by deed of trust dated May 15, 2020 in the principal amount of $1,473,922 issued to Eastern and Pebble, LLC; bears interest at 4% per annum and matures on September 15, 2021.	317,277	856,594
Promissory note dated July 31, 2017, in the principal amount of $2,900,000 issued to an accredited investor; monthly payments of $19,294 with a balloon payment of $2,493,308 due on August 1, 2027 including interest at 7.00% per annum. Refer to *(d)* below.	2,774,993	2,790,274
Promissory Note dated July 2, 2020, in the original amount of $350,000 issued to BB Marketing, LLC; matures in June 2021; interest is due at 5% in the event of a default. All obligations under the note were repaid in May 2021.	-	350,000
Notes payable to Ford Motor Credit and Toyota Commercia Financing for auto loans with interest ranging from 6.5% to 10% per annum; maturing in November 2025 and secured by vehicles.	868,727	-

10. NOTES PAYABLE *(Continued)*

Notes payable to investors, in the principal amount of $3,670,000, simple annual interest of 10% per annum; matures in March 2022. The notes are an accumulation of seven notes to finance construction of a cultivation facilities in Florida and Arizona. Two note holders are related parties that account for $400,000 of the aggregate principal amount.	2,670,000	-
Mortgage to Pioneer Title Agency with interest of 6% per annum and matures in March 2023.	601,170	-
Note payable to Fidelity National Title with interest of 10% per annum and matures in July 2022.	2,218,750	-
Less: unamortized debt issuance costs	5,439,781	824,883
Total Notes Payable	134,011,136	40,293,910
Less: Current Portion of Notes Payable	2,969,277	7,814,261
Notes Payable, Net of Current Portion and Unamortized Debt Issuance Cost	**$ 131,041,859**	**$ 32,479,649**

Stated maturities of debt obligations are as follows:

	Principal Payments	Unamortized Debt Issuance Costs	Total Notes Payable
Remainder of 2021	$ 1,156,119	$ 1,431,931	$ (275,812)
2022	4,967,252	2,840,515	2,126,737
2023	130,384,566	1,167,335	129,217,231
2024	253,539	-	253,539
2025	110,947	-	110,947
2026 and Thereafter	2,578,493	-	2,578,493
Total	$ 139,450,916	$ 5,439,781	$ 134,011,135

(a) On May 10, 2021, the Company entered into an Amended Credit Agreement for a senior secured term loan with Chicago Atlantic Advisers, LLC ("Green Ivy"). The terms of the Amended Credit Agreement are outlined below:

- New $100 million credit agreement with a maturity date of May 30, 2023, with an annual interest rate of 9.75%.
- Amended the existing $30 million credit agreement to extend the maturity to May 30, 2023. The interest rate of 15.25% remained unaffected.

In accordance with IFRS 9, *Financial Instruments*, the $100 million credit facility is accounted for as a new credit facility. The existing $30 million credit facility was extended from June 30, 2022, to May 30, 2023, and qualifies as a debt modification. The existing credit facility had $643,590 of unamortized debt issuance cost at the time of the debt modification and is now amortized through May 30, 2023. The company incurred $5,132,199 in issuance costs and debt discounts on the new credit agreement, which was paid net of proceeds in May 2021. The Company amortizes debt issuance costs through interest expense over the life of the debt instrument.

10. NOTES PAYABLE *(Continued)*

The senior secured term loan is subject the following restrictive covenants, a minimum liquidity ratio, minimum consolidated EBITDA and fixed charge coverage ratio. As of June 30, 2021, the Company was compliant with all restrictive covenants.

(b) At the sole option of the lender or upon completion of a transaction, the convertible notes are convertible to equity. A total of $10,000,000 was advanced during 2019, of which $5,000,000 was advanced from ZenNorth, LLC and affiliates and $5,000,000 from the Company's Chief Executive Officer. Both advances had an origination fee of 2%, which is due in full on the maturity date. The origination fee was recorded as a reduction to the carrying value of the note payable. This reduction is recognized on a straight-line basis which approximates the effective interest rate method as interest expense.

Additionally, in connection with the convertible notes issued in 2019, Verano Holdings LLC issued warrants to purchase 990,000 common shares with an exercise price of $7.575 per share. The warrants have a three year term from the date of the closing. Verano Holdings LLC determined the fair value of the warrants to be $5,061,933 using the Black-Scholes valuation model with a volatility of 85%, dividend yield of 0% and risk-free rate of 1.60%. A debt discount is reflected as a reduction of the carrying value of the note payable on the Company's consolidated statements of financial position and is being amortized over the term of the notes. Amortization of the debt issuance cost for warrants was $0 and $4,405,756 for the periods ended June 30, 2021 and December 31, 2020, respectively. The conversion feature was treated as an embedded derivative liability and did not require bifurcation, as such the entire amount was recorded as a liability. The warrants for 424,242 units and 990,000 common shares were exercised for an exercise value of $3,029,088 and $7,499,250, respectively. The exercise proceeds were used to relieve the remaining debt outstanding with ZenNorth, LLC. The exercise proceeds for the Chief Executive Officer did not exceed the outstanding note balance, leaving an outstanding balance of $3,709,425 at December 31, 2020, which was repaid in full in February 2021.

(c) The two promissory notes which have convertible features, with an outstanding balance at December 31, 2020 of $3,412,500 are collateralized by the note holders' units in DGV Group, LLC. These notes were repaid in full in February 2021.

(d) The promissory note with an outstanding balance of $2,790,274 at December 31, 2020 is collateralized by real estate and improvements made to the property.

11. DERIVATIVE LIABILITIES

Convertible Notes

Verano Holdings LLC had two convertible notes in 2020 (Note 10). A reconciliation of the beginning and ending balances of the derivative liabilities for the periods ended June 30, 2021 and December 31, 2020 were as follows:

		Derivative Liability
Balance as of January 1, 2020	$	6,778,510
Fair value of derivative liabilities on issuance date		-
Additional issuance		-
Gain on derivative liability		(6,778,510)
Balance as of December 31, 2020	$	-
Balance as of January 1, 2021	$	-
Additional issuance		-
Balance as of June 30, 2021	$	-

11. DERIVATIVE LIABILITIES *(Continued)*

In accordance with IFRS, a contract to issue a variable number of equity shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the consolidated statements of operations at each period-end. The derivative liability will ultimately be converted into the Company's equity when the convertible notes payable is converted or will be extinguished on the repayment of the convertible notes payable and will not result in the outlay of any additional cash by the Company.

Upon initial recognition, the Company recorded a derivative liability and debt discount of $3,126,285 in relation to the derivative liability portion of the convertible notes. The Company had additional issuances through the remainder of 2019 that resulted in an additional debt discount of $3,089,906. The Company recorded $5,525,503 amortization related to the debt discount for the year ended December 31, 2020.

As of December 31, 2020, the Company had no probability of debt conversion. The Company adjusted the fair value of the derivative liabilities and debt discount to reflect the outcome.

12. SHARE CAPITAL

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with International Financial Reporting Standards (IAS) 12, *Income Taxes*.

(a) Issued and Outstanding

As of June 30, 2021, the Company has 120,358,610 Subordinate Voting Shares and 1,868,646 Proportionate Voting Shares for a total of 307,223,182 Subordinate Voting Shares on a converted basis, issued and outstanding. The Company has the following classes of share capital, with each class having no par value:

(i) Subordinate Voting Shares

The holders of the Subordinate Voting Shares are entitled to receive dividends which may be declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All Subordinate Voting Shares are ranked equally regarding the Company's residual assets. The Company is authorized to issue an unlimited number of no-par value Subordinate Voting Shares.

(ii) Proportionate Voting Shares

Each Proportionate Voting Share is entitled to one hundred votes per share at shareholder meetings of the Company and is exchangeable for one hundred Subordinate Voting Shares. The Company is authorized to issue an unlimited number of Proportionate Voting Shares.

During the six months ending June 30, 2021, the shareholders of the Company converted both Proportionate Voting Shares and Subordinate Voting Shares for a net impact of conversion of 13,621,002 Subordinate Voting Shares into 136,210 Proportionate Voting Shares.

12. SHARE CAPITAL *(Continued)*

(b) Stock-Based Compensation

In February 2021, the Company established the Verano Stock and Incentive Plan (the "Plan"). Equity incentives granted generally vest over eighteen to thirty-six months, and typically have a life of ten years. Option grants are determined by the Compensation Committee of the Board with the option price set at no less than 100% of the fair market value of a share on the date of grant.

On February 18, 2021, the Company granted non-qualified incentive Proportionate Voting Share stock options to employees, exercisable at CAD$3,060 on the grant date. The options vest over thirty months to purchase up to an aggregate of 516 Proportionate Voting Shares of the Company.

The Company issued additional non-qualified incentive Proportionate Voting Share stock options to employees, exercisable at CAD$2,400 during the three month period ended June 30, 2021. The options vest over thirty months to purchase up to an aggregate of 54 Proportionate Voting Shares of the Company.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date. This options pricing model requires the application of estimates and assumptions. As the Company became publicly traded in 2021, sufficient historical trading information was not available to determine an expected volatility rate. The volatility rate was based on comparable companies within the same industry.

During the six month period ended June 30, 2021, the Company granted 35,378 Proportionate Voting Shares as restricted stock units to employees and directors, vesting over eighteen to thirty-six months. The Company recognized 321 shares as forfeited and no restricted stock units vested during the six months ended June 30, 2021.

The Company recorded expense of $316,120 for the six months ended June 30, 2021 as share-based compensation related to the Plan.

(c) Noncontrolling Interest

On March 8, 2021, the Company acquired individually insignificant non-controlling interests in Natural Treatment Solutions, LLC for an approximate aggregate purchase price of $10,000.

(d) Warrants

On February 24, 2021, the Company entered into an agreement with Beacon Securities Limited ("Beacon") and Canaccord Genuity Corp. on behalf of a syndicate of underwriters, pursuant to which the underwriters agreed to purchase, on a bought deal private placement basis, 3,510,000 warrants of the Corporation (the "Special Warrants") at a price per Special Warrant of C$28.50 (the "Issue Price") for aggregate gross proceeds to the Company of C$100,035,000 (the "Offering"). The Corporation granted such underwriters an option, exercisable by Beacon on behalf of the Underwriters, in whole or in part at any time up to 48 hours prior to the closing date of the Offering, to purchase up to an additional 526,500 Special Warrants at the Issue Price for additional gross proceeds of up to C$15,005,250. Closing of the Offering occurred on March 11, 2021. The net proceeds of the Offering will be used for acquisitions, working capital and general corporate purposes. Each Special Warrant entitles its holder to receive one Subordinate Voting Share. All Special Warrants were exercised on June 24, 2021.

13. EARNINGS PER SHARE

The Company computes basic earnings per share by dividing net income available to its shareholders by the weighted-average number of shares of its stock outstanding, on an as converted basis. The Company weighs shares issued for the portion of the period that they were outstanding. The Company's diluted earnings per share reflect the impacts of the Company's potentially dilutive securities, which include the Company's equity compensation awards.

	Six Months Ended June 30, 2021	Three Months Ended June 30, 2021
Numerator		
Net Income	$ 74,914,746	$ 6,830,101
Denominator		
Basic		
Pre-RTO weighted-average shares outstanding	158,203,932	-
Post-RTO weighted-average shares outstanding	128,124,780	128,990,489
Weighted-average shares outstanding – basic	134,938,290	128,990,489
Diluted		
Pre-RTO weighted-average shares outstanding	202,272,124	-
Post-RTO weighted-average shares outstanding	303,226,381	307,369,829
Weighted-average shares outstanding – diluted	280,358,289	307,369,829
Basic earnings per share	$ 0.56	$ 0.05
Diluted earnings per share	$ 0.27	$ 0.02

The Company does not disclose prior period earnings per share as the information is not relevant to the users of the financial statements.

14. REVENUE RECOGNITION

Revenue is recognized by the Company in accordance with IFRS 15, *Revenue from Contracts with Customers*. Through application of the standard, the Company recognizes revenue at a distinct point in time upon the transfer of promised goods to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for such goods.

In order to recognize revenue under IFRS 15, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract;
- Recognize revenue when or as the Company satisfies the performance obligation(s).

Under IFRS 15, revenues from the sale of cannabis are generally recognized at a point in time when control over the goods have been transferred to the customer. Payment is due upon transferring the goods to the customer. The Company's wholesale customers are dispensaries, both third party dispensaries and those owned or controlled by the Company. The Company's retail customers are individuals purchasing goods for medical or recreational purposes.

14. REVENUE RECOGNITION *(Continued)*

Certain wholesale customers may have payment terms within a specified time-period permitted under the Company's credit policy, typically within 30 days of transfer. The Company generally requires previous payment from a customer prior to entering into another contract with such customer.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer. Revenue is presented net of discounts and sales tax and other related taxes.

The Company has customer loyalty programs in which retail customers accumulate points for each dollar spent. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction. In addition, the Company records a performance obligation as a reduction of revenue based on the estimated redemption probability of point obligation incurred, which is calculated based on a standalone selling price.

15. LOYALTY OBLIGATIONS

The Company has customer loyalty programs where retail customers accumulate points for each dollar of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction. In addition, the Company records a performance obligation as a reduction of revenue based on the estimated probability of point obligation incurred, which is calculated based on a standalone selling price that ranges between $0.05 and $0.08 per loyalty point.

Upon redemption, the loyalty program obligation is relieved and the offset is recorded as revenue. As of June 30, 2021, there were 81,815,636 points outstanding, with an approximate value of $3,675,246, which is included in accrued liabilities. As of December 31, 2020, there were 42,273,800 points outstanding, with an approximate value of $2,060,848. The Company estimates that 25% of points will not be redeemed (breakage) and expects the remaining outstanding loyalty points will be redeemed within one year.

16. INCOME TAXES

The June 30, 2021, provision for income taxes has been calculated using an effective average annual tax rate. The effective annual tax rate as of June 30, 2021 is 40.1 percent compared to a June 30, 2020 year-to-date actual effective tax rate of 49.1 percent and a full year 2020 effective tax rate of 38.2 percent. The increase the 2021 effective annual tax rate over the 2020 actual full year tax rate is primarily driven by expected increases to the negative impacts of IRC Section 280E nondeductible expenses.

17. COMMITMENTS AND CONTINGENCIES

(a) Leases

The Company leases certain business facilities from third parties under operating lease agreements that contain minimum rental provision that expire through 2040. Some of these leases also contain renewal provision and provide for rent abatement and escalating payments. In accordance with IFRS 16, commitments will be recognized as a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

17. COMMITMENTS AND CONTINGENCIES *(Continued)*

Year Ending December 31,	Scheduled payments
Remainder of 2021	$ 4,345,623
2022	8,756,714
2023	8,067,427
2024	7,478,487
2025	6,731,558
2026 and thereafter	26,398,811
Total undiscounted lease liabilities	61,778,620
Impact of Discount	(17,856,357)
Lease liability as of June 30, 2021	43,922,263
Less current portion of lease liabilities	(5,677,797)
Long-term portion of lease liabilities	$ 38,244,466

As of June 30, 2021 the Company recorded depreciation on the right-of-use assets of $2,487,580, of which $342,684 was included in cost of goods sold. The Company recorded interest expense of $1,265,246, of which $55,826 was included in cost of goods sold.

As of December 31, 2020, the Company recorded depreciation on the right-of-use assets of $1,841,035, of which $694,871 was included in cost of goods sold and the Company recorded interest expense of $834,024, of which $240,934 was included in cost of goods sold.

(b) Claims and Litigation

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation at June 30, 2021, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. These matters include employment and other claims against entities that were subsequently acquired by the Company and for which indemnification and other reimbursement rights may be available to the Company. At June 30, 2021 there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations, except as disclosed in these unaudited condensed interim consolidated financial statements. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

i. On January 22, 2021, Verano received a letter from a shareholder, who was formerly a member in Verano Holdings, LLC, demanding that Verano produce documents and information related to Verano Holdings, LLC's debt and equity financing activities in 2018 and 2019. In response to Verano's production of such information, the shareholder has alleged that the warrants provided in connection with the Rockview loan and the loan from Mr. Archos described in *Section 3.1 – General Development of Verano's Business* were not properly priced or valued. Verano agreed to participate in mediation with this shareholder regarding the claims, which took place on April 13, 2021. The parties were unable to reach a settlement at such time. No reserves for the claim has been recorded as of June 30, 2021.

18. RELATED PARTY TRANSACTIONS

(a) Due from Related Parties

As of June 30, 2021, and December 31, 2020, amounts due from related parties were comprised of balances due from investors of $62,236 and $108,254, respectively. These amounts are due on demand and did not have formal contractual agreements governing payment terms or interest. Other related party transactions are described through these unaudited condensed interim consolidated financial statements.

(b) Due to Related Parties

As of June 30, 2021, and December 31, 2020, amounts due to related parties were comprised of advances to investors payable totaling $44,664 and $44,664, respectively. Advances did not have formal contractual agreements governing payment terms or interest.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of biological assets, notes receivable, notes payable, and derivative liability. The carrying values of these financial instruments approximate their fair values at June 30, 2021.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the years ended June 30, 2021 and December 31, 2020.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2020 and 2019 is the carrying amount of cash. The Company does not have significant credit risk with respect to its customers. All cash is placed with major U.S. financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit rise but has limited risk as the majority of its sales are transacted with cash.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(ii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 6 for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

(d) Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit, funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company and leaves their cash holdings vulnerable.

(e) Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry, which either are 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 was 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.

(f) Regulatory Risk

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operation, and financial condition.

The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although regulatory outlook on the cannabis industry has been moving in a positive trend, the Company is aware of the effect of unforeseen regulatory changes can have on the goals and operations of the business as a whole.

(g) Tax Risk

Tax risk is the risk of changes in the tax environment that would have a material adverse effect on the Company's business, results of operations, and financial condition. Currently, state licensed marijuana businesses are assessed a comparatively high effective federal tax rate due to section 280E which bars businesses from deducting all expenses except their cost of sales when calculating federal tax liability. Any increase in tax levies resulting from additional tax measures may have a further adverse effect on the operations of the Company, while any decrease in such tax levies will be beneficial to future operations.

20. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 10, 2021, which is the date on which the financial statements were available to be issued.

(a) Acquisitions

Mad River Remedies, LLC

On April 1, 2021, the Company announced it had entered into an agreement to acquire Mad River Remedies, LLC, a dispensary of medical marijuana in Dayton, Ohio. The transaction closed on July 8, 2021.

Agri-Kind, LLC

On April 21, 2021, the Company entered into an agreement to acquire all of the issued and outstanding equity interests in Agri-Kind, LLC ("Agri-Kind"), an operator of a 62,000 sq. ft. cultivation and production facility of medical marijuana located in Chester, Pennsylvania, and Agronomed Holdings Inc., the owner of the cultivation and processing facility operated by Agri-Kind. These transactions closed on July 12, 2021. The total consideration includes cash consideration of US$66,000,000, the issuance of 3,208,035 Subordinate Voting Shares and an earnout of US$31,500,000, which may be increased based upon financial performance metrics of Agri-Kind for 2021 and is payable in Subordinate Voting Shares, unless cash payment is elected by the recipient. The Company may issue additional Subordinate Voting Shares as consideration if the average trading price of the Subordinate Voting Shares falls below specified levels on the six month and twelve month anniversaries of the closing date. Agri-Kind's management team is expected to remain with the acquired business.

Agronomed Biologics, LLC

On April 21, 2021, the Company entered into an agreement to acquire all of the issued and outstanding equity interests in Agronomed Biologics, LLC ("Agronomed"), which holds a clinical registrant license (including cultivation and production and six dispensaries, to be developed) in the Commonwealth of Pennsylvania. As a clinical registrant, Agronomed has partnered with the Drexel University College of Medicine to conduct medical marijuana research. This transaction closed on July 12, 2021. The total consideration includes cash consideration of US$10,000,000, 3,240,436 Subordinate Voting Shares and an earnout of US$15,000,000, which is payable in Subordinate Voting Shares unless cash payment is elected by the recipient. The Company may issue additional Subordinate Voting Shares as consideration if the average trading price of the Subordinate Voting Shares falls below specified levels on the six month and twelve month anniversaries of the closing date. Agronomed's management team is expected to remain with the acquired business.

WSCC, Inc.

On July 26, 2021, the Company announced it had entered into an agreement to acquire all of the issued and outstanding equity interests in WSCC, Inc., a Nevada corporation d/b/a Sierra Well ("Sierra Well"). The total consideration is US$29,000,000, which is payable in a combination of cash and Subordinate Voting Shares. Closing of the acquisition is subject to customary conditions, contingencies, and approvals, including regulatory approval.

(b) Litigation

See Claims above.

VERANO HOLDINGS CORP.

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Unaudited Pro Forma Condensed Combined Financial Statements
as of December 31, 2020 and 2019 and
for the Two Years Ended December 31, 2020
(Expressed in United States Dollars)

Verano Holdings Corp.
Unaudited Pro Forma Condensed Combined Balance Sheet
December 31, 2020
Unaudited (Amounts Expressed in United States Dollars Unless Otherwise Stated)

	Verano Holdings, LLC	AME Parties	Majesta Minerals, Inc.	Adjustments	Notes	Pro Forma Consolidated
ASSETS						
Current Assets:						
Cash	$ 16,402,148	$ 14,534,846	$ 6,414			$ 30,943,408
Accounts Receivable, Net	7,269,837	365,207	8,557			7,643,601
Notes Receivable	3,010,523	263,895	-			3,274,418
Interest Receivable	934,500	-	-			934,500
Due from Related Parties	108,254	-	-			108,254
Inventories	59,290,065	63,445,202	-			122,735,267
Biological Assets	109,376,567	37,987,298	-			147,363,865
Prepaid Expenses and Other Current Assets	6,169,400	1,507,092	-			7,676,492
Total Current Assets	$ 202,561,294	$ 118,103,540	$ 14,971	$ -		$ 320,679,805
Property, Plant and Equipment, Net	143,137,585	85,980,872	-			229,118,457
Right Of Use Assets, Net	11,337,343	-	-			11,337,343
Intangible Assets	73,897,467	4,564,588	-			78,462,055
Goodwill	16,028,903	-	-			16,028,903
Investment in Associates	11,547,004	75,423,511	-	(75,423,511)	(1)	11,547,004
Deposits and Other Assets	797,321	932,967	-			1,730,288
TOTAL ASSETS	$ 459,306,917	$ 285,005,478	$ 14,971	$ (75,423,511)		$ 668,903,855
LIABILITIES AND SHAREHOLDERS' EQUITY						
LIABILITIES						
Current Liabilities:						
Accounts Payable	$ 18,292,696	$ 16,440,662	$ 89,255			$ 34,822,613
Accrued Liabilities	13,835,980	822,502	-			14,658,482
Income Tax Payable	46,872,445	210,000	-			47,082,445
Current Portion of Lease Liabilities	1,910,645	1,096,508	-			3,007,153
Current Portion of Notes Payable	7,814,261	1,677,952	62,580			9,554,793
License Payable	49,950	-	-			49,950
Acquisition Price Payable	33,290,400	-	-			33,290,400
Due to Related Parties	44,664	-	68,929			113,593
Total Current Liabilities	122,111,041	20,247,624	220,764			142,579,429
Long-Term Liabilities:						
Deferred Revenue	2,035,405	-	-			2,035,405
Notes Payable, Net of Current Portion	32,479,649	5,486,155	-			37,965,804
Lease Liabilities, Net of Current Portion	10,864,742	15,287,987	-			26,152,729
Deferred Income Taxes	49,084,004	-	-			49,084,004
TOTAL LIABILITIES	216,574,841	41,021,766	220,764			257,817,371
SHAREHOLDERS' EQUITY	242,387,456	243,983,712	(205,794)	(75,423,511)	(1)	$ 410,741,863
NON-CONTROLLING INTEREST	344,620	-	-			344,620
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 459,306,917	$ 285,005,478	$ 14,971	$ (75,423,511)		$ 668,903,855

(1) The Pro Forma financial statements have been prepared in accordance with IFRS standards. The AME Parties have inter-entity ownership that has been adjusted and eliminated on a pro forma basis. On the condensed interim consolidated statements of income for the twelve months ended December 31, 2020, an adjustment was made for income from investments in related companies. This investment is among AME Parties and thus must be eliminated. On the condensed interim consolidated statements of financial position as of December 31, 2020, an adjustment was made for investment in related parties (investment in associates) to eliminate the inter-entity AME Parties consideration.

Verano Holdings Corp.
Unaudited Pro Forma Condensed Combined Balance Sheet
December 31, 2019
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

	Verano Holdings, LLC	AME Parties	Majesta Minerals, Inc.	Adjustments	Notes	Pro Forma Consolidated
ASSETS						
Current Assets:						
Cash	$ 6,417,703	$ 6,921,149	$ 931			$ 13,339,783
Accounts Receivable, Net	5,055,564	856,370				5,911,934
Notes Receivable	5,000,000	1,078,217				6,078,217
Due from Related Parties	253,580	-				253,580
Inventories	14,073,364	24,608,028				38,681,392
Biological Assets	16,613,392	9,943,948				26,557,340
Distributions Receivable	83,295	-				83,295
Prepaid Expenses and Other Current Assets	2,692,536	1,047,206				3,739,742
Total Current Assets	$ 50,189,434	$ 44,454,918	$ 931			$ 94,645,283
Property, Plant and Equipment, Net	94,379,744	44,623,033				139,002,777
Right Of Use Assets, Net	9,864,915	-				9,864,915
Intangible Assets	19,880,449	5,195,408				25,075,857
Goodwill	5,064,248	-				5,064,248
Investment in Associates	10,927,934	34,322,458		(34,322,458)	(1)	10,927,934
Deposits and Other Assets	3,807,972	571,037				4,379,009
TOTAL ASSETS	$ 194,114,696	$ 129,166,854	$ 931	$ (34,322,458)		$ 288,960,023
LIABILITIES AND SHAREHOLDERS' EQUITY						
LIABILITIES						
Current Liabilities:						
Accounts Payable	$ 18,544,003	$ 6,205,286	$ 24,544			$ 24,773,833
Accrued Liabilities	3,111,567	375,711				3,487,278
Income Tax Payable	11,206,250	-				11,206,250
Current Portion of Lease Liabilities	1,653,757	945,640				2,599,397
Current Portion of Notes Payable	8,153,234	3,575,931	56,198			11,785,363
Derivative Liability	6,778,510	-				6,778,510
License Payable	60,185	-				60,185
Acquisition Price Payable	6,750,000	-				6,750,000
Due to Related Parties	82,718	-				82,718
Total Current Liabilities	56,340,224	11,102,568	80,742			67,523,534
Long-Term Liabilities:						
Deferred Revenue	-	-				-
Notes Payable, Net of Current Portion	6,213,433	307,565				6,520,998
Lease Liabilities, Net of Current Portion	9,602,436	8,711,093				18,313,529
Deferred Income Taxes	5,114,977	-				5,114,977
TOTAL LIABILITIES	77,271,070	20,121,226	80,742			97,473,038
MEMBERS' EQUITY	111,752,803	109,045,628	(79,812)	(34,322,458)		186,396,161
NON-CONTROLLING INTEREST	5,090,823	-	-	-		5,090,823
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 194,114,696	$ 129,166,854	$ 931	$ (34,322,458)		$ 288,960,023

(1) The Pro Forma financial statements have been prepared in accordance with IFRS standards. The AME Parties have inter-entity ownership that has been adjusted and eliminated on a pro forma basis. On the condensed interim consolidated statements of income for the twelve months ended December 31, 2019, an adjustment was made for income from investments in related companies. This investment is among AME Parties and thus must be eliminated. On the condensed interim consolidated statements of financial position as of December 31, 2019, an adjustment was made for investment in related parties (investment in associates) to eliminate the inter-entity AME Parties consideration.

Verano Holdings Corp
Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 2020
Unaudited (Amounts Expressed in United States Dollars Unless Otherwise Stated)

	Verano Holdings, LLC	AME Parties	Majesta Minerals, Inc.	Adjustments	Notes	Pro Forma Consolidated
Revenues, Net of Discounts	$ 228,530,083	$ 126,308,874	$ -			$ 354,838,957
Cost of Goods Sold	94,386,849	36,697,726	-			131,084,575
Gross Profit before Biological Asset Adjustment	134,143,234	89,611,148	-			223,754,382
Realized fair value amounts included in inventory sold	(132,553,802)	-	-			(132,553,802)
Unrealized fair value gain on growth of biological assets	254,154,780	-	-			254,154,780
Net Effect of Changes in Fair Value of Biological Assets	121,600,978	63,038,759	-			184,639,737
Gross Profit	255,744,212	152,649,907	-			408,394,119
Expenses:						
General and Administrative	26,742,144	20,124,770	236,707			47,103,621
Sales and Marketing	918,203	-	-			918,203
Salaries and Benefits	16,227,897	20,927,619	-			37,155,516
Less Direct Costs Allocated to Inventory and Cost of Sales	-	(17,572,018)	-			(17,572,018)
Depreciation and Amortization	1,973,723	7,158,265	-			9,131,988
Total Expenses	45,861,967	30,638,636	236,707	-		76,737,310
Income (Loss) from Investments in Associates	2,691,597	-	-	-		2,691,597
Income (Loss) From Continuing Operations	212,573,842	122,011,271	(236,707)	-		334,348,406
Other Income (Expense):						
Loss on Disposal of Assets	-	(415,575)	-			(415,575)
Loss on Deconsolidation	(189,324)	-	-			(189,324)
Gain on Previously Held Equity Interest	458,039	885,678	-			1,343,717
Gain on Derivative Liability	6,778,510	-	-			6,778,510
Amortization of Debt Issuance Costs for Warrant	(4,572,423)	-	-			(4,572,423)
Amortization of Convertible Debt Discount	(5,525,503)	-	-			(5,525,503)
Other Income (Expense), Net	(701,496)	95,647	-			(605,849)
Income From Investments in Related Companies	-	47,661,050	-	(47,661,050)	(1)	-
Interest Expense, net	(5,349,644)	(1,598,483)	-			(6,948,127)
Total Other Expense	(9,101,841)	46,628,317	-	(47,661,050)		(10,134,574)
Net Income (Loss) Before Provision for Income Taxes and Non-Controlling Interest	203,472,001	168,639,588	(236,707)	(47,661,050)		324,213,832
Provision For Income Taxes	(76,831,828)	(210,000)	-	-		(77,041,828)
Net Income (Loss) Before Non-Controlling Interest	126,640,173	168,429,588	(236,707)	(47,661,050)		247,172,004
Net Income (Loss) from Discontinued Operations, Net of Tax	(1,966,751)	-	-	-		(1,966,751)
Net Income (Loss)	124,673,422	168,429,588	(236,707)	(47,661,050)		245,205,253
Net Income (Loss) Attributable To Non-Controlling Interest	566,459	-	-	-		566,459
Net Income (Loss) Attributable to Verano Holdings, LLC and Subsidiaries	$ 124,106,963	$ 168,429,588	$ (236,707)	$ (47,661,050)		$ 244,638,794

(1) The Pro Forma financial statements have been prepared in accordance with IFRS standards. The AME Parties have inter-entity ownership that has

been adjusted and eliminated on a pro forma basis. On the condensed interim consolidated statements of income for the twelve months ended December 31, 2019, and twelve months ended December 31, 2020, an adjustment was made for income from investments in related companies. This investment is among AME Parties and thus must be eliminated. On the condensed interim consolidated statements of financial position as of December 31, 2020, an adjustment was made for investment in related parties (investment in associates) to eliminate the inter-entity AME Parties consideration.

Verano Holdings Corp.
Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 2019
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

	Verano Holdings, LLC	AME Parties	Majesta Minerals, Inc.	Adjustments	Notes	Pro Forma Consolidated
Revenues, Net of Discounts	$ 65,968,292	$ 53,853,057				$ 119,821,349
Cost of Goods Sold	38,469,325	30,039,157				68,508,482
Gross Profit before Biological Asset Adjustment	27,498,967	23,813,900				51,312,867
Net Effect of Changes in Fair Value of Biological Assets	14,563,903	20,223,702				34,787,605
Gross Profit	42,062,870	44,037,602				86,100,472
Expenses:						
General and Administrative	28,106,966	12,238,339	63,906			40,409,211
Sales and Marketing	926,258	-				926,258
Salaries and Benefits	6,231,096	8,058,097				14,289,193
Less Direct Costs Allocated to Inventory and Cost of Sales		(9,788,609)				(9,788,609)
Depreciation and Amortization	2,546,239	4,639,145				7,185,384
Total Expenses	37,810,559	15,146,972	63,906			53,021,437
Income (Loss) from Investments in Associates	(456,053)	-	-			(456,053)
Income (Loss) From Continuing Operations	3,796,258	28,890,630	(63,906)			32,622,982
Other Income (Expense):						
Loss on Deconsolidation	(3,086,878)	-				(3,086,878)
Loss on Disposal of Property, Plant, and Equipment	(1,546,540)	-				(1,546,540)
Amortization of Debt Issuance Costs for Warrant	(656,177)	-				(656,177)
Amortization of Convertible Debt Discount	(690,688)	-				(690,688)
Change in Fair Market Value of Derivative	(562,319)	-				(562,319)
Interest Expense, net	(338,992)	(354,508)				(693,500)
Income from Investments in Related Companies	-	12,199,444		(12,199,444)	(1)	-
Other Income	94,100	(61,344)				32,756
Total Other Expense	(6,787,494)	11,783,592	-	(12,199,444)		(7,203,346)
Net Income (Loss) Before Provision for Income Taxes and Non-Controlling Interest	(2,991,236)	40,674,222	(63,906)	(12,199,444)		25,419,636
Provision For Income Taxes	(15,203,221)	-	3,271	-		(15,199,950)
Net Income (Loss)	(18,194,457)	40,674,222	(60,635)	(12,199,444)		10,219,686
Net Income (Loss) Attributable To Non-Controlling Interest	239,563	-	-	-		239,563
Net Income (Loss) Attributable to Verano Holdings, LLC and Subsidiaries	$ (18,434,020)	$ 40,674,222	$ (60,635)	$ (12,199,444)		$ 9,980,123

(1) The Pro Forma financial statements have been prepared in accordance with IFRS standards. The AME Parties have inter-entity ownership that has been adjusted and eliminated on a pro forma basis. On the condensed interim consolidated statements of income for the twelve months ended December 31, 2019, an adjustment was made for income from investments in related companies. This investment is among AME Parties and thus must be eliminated. On the condensed interim consolidated statements of financial position as of December 31, 2019, an adjustment was made for investment in related parties (investment in associates) to eliminate the inter-entity AME Parties consideration.

Exhibit 1.1

Number: BC1288621

CERTIFICATE
OF
AMALGAMATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that 1277233 B.C. LTD., incorporation number BC1277233, and VERANO HOLDINGS CORP., incorporation number C1286039 were amalgamated as one company under the name VERANO HOLDINGS CORP. on February 11, 2021 at 01:14 PM Pacific Time.

ELECTRONIC CERTIFICATE

Issued under my hand at Victoria, British Columbia On February 11, 2021

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: February 11, 2021 01:14 PM Pacific Time

Incorporation Number:
BC1288621

NOTICE OF ARTICLES

Name of Company:

VERANO HOLDINGS CORP.

REGISTERED OFFICE INFORMATION

Mailing Address:
2900 - 550 BURRARD STREET
VANCOUVER BC V6C 0A3
CANADA

Delivery Address:
2900 - 550 BURRARD STREET
VANCOUVER BC V6C 0A3
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
2900 - 550 BURRARD STREET
VANCOUVER BC V6C 0A3
CANADA

Delivery Address:
2900 - 550 BURRARD STREET
VANCOUVER BC V6C 0A3
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Archos, George P.

Mailing Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Delivery Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Last Name, First Name, Middle Name: Smullen, R. Michael

Mailing Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Delivery Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Last Name, First Name, Middle Name: Brown, Edward

Mailing Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Delivery Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Last Name, First Name, Middle Name: Nunez, Cristina

Mailing Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Delivery Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Class A subordinate voting Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	Class B proportionate voting Shares	Without Par Value With Special Rights or

Incorporation Number **BC1288621**
Translation of Name (if any)

PROVINCE OF BRITISH COLUMBIA

BUSINESS CORPORATIONS ACT

ARTICLES

OF

VERANO HOLDINGS CORP.

Fasken Martineau DuMoulin LLP
Barristers & Solicitors
Canada

PROVINCE OF BRITISH COLUMBIA

BUSINESS CORPORATIONS ACT

ARTICLES
OF
VERANO HOLDINGS CORP.
(the "Company")

Incorporation Number BC1288621

Translation of Name (if any) _____

PART 1
INTERPRETATION

1.1 Definitions. Without limiting Article 1.2, in these articles, unless the context requires otherwise:

"adjourned meeting" means the meeting to which a meeting is adjourned under Articles 11.8 or 11.12;

"board", "board of directors" and "directors" mean the directors or sole director of the Company for the time being and include a committee or other delegate, direct or indirect, of the directors or director;

"*Business Corporations Act*" means the *Business Corporations Act*, S.B.C. 2002, c.57 as amended, restated or replaced from time to time, and includes its regulations;

"*Interpretation Act*" means the *Interpretation Act*, R.S.B.C. 1996, c. 238;

"legal personal representative" means the personal or other legal representative of the shareholder; and

"seal" means the seal of the Company, if any.

1.2 *Business Corporations Act* Definitions Apply. The definitions in the *Business Corporations Act* apply to these articles.

1.3 *Interpretation Act* Applies. The *Interpretation Act* applies to the interpretation of these articles as if these articles were an enactment.

1.4 Conflict in Definitions. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these articles.

1.5 Conflict Between Articles and Legislation. If there is a conflict between these articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

PART 2
SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure. The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate. Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Right to Share Certificate or Acknowledgement. Each shareholder is entitled, without charge, to:

(a) one certificate representing the share or shares of each class or series of shares registered in the shareholder's name; or

(b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement and delivery of a share certificate or acknowledgment for a share to one of several joint shareholders or to one of the shareholder's duly authorized agents will be sufficient delivery to all. The Company may refuse to register more than three persons as joint holders of a share.

2.4 Sending of Share Certificate. Any share certificate or non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate to which a shareholder is entitled may be sent to the shareholder by mail at the shareholder's registered address, and neither the Company nor any agent is liable for any loss to the shareholder because the share certificate or acknowledgment sent is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate. If the board of directors, or any officer or agent designated by the board of directors, is satisfied that a share certificate is worn out or defaced, they must, on production to them of the certificate and on such other terms, if any, as they think fit:

(a) order the certificate to be cancelled; and

(b) issue a replacement share certificate.

2.6 Replacement of Lost, Stolen or Destroyed Certificate. If a share certificate is lost, stolen or destroyed, a replacement share certificate must be issued to the person entitled to that certificate if the board of directors, or any officer or agent designated by the directors, receives:

(a) proof satisfactory to them that the certificate is lost, stolen or destroyed; and

(b) any indemnity the board of directors, or any officer or agent designated by the directors, considers adequate.

2.7 Splitting Share Certificates. If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the certificate so surrendered, the Company must cancel the surrendered certificate and issue replacement share certificates in accordance with that request. The Company may refuse to issue a certificate with respect to a fraction of a share.

2.8 Certificate Fee. There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts. Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

PART 3
ISSUE OF SHARES

3.1 Directors Authorized to Issue Shares. Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the directors may issue, allot, sell or otherwise dispose of the unissued shares, and previously issued shares that are subject to reissuance or held by the Company, whether with par value or without par value, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares may be issued) that the directors, in their absolute discretion, may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts. The directors may, at any time, authorize the Company to pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage. The directors may authorize the Company to pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue. Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

(a) consideration is provided to the Company for the issue of the share by one or more of the following:

(i) past services performed for the Company;

(ii) property; or

(iii) money; and

(b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Warrants, Options and Rights. Subject to the *Business Corporations Act*, the Company may issue warrants, options and rights upon such terms and conditions as the directors determine, which warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

3.6 Fractional Shares. A person holding a fractional share does not have, in relation to the fractional share, the rights of a shareholder in proportion to the fraction of the share held.

PART 4
SHARE REGISTERS

4.1 Central Securities Register. As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register.

4.2 Branch Registers. In addition to the central securities register, the Company may maintain branch securities registers.

4.3 Appointment of Agents. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register and any branch securities registers. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.4 Closing Register. The Company must not at any time close its central securities register.

PART 5
SHARE TRANSFERS

5.1 Recording or Registering Transfer. Except to the extent that the *Business Corporations Act* otherwise provides, a transfer of a share of the Company must not be recorded or registered unless:

(a) a duly signed instrument of transfer in respect of the share has been received by the Company;

(b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer. The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder. Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer. If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer, or, if no number is specified, all the shares represented by share certificates deposited with the instrument of transfer:

(a) in the name of the person named as transferee in that instrument of transfer; or

(b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the share certificate is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required. Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee. There must be paid to the Company, in relation to the registration of any transfer, the amount determined by the directors.

PART 6
TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death. In the case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative. The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

PART 7
PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares. Subject to the special rights and restrictions attached to any class or series of shares and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and on the terms specified in such resolution.

7.2 Purchase When Insolvent. The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(a) the Company is insolvent; or

(b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares. If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(a) is not entitled to vote the share at a meeting of its shareholders;

(b) must not pay a dividend in respect of the share; and

(c) must not make any other distribution in respect of the share.

PART 8
BORROWING POWERS

8.1 Powers of Directors. The Company, if authorized by the directors, may from time to time:

(a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;

(b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person;

(c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(d) mortgage or charge, whether by way of specific or floating charge, or give other security on the whole or any part of the present and future undertaking of the Company.

8.2 Terms of Debt Instruments. Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, and with any special privileges on the redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of directors or otherwise, and may by their terms be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder, all as the directors may determine.

8.3 Delegation by Directors. For greater certainty, the powers of the directors under this Part 8 may be exercised by a committee or other delegate, direct or indirect, of the board authorized to exercise such powers.

PART 9
ALTERATIONS

9.1 Alteration of Authorized Share Structure. Subject to Article 9.2 and the *Business Corporations Act*, the Company may by resolution of the board of directors:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares is allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(d) if the Company is authorized to issue shares of a class of shares with par value:

(i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares is allotted or issued, increase the par value of those shares;

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) alter the identifying name of any of its shares; or

(g) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

9.2 Special Rights and Restrictions. Subject to the *Business Corporations Act*, the Company may by ordinary resolution:

(a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name. The Company may by resolution of the board of directors authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

9.4 Alterations to Articles. If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

9.5 Alterations to Notice of Articles. If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter its Notice of Articles.

PART 10
MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings. Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold an annual general meeting, for the first time, not more than 18 months after the date on which it was recognized, and after its first annual reference date, at least once in each calendar year and not more than 15 months after the annual reference date for the preceding calendar year at such date, time and location as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting. If all of the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Shareholder Meetings. The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Location of Shareholder Meetings. The directors may, by director's resolution, approve a location outside of British Columbia for the holding of a meeting of shareholders.

10.5 Notice for Meetings of Shareholders. The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(a) if and for so long as the Company is a public company, 21 days; and

(b) otherwise, 10 days.

10.6 Record Date for Notice. The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(a) if and for so long as the Company is a public company, 21 days; and

(b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting. The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice. The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to receive notice does not invalidate any proceedings at that meeting. Any person entitled to receive notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.9 Notice of Special Business at Meetings of Shareholders. If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(a) state the general nature of the special business; and

(b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by the shareholders:

(i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

(ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

PART 11
PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business. At a meeting of shareholders, the following business is special business:

(a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(b) at an annual general meeting, all business is special business except for the following:

(i) business relating to the conduct of, or voting at, the meeting;

(ii) consideration of any financial statements of the Company presented to the meeting;

(iii) consideration of any reports of the directors or auditor;

(iv) the setting or changing of the number of directors;

(v) the election or appointment of directors;

(vi) the appointment of an auditor;

(vii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and

(viii) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority. The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum. Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum. If there is only one shareholder entitled to vote at a meeting of shareholders:

(a) the quorum is one person who is, or who represents by proxy, that shareholder; and

(b) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Meetings by Telephone or Other Communications Medium. A shareholder or proxy holder who is entitled to participate in, including vote at, a meeting of shareholders may participate in person or by telephone or other communications medium if all shareholders and proxy holders participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A shareholder who participates in a meeting in a manner contemplated by this Article 11.5 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner. Nothing in this Article 11.5 obligates the Company to take any action or provide any facility to permit or facilitate the use of any communications medium at a meeting of shareholders.

11.6 Other Persons May Attend. The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum, and is not entitled to vote at the meeting, unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.7 Requirement of Quorum. No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting.

11.8 Lack of Quorum. If, within fifteen minutes from the time set for the holding of a meeting of shareholders, a quorum is not present:

(a) in the case of a general meeting convened by requisition of shareholders, the meeting is dissolved; and

(b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place, or at such other date, time or location as the chair specifies on the adjournment.

11.9 Lack of Quorum at Succeeding Meeting. If, at the meeting to which the first meeting referred to in Article 11.8(b) was adjourned, a quorum is not present within fifteen minutes from the time set for the holding of the meeting the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.10 Chair. The chair of the board, if any, is entitled to preside as chair at a meeting of shareholders.

11.11 Selection of Alternate Chair. If, at any meeting of shareholders, there is no chair of the board present within 15 minutes after the time set for holding the meeting, or if the chair of the board is unwilling to act as chair of the meeting, or if the chair of the board has advised the secretary, if any, or any director present at the meeting, that the chair will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.12 Adjournments. The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.13 Notice of Adjourned Meeting. It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.14 Decisions by Show of Hands or Poll. Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.15 Declaration of Result. The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.14, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.16 Motion Need Not Be Seconded. No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.17 Casting Vote. In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.18 Manner of Taking a Poll. Subject to Article 11.19, if a poll is duly demanded at a meeting of shareholders:

(a) the poll must be taken:

(i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(ii) in the manner, at the time and at the place that the chair of the meeting directs;

(b) the result of the poll is deemed to be a resolution of and passed at the meeting at which the poll is demanded; and

(c) the demand for the poll may be withdrawn by the person who demanded it.

11.19 Demand for a Poll on Adjournment. A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.20 Chair Must Resolve Dispute. In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.21 Casting of Votes. On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.22 Demand for Poll. No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.23 Demand for a Poll Not to Prevent Continuation of Meeting. The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.24 Retention of Ballots and Proxies. The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during statutory business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

PART 12
VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares. Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint registered holders of shares under Article 12.3:

(a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote at the meeting has one vote, and

(b) on a poll, every shareholder entitled to vote at the meeting has one vote in respect of each share held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity. A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is the legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Shareholders. If there are joint shareholders registered in respect of any share:

(a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders. Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder. If a corporation that is not a subsidiary of the Company is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(a) for that purpose, the instrument appointing a representative must:

(i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies or, if no number is specified, two days before the day set for the holding of the meeting; or

(ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting; and

(b) if a representative is appointed under this Article 12.5:

(i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies. If and for so long as the Company is a public company, Articles 12.7 to 12.15 apply to the Company only insofar as they are not inconsistent with any securities legislation of any province or territory of Canada applicable to the Company.

12.7 Appointment of Proxy Holder. Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders. A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder. A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;

(b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;

(c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or

(d) the Company is a public company.

12.10 Deposit of Proxy. A proxy for a meeting of shareholders must:

(a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote. A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy. A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[Name of Company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder): _____

Signed this _____ day of , _____ .

_____
Signature of shareholder

_____
Name of shareholder—printed

12.13 Revocation of Proxy. Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

(a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(b) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed. An instrument referred to in Article 12.13 must be signed as follows:

(a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy; or

(b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote. The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

PART 13
DIRECTORS

13.1 Number of Directors. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(a) if the Company is a public company, the greater of three and the most recently set of:

(i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(ii) the number of directors set under Article 14.4;

(b) if the Company is not a public company, the most recently set of:

(i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(ii) the number of directors set under Article 14.4.

13.2 Change in Number of Directors. If the number of directors is set under Articles 13.1(a)(i) or 13.1(b)(i):

(a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

(b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy. An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors. A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors. The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors. The Company must reimburse each director for the reasonable expenses that he or she may incur in his or her capacity as director in and about the business of the Company.

13.7 Special Remuneration for Directors. If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director. Unless otherwise determined by ordinary resolution, the directors may authorize the Company to pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

PART 14
ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting. At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director. No election, appointment or designation of an individual as a director is valid unless:

(a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*; or

(b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director.

14.3 Failure to Elect or Appoint Directors. If:

(a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or

(b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(c) the date on which his or her successor is elected or appointed; and

(d) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled. If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies. Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act. The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies. If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors. Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(a), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director. A director ceases to be a director when:

(a) the term of office of the director expires;

(b) the director dies;

(c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(d) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders. The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors. The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

PART 15
POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management. The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company. The directors exclusively may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

PART 16
DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Obligation to Account for Profits. A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

16.2 Restrictions on Voting by Reason of Interest. A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum. A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property. A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

16.5 Director Holding Other Office in the Company. A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.6 No Disqualification. No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director or Officer. Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in Other Corporations. A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

PART 17
PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors. The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the board held at regular intervals may be held at the place, at the time and on the notice, if any, that the board may by resolution from time to time determine.

17.2 Voting at Meetings. Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

17.3 Chair of Meetings. Meetings of directors are to be chaired by:

(a) the chair of the board, if any;

(b) in the absence of the chair of the board, the president, if any, if the president is a director; or

(c) any other director chosen by the directors if:

(i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

(ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

(iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium. A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone or other communications medium if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5 Calling of Meetings. A director may, and the secretary or an assistant secretary, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings. Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required. It is not necessary to give notice of a meeting of the directors to a director if:

(a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed or is the meeting of the directors at which that director is appointed; or

(b) the director has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice. The accidental omission to give notice of any meeting of directors to any director, or the non-receipt of any notice by any director, does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings. Any director may file with the Company a document signed by the director waiving notice of any past, present or future meeting of the directors and may at any time withdraw that waiver with respect to meetings of the directors held after that withdrawal. After sending a waiver with respect to all future meetings of the directors, and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director.

17.10 Quorum. The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of the directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

17.11 Validity of Acts Where Appointment Defective. Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing. A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or, if no date is stated in the resolution, on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

PART 18
EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee. The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

18.2 Appointment and Powers of Other Committees. The directors may, by resolution,

(a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:

(i) the power to fill vacancies in the board of directors;

(ii) the power to remove a director;

(iii) the power to change the membership of, or fill vacancies in, any committee of the board, and

(iv) the power to appoint or remove officers appointed by the board; and

(c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution.

18.3 Obligations of Committee. Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must

(a) conform to any rules that may from time to time be imposed on it by the directors; and

(b) report every act or thing done in exercise of those powers as the directors may require.

18.4 Powers of Board. The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

(a) revoke or alter the authority given to a committee, or override a decision made by a committee, except as to acts done before such revocation, alteration or overriding;

(b) terminate the appointment of, or change the membership of, a committee; and

(c) fill vacancies on a committee.

18.5 Committee Meetings. Subject to Article 18.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

(a) the committee may meet and adjourn as it thinks proper;

(b) the committee may elect a chair of its meetings but, if no chair of the meeting is elected, or if at any meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(c) a majority of the members of a directors' committee constitutes a quorum of the committee; and

(d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting has no second or casting vote.

PART 19
OFFICERS

19.1 Appointment of Officers. The directors may, from time to time, appoint such officers, if any, as the directors determine, and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers. The directors may, for each officer:

(a) determine the functions and duties of the officer;

(b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications. No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any officer need not be a director.

19.4 Remuneration. All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

PART 20
INDEMNIFICATION

20.1 Definitions. In this Part 20:

(a) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(b) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director of the Company or an affiliate of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director of the Company or an affiliate of the Company:

(i) is or may be joined as a party; or

(ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(c) "expenses" has the meaning set out in the *Business Corporations Act*.

20.2 Mandatory Indemnification of Directors and Former Directors. Subject to the *Business Corporations Act*, the Company must indemnify and advance expenses of a director or former director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons. Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

20.4 Non-Compliance with *Business Corporations Act*. The failure of a director or former director of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance. The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(a) is or was a director, officer, employee or agent of the Company;

(b) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(c) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(d) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

PART 21
DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights. The provisions of this Part 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends. Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

21.3 No Notice Required. The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date. The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend. A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of paid up shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

21.6 Settlement of Difficulties. If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(a) set the value for distribution of specific assets;

(b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(c) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable. Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares. All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders. If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest. No dividend bears interest against the Company.

21.11 Fractional Dividends. If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends. Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

21.13 Capitalization of Surplus. Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

PART 22
DOCUMENTS, RECORDS AND REPORTS

22.1 Recording of Financial Affairs. The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the provisions of the *Business Corporations Act*.

22.2 Inspection of Accounting Records. Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

22.3 Remuneration of Auditors. The remuneration of the auditors, if any, shall be set by the directors regardless of whether the auditor is appointed by the shareholders, by the directors or otherwise. For greater certainty, the directors may delegate to the audit committee or other committee the power to set the remuneration of the auditors.

PART 23
NOTICES

23.1 Method of Giving Notice. Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

(a) mail addressed to the person at the applicable address for that person as follows:

(i) for a record mailed to a shareholder, the shareholder's registered address;

(ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

(iii) in any other case, the mailing address of the intended recipient;

(b) delivery at the applicable address for that person as follows, addressed to the person:

(i) for a record delivered to a shareholder, the shareholder's registered address;

(ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

(iii) in any other case, the delivery address of the intended recipient;

(c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(d) sending the record, or a reference providing the intended recipient with immediate access to the record, by electronic communication to an address provided by the intended recipient for the sending of that record or records of that class;

(e) sending the record by any method of transmitting legibly recorded messages, including without limitation by digital medium, magnetic medium, optical medium, mechanical reproduction or graphic imaging, to an address provided by the intended recipient for the sending of that record or records of that class; or

(f) physical delivery to the intended recipient.

23.2 Deemed Receipt. A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by electronic communication, on the day of transmittal thereof if given during statutory business hours on the day which statutory business hours next occur if not given during such hours on any day.

23.3 Certificate of Sending. A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders. A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Trustees. A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(a) mailing the record, addressed to them:

(i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(b) if an address referred to in paragraph (a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

PART 24
SEAL

24.1 Who May Attest Seal. Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signature or signatures of:

(a) any two directors;

(b) any officer, together with any director;

(c) if the Company only has one director, that director; or

(d) any one or more directors or officers or persons as may be determined by resolution of the directors.

24.2 Sealing Copies. For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

24.3 Mechanical Reproduction of Seal. The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

PART 25
PROHIBITIONS

25.1 Definitions. In this Part 25:

(a) "designated security" means:

(i) a voting security of the Company;

(ii) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or

(iii) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);

(b) "security" has the meaning assigned in the ***Securities Act*** (British Columbia);

(c) "voting security" means a security of the Company that:

(i) is not a debt security, and

(ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

25.2 Application. Article 25.3 does not apply to the Company if and for so long as it is a public company.

25.3 Consent Required for Transfer of Shares or Designated Securities. No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

PART 26
SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO SUBORDINATE VOTING SHARES

26.1 Voting. The holders of Class A subordinate voting shares ("**Subordinate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares are entitled to vote. Each Subordinate Voting Share shall entitle the holder thereof to one vote at each such meeting.

26.2 Alteration to Rights of Subordinate Voting Shares. So long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Subordinate Voting Shares expressed by separate special resolution, alter or amend these Articles if the result of such alteration or amendment would:

(a) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares; or

(b) affect the rights or special rights of the holders of Subordinate Voting Shares or Proportionate Voting Shares on a per share basis as provided for herein.

26.3 Dividends.

(a) The holders of Subordinate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time. The directors may not declare a dividend payable in cash or property on the Subordinate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on the Proportionate Voting Shares, in an amount per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by 100.

(b) The directors may declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in:

(i) Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the number of Subordinate Voting Shares declared as a dividend per Subordinate Voting Share; or

(ii) Subordinate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share (or a fraction thereof) equal to number of Subordinate Voting Shares declared as a dividend per Subordinate Voting Share, multiplied by 100.

(c) The directors may declare a stock dividend payable in Proportionate Voting Shares on the Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the number of Proportionate Voting Shares declared as a dividend per Subordinate Voting Share, multiplied by 100.

(d) Holders of fractional Subordinate Voting Shares shall be entitled to receive any dividend declared on the Subordinate Voting Shares in an amount equal to the dividend per Subordinate Voting Share multiplied by the fraction thereof held by such holder.

26.4 Liquidation Rights. 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 to its shareholders for the purposes of winding up its affairs, the holders of the Subordinate Voting Shares shall be entitled to participate pari passu with the holders of Proportionate Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to the amount of such distribution per Proportionate Voting Share divided by 100; and each fraction of a Subordinate Voting Share will be entitled to the amount calculated by multiplying such fraction by the amount payable per whole Subordinate Voting Share.**Subdivision or Consolidation.** The Subordinate Voting Shares shall not be consolidated or subdivided unless the Proportionate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

26.6 Conversion of the Shares Upon An Offer.

(a) In the event that an offer is made to purchase Proportionate Voting Shares, and such offer is:

(i) required, pursuant to applicable securities legislation or the rules of any stock exchange on which: (i) the Proportionate Voting Shares; or (ii) the Subordinate Voting Shares which may be obtained upon conversion of the Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**"); and

(ii) not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to or greater than $1/100^{th}$ (0.01) of the consideration offered per Proportionate Voting Share;

each Subordinate Voting Share shall become convertible at the option of the holder into Proportionate Voting Shares on the basis of one hundred (100) Subordinate Voting Shares for one (1) Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Subordinate Voting Share Conversion Right**"). For avoidance of doubt, fractions of Proportionate Voting Shares may be issued in respect of any amount of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is exercised which is less than 100.

(b) The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Subordinate Voting Share Conversion Right is exercised, the Company shall procure that the transfer agent for the Subordinate Voting Shares shall deposit under such Offer the Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

(c) To exercise the Subordinate Voting Share Conversion Right, a holder of Subordinate Voting Shares or its, his or her attorney, duly authorized in writing, shall:

(i) give written notice of exercise of the Subordinate Voting Share Conversion Right to the transfer agent for the Subordinate Voting Shares, and of the number of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is being exercised;

(ii) deliver to the transfer agent for the Subordinate Voting Shares any share certificate(s) or direct registration statement(s) representing the Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is being exercised; and

(iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

(d) No certificates or direct registration statements representing Proportionate Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right will be delivered to the holders of Subordinate Voting Shares. If Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such Proportionate Voting Shares, such Proportionate Voting Shares and any fractions thereof issued shall automatically, without further action on the part of the holder thereof, be reconverted into Subordinate Voting Shares on the basis of one (1) Proportionate Voting Share for one hundred (100) Subordinate Voting Shares, and the Company will procure that the transfer agent for the Subordinate Voting Shares shall send to such holder a direct registration statement(s) or certificate(s) representing the Subordinate Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for the Proportionate Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right, the Company shall procure that the transfer agent for the Subordinate Voting Shares shall deliver to the holders of such Proportionate Voting Shares the consideration paid for such Proportionate Voting Shares by such Offeror.

26.7 Voluntary Conversion of Subordinate Voting Shares.

Subject to approval by the board of directors of the Company, each Subordinate Voting Share may be converted at the option of the holder into such number of Proportionate Voting Shares as is determined by dividing the number of Subordinate Voting Shares being converted by one hundred (100), provided the directors have approved such conversion.

Before any holder of Subordinate Voting Shares shall convert Subordinate Voting Shares into Proportionate Voting Shares in accordance with this Article 26.7, the holder shall surrender the certificate(s) or direct registration statement(s), if any, representing the Subordinate Voting Shares to be converted at the head office of the Company, or the office of any transfer agent for the Subordinate Voting Shares, and shall give written notice to the Company at its head office of his or her election to convert such Subordinate Voting Shares and shall state therein the name or names in which the certificate(s) or direct registration statement(s) representing the Proportionate Voting Shares are to be issued (a "**Subordinate Voting Shares Conversion Notice**"). Provided that such conversion has been approved by the directors, the Company shall (or shall cause its transfer agent to) as soon as practicable thereafter, issue to such holder or his or her nominee, a certificate or certificates or direct registration statement(s) representing the number of Proportionate Voting Shares to which such holder is entitled upon conversion. Provided that such conversion has been approved by the directors, such conversion shall be deemed to have taken place immediately prior to the close of business on the day on which the certificate(s) or direct registration statement(s) representing the Subordinate Voting Shares to be converted is surrendered and the Subordinate Voting Shares Conversion Notice is delivered, and the person or persons entitled to receive the Proportionate Voting Shares issuable upon such conversion shall be treated for all purposes as the holder or holders of record of such Proportionate Voting Shares as of such date.

PART 27
SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO PROPORTIONATE VOTING SHARES

27.1 Voting. The holders of Class B proportionate voting shares ("**Proportionate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Article 27.2, each Proportionate Voting Share shall entitle the holder to 100 votes and each fraction of a Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 100 and rounding the product down to the nearest whole number, at each such meeting.

27.2 Alteration to Rights of Proportionate Voting Shares.

(a) So long as any Proportionate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Proportionate Voting Shares expressed by separate special resolution alter or amend these Articles if the result of such alteration or amendment would:

(i) prejudice or interfere with any right or special right attached to the Proportionate Voting Shares; or

(ii) affect the rights or special rights of the holders of Subordinate Voting Shares or Proportionate Voting Shares on a per share basis as provided for herein.

(b) At any meeting of holders of Proportionate Voting Shares called to consider such a separate special resolution, each whole Proportionate Voting Share shall entitle the holder to one (1) vote.

27.3 Dividends.

(a) The holders of Proportionate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time. The directors may not declare a dividend payable in cash or property on the Proportionate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Proportionate Voting Share divided by 100.

(b) The directors may declare a stock dividend payable in Proportionate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in:

(i) Proportionate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Proportionate Voting Shares declared as a dividend per Proportionate Voting Share, divided by 100; or

(ii) Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Proportionate Voting Shares declared as a dividend per Proportionate Voting Share.

(c) The directors may declare a stock dividend payable in Subordinate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Subordinate Voting Shares declared as a dividend per Proportionate Voting Share, divided by 100.

(d) Holders of fractional Proportionate Voting Shares shall be entitled to receive any dividend declared on the Proportionate Voting Shares, in an amount equal to the dividend per Proportionate Voting Share multiplied by the fraction thereof held by such holder.

27.4 Liquidation Rights. 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 to its shareholders for the purpose of winding up its affairs, the holders of the Proportionate Voting Shares shall be entitled to participate pari passu with the holders of Subordinate Voting Shares, with the amount of such distribution per Proportionate Voting Share equal to the amount of such distribution per Subordinate Voting Share multiplied by 100; and each fraction of a Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Proportionate Voting Share.

27.5 Subdivision or Consolidation. The Proportionate Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

27.6 Voluntary Conversion. Subject the Conversion Limitation set forth in this Article 27.6, holders of Proportionate Voting Shares shall have the following rights of conversion (the "**Share Conversion Right**"):

(a) Right to Convert Proportionate Voting Shares. Subject to the limitations set out in this Article 27.6, each Proportionate Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the Share Conversion Right is exercised by 100. Fractions of Proportionate Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 100, rounded down to the nearest whole share.

(b) Restricted Conversion Period. For the period (the "**Restricted Conversion Period**") prior to July 1, 2021 (the "**Unrestricted Conversion Date**"), the directors (or a committee thereof) or any officer of the Company designated thereby shall determine whether the Conversion Limitation set forth in this Article 27.6 shall apply.

(c) Foreign Private Issuer Status. Subject to the terms hereof, the Company shall not give effect to any voluntary conversion of Proportionate Voting Shares pursuant to this Article 27.6 or otherwise during the Restricted Conversion Period, and the Share Conversion Right will not apply during the Restricted Conversion Period, to the extent that after giving effect to all permitted issuances after such conversion of Proportionate Voting Shares, the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares (calculated on the basis that each Subordinate Voting Share and Proportionate Voting Share is counted once, without regard to the number of votes carried by such share) 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 (the "**Exchange Act**")) ("**U.S. Residents**") would exceed forty percent (40%) (the "**40% Threshold**") of the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares (calculated on the same basis) issued and outstanding (the "**FPI Restriction**"). The directors may by resolution increase the 40% Threshold to a number not to exceed fifty percent (50%), and if any such resolution is adopted, all references to the 40% Threshold herein shall refer instead to the amended percentage threshold set by the directors in such resolution, and the formula in Article 27.6(d) of this Article 27.6 shall be adjusted to give effect to such amended percentage threshold.

(d) **Conversion Limitation**. In order to give effect to the FPI Restriction, the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares upon exercise by such holder of the Share Conversion Right during the Restricted Conversion Period will be subject to the 40% Threshold based on the number of Proportionate Voting Shares held by such holder as of the date of initial issuance of Proportionate Voting Shares to such holder, and thereafter on the last day of each of the Company's subsequent fiscal quarters during the Restricted Conversion Period (the date of initial issuance and the last day of each of the Company's subsequent fiscal quarters each being a "**Determination Date**") calculated as follows:

X = [A x 40% - B] x (C/D)

Where, on the Determination Date:

X = Maximum Number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right.

A = Aggregate number of Subordinate Voting Shares and Proportionate Voting Shares issued and outstanding on such Determination Date.

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

C = Aggregate Number of Proportionate Voting Shares held by such holder on such Determination Date.

D = Aggregate Number of All Proportionate Voting Shares on such Determination Date.

The Company shall determine as of each Determination Date, in its sole discretion, acting reasonably, the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares held of record, directly or indirectly, by U.S. Residents, and the maximum number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right, generally in accordance with the formula set forth immediately above. Upon request by a holder of Proportionate Voting Shares, the Company will provide each holder of Proportionate Voting Shares with notice of such maximum number as at the most recent Determination Date, or a more recent date as may be determined by the Company in its discretion. During the Restricted Conversion Period, to the extent that issuances of Subordinate Voting Shares on exercise of the Share Conversion Right would result in the 40% Threshold being exceeded, the number of Subordinate Voting Shares to be issued will be pro-rated among each holder of Proportionate Voting Shares exercising the Share Conversion Right.

Notwithstanding the provisions of Articles 27.6(c) and 27.6(d), the directors may by resolution waive the application of the Conversion Restriction to any exercise or exercises of the Share Conversion Right to which the Conversion Restriction would otherwise apply, or to future Conversion Restrictions generally, including with respect to a period of time.

(e) **Mechanics of Conversion.** Before any holder of Proportionate Voting Shares shall be entitled to voluntarily convert Proportionate Voting Shares into Subordinate Voting Shares in accordance with Article 27.6(a), the holder shall surrender the certificate(s) or direct registration statement(s), if any, representing the Proportionate Voting Shares to be converted at the head office of the Company, or the office of any transfer agent for the Proportionate Voting Shares, and shall give written notice to the Company at its head office of his or her election to convert such Proportionate Voting Shares and shall state therein the name or names in which the certificate(s) or direct registration statement(s) representing the Subordinate Voting Shares are to be issued (a "**Conversion Notice**"). The Company shall (or shall cause its transfer agent to) as soon as practicable thereafter, issue to such holder or his or her nominee, a certificate(s) or direct registration statement(s) representing the number of Subordinate Voting Shares to which such holder is entitled upon conversion. Such conversion shall be deemed to have taken place immediately prior to the close of business on the day on which the certificate(s) or direct registration statement(s) representing the Proportionate Voting Shares to be converted is surrendered and the Conversion Notice is delivered, and the person or persons entitled to receive the Subordinate Voting Shares issuable upon such conversion shall be treated for all purposes as the holder or holders of record of such Subordinate Voting Shares as of such date.

27.7 Mandatory Conversion. The Company shall have the following rights in respect of conversion of the Proportionate Voting Shares:

(a) **Right to Convert Proportionate Voting Shares.** Notwithstanding anything contained herein to the contrary, the Company shall have the right (the "**Company Share Conversion Right**") to require each holder of Proportionate Voting Shares to convert (the "**PVS Conversion**") all, and not less than all, of the Proportionate Voting Shares held by such holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the Company Share Conversion Right is exercised by 100. Fractions of Proportionate Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 100, rounded down to the nearest whole number and no payment shall be made or consideration provided on account of any such rounding. The Company Share Conversion Right may be exercised by the Company if all the following conditions are either satisfied (and, for certainty, the following conditions continue to be satisfied at the Conversion Time (as defined below)) or waived by special resolution of the holders of Proportionate Voting Shares:

(i) the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act; and

(ii) the Subordinate Voting Shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange including the New York Stock Exchange, the NYSE American Stock Exchange, the NASDAQ Stock Market, the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or Aequitas NEO Exchange (or any other Canadian stock exchange recognized as such by the British Columbia Securities Commission).

(b) **Mechanics of Conversion.**

(i) In order to exercise the Company Share Conversion Right, the Company shall issue or cause its transfer agent to issue to each holder of Proportionate Voting Shares of record a notice (the "**PVS Conversion Notice**") at least 10 days prior to the record date of the PVS Conversion (the "**PVS Conversion Date**") which shall specify therein: (i) the number of Subordinate Voting Shares into which the Proportionate Voting Shares are convertible pursuant to the PVS Conversion; and (ii) the PVS Conversion Date;

(ii) At the time of conversion (the "**Conversion Time**") on the PVS Conversion Date, each certificate or direct registration statement representing Proportionate Voting Shares shall be null and void and the former holders of Proportionate Voting Shares shall be entered on the register maintained for the Subordinate Voting Shares as holders of Subordinate Voting Shares and shall be treated for all purposes as the record holder or holders of the number of Subordinate Voting Shares to which each former holder or holders of Proportionate Voting Shares is entitled pursuant to Article 27.7(a); and

(iii) As soon as practicable on or after the PVS Conversion Date, and in any event within ten (10) days of the PVS Conversion Date, the Company will issue or send, or cause its transfer agent to issue or send certificate(s) or direct registration statement(s) (at the sole discretion of the Company) to each former holder of Proportionate Voting Shares representing the number of Subordinate Voting Shares into which the Proportionate Voting Shares have been converted.

(c) **Effect of Conversion.** All Proportionate Voting Shares which shall have been converted pursuant to the PVS Conversion shall no longer be deemed to be outstanding and all rights and special rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive Subordinate Voting Shares in exchange therefor in accordance with this Article 27.7.

Dated February 11, 2021.

"George Archos"

Director

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Exhibit 1.2

Number: BC1288621

CERTIFICATE
OF
AMALGAMATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that 1277233 B.C. LTD., incorporation number BC1277233, and VERANO HOLDINGS CORP., incorporation number C1286039 were amalgamated as one company under the name VERANO HOLDINGS CORP. on February 11, 2021 at 01:14 PM Pacific Time.

ELECTRONIC CERTIFICATE

Issued under my hand at Victoria, British Columbia On February 11, 2021

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: February 11, 2021 01:14 PM Pacific Time

Incorporation Number:
BC128862
1

NOTICE OF ARTICLES

Name of Company:

VERANO HOLDINGS CORP.

REGISTERED OFFICE INFORMATION

Mailing Address:
2900 - 550 BURRARD STREET
VANCOUVER BC V6C 0A3
CANADA

Delivery Address:
2900 - 550 BURRARD STREET
VANCOUVER BC V6C 0A3
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
2900 - 550 BURRARD STREET
VANCOUVER BC V6C 0A3
CANADA

Delivery Address:
2900 - 550 BURRARD STREET
VANCOUVER BC V6C 0A3
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Archos, George P.

Mailing Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Delivery Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Last Name, First Name, Middle Name: Smullen, R. Michael

Mailing Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Delivery Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Last Name, First Name, Middle Name: Brown, Edward

Mailing Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Delivery Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Last Name, First Name, Middle Name: Nunez, Cristina

Mailing Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

Delivery Address:
415 NORTH DEARBORN STREET, 4TH FLOOR
CHICAGO IL 60654
UNITED STATES

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Class A subordinate voting Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	Class B proportionate voting Shares	Without Par Value With Special Rights or

Incorporation Number **BC1288621**

Translation of Name (if any) _____

PROVINCE OF BRITISH COLUMBIA

BUSINESS CORPORATIONS ACT

ARTICLES

OF

VERANO HOLDINGS CORP.

Fasken Martineau DuMoulin LLP
Barristers & Solicitors
Canada

Exhibit 4.1

Execution Version

VERANO HOLDINGS, LLC

AND

MAJESTA MINERALS INC.

AND

1276268 B.C. LTD.

AND

1277233 B.C. LTD.

AND

1278655 B.C. LTD.

ARRANGEMENT AGREEMENT

DATED DECEMBER 14, 2020

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated December 14, 2020

AMONG:

VERANO HOLDINGS, LLC, a limited liability company existing under the Laws of the State of Delaware ("**Verano**")

- and -

MAJESTA MINERALS INC., a corporation existing under the Laws of the Province of Alberta ("**Pubco**")

- and -

1276268 B.C. LTD., a corporation existing under the Laws of the Province of British Columbia ("**Finco**")

- and -

1277233 B.C. LTD., a corporation existing under the Laws of the Province of British Columbia ("**BC Newco**")

- and -

1278655 B.C. LTD., a corporation existing under the Laws of the Province of British Columbia ("**Pubco Sub**")

Capitalized terms used herein are defined in Article 1 or in the section of this Agreement cross-referenced therein.

RECITALS:

A. The Parties seek to complete a Business Combination, as a result of which the businesses of the Parties will be combined, with the Resulting Issuer, being Pubco as the surviving corporation resulting from the amalgamation of BC Newco and Pubco;

B. The Parties intend to carry out the transactions contemplated in this Agreement by way of a Plan of Arrangement under the provisions of the BCBCA;

C. Prior to the execution and delivery hereof, the AME Agreement and Plan of Merger was executed and delivered.

D. Contemporaneous with the execution and delivery hereof, the Pubco Shareholder Voting Agreements were executed and delivered.

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Action**" means any action, assessment, suit, proceeding (including arbitration proceeding), investigation, complaint, examination, subpoena, claim, charge, grievance, order, audit, governmental charge or inquiry;

"**Affected Person**" has the meaning ascribed thereto in Section 2.10;

"**Affiliate**" or "**affiliate**" means, with respect to any two Persons, one Person is a Subsidiary of the other or each of the two Persons is Controlled by the same Person;

"**Agreement**" means this arrangement agreement, including all schedules annexed hereto, together with the Disclosure Letter as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

"**Alberta Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;

"**AME**" means Alternative Medical Enterprises, LLC;

"**AME Agreement and Plan of Merger**" means the agreement and plan of merger dated November 6, 2020, as amended December 14, 2020, among Verano, AME, POR, RVC and a member representative;

"**Ancillary Agreements**" means the AME Agreement and Plan of Merger, the Verano Agreement and Plan of Merger, the AME Exchange Agreement, the Conveyance Agreement, the Finco Amalgamation Agreement, the POR Holdings Exchange Agreement, the Pubco Assumption Agreement, the Verano Blockerco Exchange Agreement and the Verano Subsidiary Exchange Agreement (as each such term is defined in the Plan of Arrangement);

"**Anti-Money Laundering Laws**" means all financial recordkeeping and reporting requirements, the applicable anti-money laundering statutes of all jurisdictions where a Person and/or its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations, or guidelines issued, administered, or enforced by any Governmental Entity;

"**Arrangement**" means the arrangement set out under the Plan of Arrangement;

"**BC Newco**" has the meaning ascribed thereto in the Preamble;

"**BC Newco Common Shares**" means the common shares of BC Newco;

"**BC Registrar**" means the Registrar of Companies appointed under Section 400 of the BCBCA;

"**BCBCA**" means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Board Nominees**" means the nominees for the board of directors of the Resulting Issuer, being George Archos, Mike Smullen, Cristina Nuñez, William Sweedler and Edward Brown, or such other individuals who are named by Verano, acceptable to the CSE and eligible to act as directors pursuant to the BCBCA;

"**Business Combination**" means the transactions contemplated by this Agreement and the Ancillary Agreements, including any amendments or variations hereto and thereto made in accordance with this Agreement or an Ancillary Agreement, respectively;

"**Business Day**" has the meaning ascribed thereto in the Plan of Arrangement;

"**CARES Act**" means the *United States Coronavirus Aid, Relief and Economic Security Act*, and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Change in Recommendation**" has the meaning ascribed thereto in Section 4.1(c);

"**Circular**" means the notice of the Pubco Meeting, and the accompanying management information circular, including all schedules, appendices and exhibits thereto and enclosures therewith, as amended, supplemented or otherwise modified from time to time, to be sent to the Pubco Shareholders in connection with the Pubco Meeting;

"**Code**" means the *United States Internal Revenue Code of 1986*, as amended;

"**commercially reasonable efforts**" means efforts that are fair, moderate, equitable and suitable under the circumstances and appropriate to the end in view to be taken by a Person as promptly as practicable that would be reasonable in the circumstances for similarly situated parties, which efforts do not guarantee an outcome and do not require that Person to (a) engage in conduct that would have a Material Adverse Effect on such Person; (b) take illegal actions; or (c) take any action that would harm its existence or solvency;

"**Company Mergers**" means, collectively, (a) the merger of LLC2 with and into AME in accordance with and under the FRLLCA, with AME continuing as the surviving company in the manner set out in the AME Agreement and Plan of Merger, (b) the merger of LLC3 with and into POR, in accordance with and under the FRLLCA, with POR continuing as the surviving company in the manner set out in the AME Agreement and Plan of Merger, and (c) the merger of LLC4 with and into RVC, in accordance with and under the FRLLCA, with RVC continuing as the surviving company in the manner set out in the AME Agreement and Plan of Merger;

"**Compliance Period**" means the period of time, as applicable, (a) beginning on (i) January 1, 2018 with respect to Verano and August 17, 2018 with respect to Pubco, (ii) with respect to any Verano Subsidiary or Pubco Sub, the date on which such Person became a Verano Subsidiary or subsidiary of Pubco, as applicable, and (iii) with respect to any properties or assets, the date on which such properties or assets were acquired by Verano, any Verano Subsidiary, or any Pubco Entity, as applicable, and (b) ending as of the Effective Date;

"**Contract**" means any contract, lease, deed, mortgage, license, instrument, note, commitment, undertaking, indenture, joint venture and any other agreement, commitment and legally binding arrangement, whether written or oral;

"**Control**" means, with respect to any two Persons, a Person (referred to in this definition as the "**first Person**") is considered to control another Person (referred to in this definition as the "second Person") if (a) the first Person beneficially owns or directly or indirectly exercises control or direction over the securities of the second Person (i) representing a majority of the outstanding economic interest in such second Person, assuming exercise or conversion, as applicable of all Derivative Securities or any other rights to acquire equity securities in such second Person, (ii) representing a majority of the issued and outstanding voting power of such second Person, or (iii) carrying votes which, if exercised, would entitle the first Person to elect a majority of the directors or members of the governing body of the second Person, unless that first Person holds the voting securities only to secure an obligation, or (b) the first Person otherwise has the right or ability to direct the corporate policy of such second Person whether by contract, or otherwise;

"**Court**" means the Supreme Court of British Columbia;

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

"**Depositary**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Derivative Securities**" means, with respect to any Person, (a) equity awards under any employee benefit plan and (b) warrants, convertible securities or other rights, Contracts, arrangements or commitments of any character relating to the share capital or other ownership interests of such Person or obligating such Person to issue or sell any shares in the capital of such Person or other ownership interests such Person;

"**Disclosure Documents**" has the meaning ascribed thereto in section (g)(v) of Schedule "C" hereto;

"**Disclosure Letter**" means the disclosure letter executed by Verano and delivered to Pubco, BC Newco and Finco concurrently with the execution of this Agreement;

"**Effective Date**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Effective Time**" has the meaning ascribed to such term in the Plan of Arrangement;

"**Encumbrance**" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership;

"**ERISA**" means the *United States Employee Retirement Income Security Act of 1974*, as amended, and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Escrow Agreement**" means an escrow agreement entered into by such Persons with respect to securities of the Resulting Issuer as required by the CSE or pursuant to applicable Securities Law, if any;

"**Fairness Engagement Agreement**" means the engagement agreement between Pubco and Echelon Wealth Partners Inc. dated November 19, 2020 in respect of the Pubco Fairness Opinion;

"**Federal Cannabis Laws**" means any U.S. federal laws, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing;

"**Final Order**" means the final order of the Court pursuant to Section 291 of the BCBCA, in a form acceptable to the Transacting Parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of the Transacting Parties, which consent shall not be unreasonably withheld, conditioned or delayed) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Transacting Parties, each acting reasonably) on appeal;

"**Finco**" has the meaning ascribed thereto in the Preamble;

"**Finco Board**" means the board of directors of Finco as the same is constituted from time to time;

"**Finco Common Shares**" means the common shares of Finco;

"**Finco Shareholder**" means a holder of Finco Common Shares;

"**Finco Subscription Receipt**" means a subscription receipt of Finco which will convert to Finco Common Shares on a one to one basis prior to the Effective Time;

"**Finco Subscription Receipt Holder**" means a holder of a Finco Subscription Receipt;

"**FRLLCA**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Governing Documents**" means, with respect to any Person, such Person's notice of articles and articles, articles of incorporation, certificate of formation, charter, bylaws, operating agreement, partnership agreement, stockholders or membership agreement, or equivalent organizational or governing documents, as applicable;

"**Governmental Entity**" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any stock exchange, including the CSE; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any jurisdiction, regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

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

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

"**including**" means including without limitation, and "include" and "includes" have a corresponding meaning;

"**Intellectual Property**" means any and all of the following in any jurisdiction throughout the world: (a) trademarks and service marks, including all applications and registrations and the goodwill connected with the use of and symbolized by the foregoing; (b) copyrights, including all applications and registrations related to the foregoing; (c) trade secrets and confidential know-how; (d) patents and patent applications; (e) internet domain name registrations; and (f) other intellectual property and related proprietary rights, interests and protections;

"**Intended U.S. Tax Treatment**" has the meaning ascribed thereto in Section 2.12;

"**Interim Order**" means the interim order of the Court contemplated by Section 2.2 of this Agreement and made pursuant to Section 291 of the BCBCA, in a form acceptable to the Transacting Parties, each acting reasonably, providing for, among other things, the calling and holding of the Pubco Meeting, as the same may be amended by the Court (with the consent of the Transacting Parties, each acting reasonably);

"**Latest Balance Sheet**" means the unaudited consolidated balance sheet of Verano as of September 30, 2020;

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, rulings, ordinances, Governmental Orders or other requirements, whether domestic or foreign, including but not limited to, all applicable requirements of state, provincial and municipal laws, rules and regulations regarding regulated medical and adult use cannabis businesses and activities, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the CSE), but excluding provisions of U.S. federal law that prohibit the cultivation, processing, sale or possession of cannabis and provisions of U.S. federal law that may be violated due to the federal illegality of cannabis including, but not limited to U.S. federal money laundering laws (Title 18 U.S.C. § 1956 and § 1957), and the term "**applicable**" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities;

"**Letter of Intent**" means the letter of intent dated October 23, 2020 between Verano and Pubco, as amended November 6, 2020;

"**Listing Statement**" has the meaning ascribed thereto in section 2.4(b);

"**LLC1**" has the meaning ascribed thereto in the Plan of Arrangement;

"**LLC2**" has the meaning ascribed thereto in the Plan of Arrangement;

"**LLC3**" has the meaning ascribed thereto in the Plan of Arrangement;

"**LLC4**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Mailing Deadline**" means December 27, 2020;

"**Material Adverse Effect**" means any one or more changes, effects, events, occurrences or states of fact with respect to a Person, (i) that is, or would reasonably be expected to be, material and adverse to the assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), business, operations, results of operations, capital, property, obligations (whether absolute, accrued, conditional or otherwise) or financial condition of such Person and its Subsidiaries taken as a whole, other than changes, effects, events, occurrences or states of fact resulting from: (a) any changes affecting the cannabis industry generally; (b) any change in the market price of cannabis; (c) general economic, financial, currency exchange, securities or commodity market conditions in Canada or the United States; (d) any change in U.S. GAAP or IFRS occurring after the date hereof; (e) any change in applicable Laws or in the interpretation thereof by any Governmental Entity occurring after the date hereof; (f) the commencement, occurrence, declaration or continuation of any war, armed hostilities or acts of terrorism or any national or international political or social conditions, pandemics (including the global pandemic caused by COVID-19), including the engagement by the United States or Canada in hostilities or the escalation thereof, whether or not pursuant to a declaration of a national emergency or war; (g) any action required or permitted to be taken under this Agreement (*provided*, that this clause (g) shall not exclude the effect of any action taken (or omitted to be taken) in the ordinary course of business); or (h) any natural disaster; *provided, however, that, in each case*, such changes do not relate primarily to such Person and its Subsidiaries, taken as a whole, or do not or will not have a disproportionate effect on such Person and its Subsidiaries, taken as a whole, compared to other companies of similar size operating in the cannabis industry and references in this Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether a "Material Adverse Effect" has occurred; or (ii) that is, or would reasonably be expected to, prevent or materially delay the ability of such Person to consummate the transactions contemplated hereby. For certainty, a "**BC Newco Material Adverse Effect**" shall mean a Material Adverse Effect of BC Newco, a "**Finco Material Adverse Effect**" shall mean a Material Adverse Effect of Finco, a "**Pubco Material Adverse Effect**" shall mean a Material Adverse Effect of Pubco and/or Pubco Sub, a "**Verano Material Adverse Effect**" shall mean a Material Adverse Effect of Verano and a "**Resulting Issuer Material Adverse Effect**" shall mean a Material Adverse Effect of the Resulting Issuer;

"**Meeting Deadline**" means January 18, 2021;

"**misrepresentation**" has the meaning ascribed thereto in applicable Canadian Securities Laws;

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*;

"**Non-Disclosure Agreement**" means the mutual non-disclosure agreement between Verano and Pubco dated October 8, 2020;

"**ordinary course of business**", "**ordinary course of business consistent with past practice**", or any similar reference, means, with respect to an action taken by a Person, that such action is substantially consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day business and operations of such Person;

"**OSC Rule 56-501**" means Ontario Securities Commission Rule 56-501 – *Restricted Shares*;

"**Outside Date**" means March 15, 2021 or up to September 15, 2021 as determined by Verano, on notice to the other Parties, to permit the closing of the merger transactions contemplated pursuant to the AME Merger Agreement, or such later date as may be agreed to in writing by the Parties;

"**Parties**" means Pubco, Verano, BC Newco, Pubco Sub and Finco and "**Party**" means any of them;

"**Permits**" means all permits, licenses, franchises, approvals, registrations, findings of suitability, certificates of occupancy, franchises, variances, authorizations, consents, and similar rights obtained, or required to be obtained, from Governmental Entities;

"**Permitted Encumbrances**" means (a) Encumbrances for taxes not yet due and payable or being contested in good faith by appropriate procedures; (b) mechanics, carriers', workmen's, repairmen's or other like Encumbrances arising or incurred in the ordinary course of business; (c) easements, rights of way, zoning ordinances and other similar encumbrances affecting real property; and (d) other imperfections of title or encumbrance, if any, that do not and would not reasonably be expected to, interfere with the ownership or use (including pursuant to any right to use) of the relevant title, right or property; provided in all events the term "Permitted Encumbrances" shall not include any Encumbrance that secures the payment of any money, including all mechanics' Encumbrances, mortgages, deeds of trust, and judgment Encumbrances;

"**Person**" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement involving, *inter alia*, the Parties, substantially in the form of Schedule "A" hereto, and any amendments or variations thereto made in accordance with the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of the Transacting Parties, each acting reasonably;

"**POR**" means Plants of Ruskin, GPS, LLC, a limited liability company organized under the laws of Florida;

"**POR Holdings**" has the meaning ascribed thereto in the Plan of Arrangement;

"**POR Holdings Reorganization**" has the meaning ascribed thereto in Section 2.12;

"**POR Units**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Private Placement**" means the private placement of Finco Subscription Receipts for aggregate gross proceeds of at least US$50,000,000 and up to US$100,000,000;

"**Proposal**" has the meaning ascribed thereto in Section 4.1(b);

"**Pubco**" has the meaning ascribed thereto in the Preamble;

"**Pubco Agreements**" means (a) the share sale agreement dated August 17, 2018 among WFE Investments Corp., Durama Enterprises Limited, Randy Studer and Pubco, (b) the share sale agreement dated August 17, 2018 among WFE Investments Corp., Gregory J. Leia Professional Corporation, Gregory J. Leia and Pubco, (c) the share sale agreement dated August 17, 2018 among WFE Investments Corp., Merv Pidherney and Pubco, (d) the share sale agreement dated August 17, 2018 among WFE Investments Corp., Accent Credit Union and Pubco, (e) the general security agreement dated July 31, 2019 between WFE Investments Corp. and Pubco, (f) the Pubco Convertible Debenture, (g) the Letter of Intent, (h) the Transfer Agent Agreement, (i) the Fairness Engagement Agreement and (j) the Non-Disclosure Agreement;

"**Pubco Annual Meeting Matters**" means the annual meeting matters on which the Pubco Shareholders will vote at the Pubco Meeting, being an ordinary resolution to fix the number of directors of Pubco, an ordinary resolution to elect the Pubco Board and an ordinary resolution to appoint the Pubco auditors;

"**Pubco Arrangement Resolution**" means the resolution of the Pubco Shareholders to approve the Arrangement which is to be considered at the Pubco Meeting;

"**Pubco Board**" means the board of directors of Pubco as the same is constituted from time to time;

"**Pubco Business**" has the meaning ascribed thereto in section (f) of Schedule "C" hereto;

"**Pubco Continuance**" means the continuance of Pubco from the Province of Alberta to the Province of British Columbia pursuant to Section 302 of the BCBCA and Section 189 of the ABCA;

"**Pubco Continuance Resolution**" means the special resolution of the Pubco Shareholders to approve the Pubco Continuance which is to be considered at the Pubco Meeting;

"**Pubco Contract**" has the meaning ascribed thereto in section (o) of Schedule "C" hereto;

"**Pubco Convertible Warrants**" means the common share purchase warrants into which (along with Pubco Shares) the Pubco Units are convertible at an exercise price of $0.06 per share;

"**Pubco Convertible Debenture**" means the secured 10% convertible debenture dated July 31, 2019, as amended on December 11, 2020, issued to WFE Investments Corp, which is convertible into Pubco Units;

"**Pubco CSE Approval**" means the conditional approval of the CSE in respect of the listing of the Resulting Issuer Subordinate Voting Shares, including for certainty the Resulting Issuer Subordinate Voting Shares issuable upon conversion of the Resulting Issuer Convertible Notes and the Resulting Issuer Subordinate Voting Shares issuable upon conversion of the Resulting Issuer Proportionate Voting Shares;

"**Pubco Dissent Rights**" means the rights of dissent exercisable by the Pubco Shareholders in respect of the Pubco Continuance pursuant to Section 191 of the ABCA and the Plan of Arrangement pursuant to Section 238 of the BCBCA, Article 4 of the Plan of Arrangement and the Interim Order;

"**Pubco Dissenting Shareholder**" means a registered Pubco Shareholder who duly exercises its Pubco Dissent Rights and who has not withdrawn or been deemed to have withdrawn such exercise of Pubco Dissent Rights;

"**Pubco Entities**" means Pubco and Pubco Sub, with either being a "**Pubco Entity**";

"**Pubco Entity Board**" means the board of directors of the applicable Pubco Entity as the same is constituted from time to time;

"**Pubco Fairness Opinion**" means a formal written fairness opinion of Echelon Wealth Partners Inc. and addressed to the Pubco Board to the effect that the Plan of Arrangement is fair, from a financial point of view, to the Pubco Shareholders;

"**Pubco Financial Statements**" has the meaning ascribed thereto in section (h)(i) of Schedule "C" hereto;

"**Pubco Key Shareholders**" means each director and officer of Pubco who holds Pubco Shares (and/or securities convertible into, or exchangeable for, Pubco Shares) and each holder of 5% or more of the Pubco Shares (and/or securities convertible into, or exchangeable for, Pubco Shares);

"**Pubco Material Contract**" has the meaning ascribed thereto in section (o) of Schedule "C" hereto;

"**Pubco Meeting**" means the annual and special meeting of Pubco Shareholders, including any adjournment or postponement thereof, to be called and held for the purpose of obtaining the approval of the Pubco Meeting Matters;

"**Pubco Meeting Matters**" means the Pubco Annual Meeting Matters and the Pubco Special Meeting Matters;

"**Pubco Options**" means the common shares purchase options of Pubco, expiring November 12, 2021, each of which has an exercise price of $0.05;

"**Pubco Related Party Transaction**" has the meaning ascribed thereto in section (q) of Schedule "C" hereto;

"**Pubco Share Consolidation**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Pubco Shareholder Approval**" has the meaning ascribed thereto in Section 2.2(c);

"**Pubco Shareholder Voting Agreements**" means the voting agreements (including all amendments thereto) among the Pubco Key Shareholders, Pubco and Verano dated on or before the date hereof setting forth the terms and conditions upon which the Pubco Key Shareholders have agreed, among other things, to vote their Pubco Shares in favour of all of the matters to be voted on at the Pubco Meeting;

"**Pubco Shareholders**" means the holders of Pubco Shares;

"**Pubco Shares**" means the common shares in the capital of Pubco;

"**Pubco Special Meeting Matters**" means the Pubco Continuance Resolution, the Pubco Arrangement Resolution, the Resulting Issuer Auditor Resolution, the Resulting Issuer Equity Incentive Plan Resolution and other matters proposed by Verano on which the Pubco Shareholders will vote at the Pubco Meeting, in accordance with the Interim Order, as applicable;

"**Pubco Sub**" has the meaning ascribed thereto in the Preamble;

"**Pubco Terminating Agreements**" means (a) the share sale agreement dated August 17, 2018 among WFE Investments Corp., Durama Enterprises Limited, Randy Studer and Pubco, (b) the share sale agreement dated August 17, 2018 among WFE Investments Corp., Gregory J. Leia Professional Corporation, Gregory J. Leia and Pubco, (c) the share sale agreement dated August 17, 2018 among WFE Investments Corp., Merv Pidherney and Pubco, (d) the share sale agreement dated August 17, 2018 among WFE Investments Corp., Accent Credit Union and Pubco, (e) the general security agreement dated July 31, 2019 between WFE Investments Corp. and Pubco and (f) the Pubco Convertible Debenture;

"**Pubco Termination Fee**" means US$100,000;

"**Pubco Termination Fee Event**" has the meaning ascribed thereto in Section 5.3(b);

"**Pubco Units**" means the units into which the Pubco Convertible Debenture is convertible at a conversion price of $0.05 per unit each comprised of a Pubco Share and a Pubco Convertible Warrant;

"**Pubco Warrants**" means the common share purchase warrants of Pubco, expiring May 12, 2022, each of which has an exercise price of $0.10;

"**Regulatory Approvals**" means those sanctions, rulings, consents, notices, orders, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities;

"**Resulting Issuer**" means Pubco as the surviving corporation resulting from the amalgamation of Pubco and BC Newco in accordance with the Plan of Arrangement;

"**Resulting Issuer Auditor Resolution**" means the ordinary resolution of the Pubco Shareholders to approve the appointment of the auditor of the Resulting Issuer which is to be voted on at the Pubco Meeting;

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer as initially constituted in accordance with Section 4.2;

"**Resulting Issuer Convertible Notes**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Resulting Issuer Equity Incentive Plan**" means the equity incentive plan of the Resulting Issuer, the form of which is to be determined by Verano, and be acceptable to the CSE and which is to be approved at the Pubco Meeting;

"**Resulting Issuer Equity Incentive Plan Resolution**" means the ordinary resolution of the Pubco Shareholders to approve the Resulting Issuer Equity Incentive Plan which is to be voted on at the Pubco Meeting;

"**Resulting Issuer Proportionate Voting Shares**" means the subordinate voting shares of the Resulting Issuer, with the special rights and restrictions as set forth in Schedule "F" hereto;

"**Resulting Issuer Shares**" means the Resulting Issuer Proportionate Voting Shares and the Resulting Issuer Subordinate Voting Shares;

"**Resulting Issuer Subordinate Voting Shares**" means the subordinate voting shares of the Resulting Issuer, with the special rights and restrictions as set forth in Schedule "F" hereto;

"**RVC**" means RVC 360, LLC, a limited liability company organized under the laws of Florida;

"**Section 3(a)(10) Exemption**" has the meaning ascribed thereto in Section 2.11;

"**Securities Laws**" means any applicable provincial or territorial securities Laws in a jurisdiction of Canada, together with the rules, regulations and published policies made thereunder (including but not limited to those of the Canadian Securities Administrators) and the U.S. Securities Laws, together with all other applicable state and federal securities Laws, rules and regulations and published policies thereunder, in each case as now in effect and as they may be promulgated or amended from time to time;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**Subsidiary**" means a Person that is controlled directly or indirectly by another Person and includes a subsidiary of that subsidiary;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Tax Returns**" means all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, required by a Governmental Entity to be made or filed in accordance with applicable Laws in respect of Taxes;

"**Taxes**" means all taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada and other pension plan premiums or contributions imposed by any Governmental Entity, and any transferee liability in respect of any of the foregoing;

"**Transacting Parties**" means Verano and Pubco, and "**Transacting Party**" means either of them;

"**Transfer Agent Agreement**" means the transfer agent and registrar agreement between Pubco and Odyssey Trust Company dated November 24, 2020;

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

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended and the rules and regulations promulgated thereunder;

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended and the rules and regulations promulgated thereunder;

"**U.S. Securities Laws**" means all applicable securities laws in the United States, including without limitation, the U.S. Securities Act and the U.S. Exchange Act and the rules and regulations promulgated thereunder, and any applicable state securities laws;

"**Verano**" has the meaning ascribed thereto in the Preamble;

"**Verano Agreement and Plan of Merger**" means the agreement and plan of merger to be entered into among Verano, Pubco and LLC1;

"**Verano Board**" means the board of managers of Verano;

"**Verano Business**" means the ownership, management and/or operation of marijuana dispensaries, cultivation facilities and manufacturing businesses in the U.S.; consultancy services related to the operation of marijuana dispensaries, cultivation facilities and manufacturing businesses; and the licensing of certain Verano intellectual property;

"**Verano Financial Statements**" has the meaning ascribed thereto in section (h)(i) of Schedule "B" hereto;

"**Verano Material Contracts**" has the meaning ascribed thereto in section (q) of Schedule "B" hereto;

"**Verano Merger**" has the meaning ascribed thereto in the Plan of Arrangement;

"**Verano Related Party Contract**" has the meaning ascribed thereto in section (s) of Schedule "B" hereto;

"**Verano Subsidiaries**" means the Subsidiaries of Verano;

"**Verano Tax Election**" has the meaning ascribed thereto in section (o)(i) of Schedule "B" hereto;

"**Verano Termination Fee**" means, (i) if a Verano Termination Fee Event occurs on or prior to March 15, 2021 or at any time if the Outside Date is extended by the mutual agreement of all Parties, US$100,000 or (ii) if a Verano Termination Fee Event occurs after March 15, 2021 and the Outside Date is extended unilaterally by Verano, US$150,000;

"**Verano Termination Fee Event**" has the meaning ascribed thereto in Section 5.3(c); and

"**Withholding Obligations**" has the meaning ascribed thereto in Section 2.10.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and "$" refers to Canadian dollars. References to US$ refer to United States dollars.

1.6 Knowledge

(a) In this Agreement, references to "the knowledge of Pubco" means the actual knowledge of Michael Stein.

(b) In this Agreement, references to "the knowledge of Verano" means the actual knowledge of George Archos, Sam Dorf, Brian Ward or Darren Weiss.

(c) In this Agreement, references to "the knowledge of BC Newco" means the actual knowledge of George Archos.

(d) In this Agreement, references to "the knowledge of Finco" means the actual knowledge of George Archos.

1.7 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule “A”	Form of Plan of Arrangement
Schedule “B”	Representations and Warranties of Verano
Schedule “C”	Representations and Warranties of Pubco
Schedule “D”	Representations and Warranties of BC Newco
Schedule “E”	Representations and Warranties of Finco
Schedule “F”	Special Rights and Restrictions for Resulting Issuer Subordinate Voting Shares and the Resulting Issuer Proportionate Voting Shares
Schedule “G”	Capitalization of the Resulting Issuer

1.8 Representations and Warranties

(a) Verano makes the representations and warranties set forth in Schedule “B” and acknowledges and agrees that the other Parties are relying thereon in executing and delivering this Agreement.

(b) Pubco makes the representations and warranties set forth in Schedule “C” and acknowledges and agrees that the other Parties (other than Pubco Sub) are relying thereon in executing and delivering this Agreement.

(c) BC Newco makes the representations and warranties set forth in Schedule “D” and acknowledges and agrees that the other Parties are relying thereon in executing and delivering this Agreement.

(d) Finco makes the representations and warranties set forth in Schedule “E” and acknowledges and agrees that the other Parties are relying thereon in executing and delivering this Agreement.

(e) Each Party acknowledges that it has conducted to its satisfaction an independent investigation and verification of the financial condition, results of operations, assets, liabilities, properties, and projected operations of the other Parties and their respective Subsidiaries and, in making its determination to proceed with the transactions contemplated by this Agreement, each Party has relied solely on (i) the results of its own independent investigation and verification and (ii) the representations and warranties of such other Party expressly and specifically set forth in the applicable Schedules hereto, as qualified, in the case of Verano, by the Disclosure Letter, and has not relied on anything else. The representations and warranties of each Party in the applicable Schedules hereto, as qualified, in the case of Verano, by the Disclosure Letter, constitute the sole and exclusive representations and warranties of such Party to the other Parties in connection with the transactions contemplated hereby. Each of the Parties understands, acknowledges, and agrees that all other representations and warranties of any kind or nature expressed or implied (including as to the accuracy or completeness of any of the information provided to such Party in the due diligence process, or any information relating to the future or historical financial condition, results of operations, assets, or liabilities of any Party's or its Subsidiaries' assets, or relating to any other information provided to such Party) are specifically disclaimed by the Parties and their respective affiliates, and their respective officers, directors, partners, members, employees, agents, representatives, successors, and permitted assigns have not and will not rely on any such information or other representations and warranties, and such information and such other representations and warranties shall not (except as otherwise expressly represented and warranted to this Agreement) form the basis of any claim against the Parties, their respective affiliates, or any of their respective officers, directors, partners, members, shareholders, employees, agents, representatives, successors, and permitted assigns with respect thereto or with respect to any related matter. With respect to any projection or forecast delivered by or on behalf of any Party or its Subsidiaries to any other Party, each Party acknowledges that (i) there are uncertainties inherent in attempting to make such projections and other forecasts and plans, and such Party is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections, and other forecasts and plans so furnished to it, including the reasonableness of the assumptions underlying such estimates, projections, and forecasts, (ii) the accuracy and correctness of such projections and forecasts may be affected by information that may become available through discovery or otherwise after the date of such projections and forecasts, (iii) it is familiar with each of the foregoing, and (iv) no other Party, its affiliates, or any of their respective officers, directors, partners, members, shareholders, employees, agents, representatives, successors, or permitted assigns is making any representation or warranty with respect to such projections or forecasts, including the reasonableness of the assumptions underlying such projections or forecasts.

(f) No Party shall assert a breach of any representation or warranty of any other Party contained in this Agreement (including, without limitation, in connection with a claim that a condition precedent to the Business Combination has not be satisfied or in connection with exercising any right of termination set forth in Article 5) if such Party had knowledge of such inaccuracy or breach.

1.9 Covenants

Each Party makes the covenants applicable to such Party set forth in this Agreement (including in Article 4) and acknowledges and agrees that the other Parties (or, in the case of Pubco, the other Parties excluding Pubco Sub) are relying thereon in executing and delivering this Agreement.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement

Pubco, Verano, BC Newco, Pubco Sub and Finco agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Interim Order

As soon as reasonably practicable following the execution of this Agreement, and in any event in sufficient time to hold the Pubco Meeting in accordance with Section 2.3, Pubco shall apply to the Court in a manner and on terms acceptable to Verano, acting reasonably, pursuant to the BCBCA and prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

(a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Pubco Meeting, and for the manner in which such notice is to be provided;

(b) for calling and holding the Pubco Meeting and the confirmation of the record date for the purposes of determining the holders of Pubco Shares entitled to receive materials for and vote at the Pubco Meeting referred to in Section 2.3(a);

(c) that the requisite approval for the Pubco Arrangement Resolution (the "**Pubco Shareholder Approval**") shall be: (i) 66 2/3% of the votes cast on the Pubco Arrangement Resolution by Pubco Shareholders present in person or by proxy at the Pubco Meeting; and (ii) a simple majority of the votes cast by minority shareholders of Pubco, as contemplated by OSC Rule 56-501 and Part 12 of NI 41-101;

(d) that, in all other respects, unless varied by the Interim Order, the terms, conditions and restrictions of Pubco's Governing Documents, including quorum requirements and other matters, shall apply in respect of the Pubco Meeting;

(e) for the grant of certain Pubco Dissent Rights to registered Pubco Shareholders as contemplated in the Plan of Arrangement;

(f) that the Pubco Meeting may be adjourned from time to time by Pubco, subject to the terms of this Agreement, without the need for additional approval of the Court;

(g) that the record date for Pubco Shareholders entitled to notice of and to vote at the Pubco Meeting will not change in respect of any adjournment(s) of the Pubco Meeting, except such change as may be required by applicable Law;

(h) that it is the Parties' intention to rely upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act in accordance with Section 2.11;

(i) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and

(j) for such other matters as the Parties may reasonably require, subject to obtaining the prior consent of the Transacting Parties, such consent not to be unreasonably withheld or delayed.

2.3 Pubco Meeting

Subject to the terms of this Agreement:

(a) Pubco agrees to convene and conduct the Pubco Meeting in accordance with the Interim Order, Pubco's Governing Documents and applicable Law as soon as reasonably practicable, and in any event on or before the Meeting Deadline. Pubco agrees that it shall, in consultation with Verano, fix and publish a record date for the purposes of determining the Pubco Shareholders entitled to receive notice of and vote at the Pubco Meeting in accordance with the Interim Order.

(b) Immediately following, and subject to, the approval of the Continuance Resolution at the Pubco Meeting, Pubco covenants and agrees to adjourn the Pubco Meeting and effect the Pubco Continuance by sending such documents as may be required in connection with the Pubco Continuance under the ABCA, to the Alberta Registrar and under the BCBCA to the BC Registrar. As soon as reasonably practicable after the Continuance is effected, Pubco covenants and agrees to reconvene the Pubco Meeting to seek the approval by the Pubco Shareholders of the remainder of the Pubco Special Meeting Matters.

(c) Except as required for quorum purposes or otherwise permitted under this Agreement (including as permitted by Section 2.3(b), above), Pubco shall not adjourn (except as required by Law), postpone or cancel or propose or permit the adjournment (except as required by Law), postponement or cancellation of the Pubco Meeting without Verano's prior written consent.

(d) Pubco will advise Verano as it may reasonably request, and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Pubco Meeting, as to the aggregate tally of the proxies received by Pubco in respect of the matters to be considered at the Pubco Meeting.

(e) Pubco will promptly advise Verano of any written notice of dissent or purported exercise by any Pubco Shareholder of Pubco Dissent Rights received by Pubco in relation to the Pubco Continuance or the Plan of Arrangement and any withdrawal of Pubco Dissent Rights received by Pubco and any written communications sent by or on behalf of Pubco to any Pubco Shareholder exercising or purporting to exercise Pubco Dissent Rights in relation to the Pubco Continuance Resolution or the Pubco Arrangement Resolution.

(f) The only matters to be voted on by Pubco Shareholders at the Pubco Meeting shall be the Pubco Meeting Matters.

2.4 Circular and Listing Statement

(a) Each Party shall use all commercially reasonable efforts to take, or cause to be taken, all actions and do or cause to be done all things reasonably necessary, proper or advisable on its part under applicable Law to enable the listing on the CSE by the Resulting Issuer of the Resulting Issuer Subordinate Voting Shares on the Effective Date.

(b) As promptly as reasonably practicable following execution of this Agreement, (i) each of the Parties shall furnish all information regarding such Party and its Subsidiaries as may be required to be included in the Circular pursuant to applicable Law, and in the listing statement required to be filed with the CSE in connection with the CSE Approval (the "**Listing Statement**"), and (ii) Pubco and Verano shall work together to prepare the Circular, the Listing Statement, and any other documents required by applicable Laws. Assuming compliance by the Parties with their obligations under clauses (i) and (ii) above, (A) Pubco shall on or before the Mailing Deadline (x) file the Circular in all jurisdictions where the same is required to be filed, and (y) mail the Circular as required in accordance with all applicable Laws and the Interim Order, and (B) Verano shall file, concurrent with the closing of the transactions contemplated herein or as otherwise instructed by the CSE or an applicable Governmental Entity, the Listing Statement and other required filings with applicable Governmental Entities in all jurisdictions where the same is required to be filed.

(c) The Circular shall include a statement that each Pubco Key Shareholder intends to vote all of such Person's Pubco Shares in favour of the each of the resolutions in respect of the Pubco Meeting Matters, subject to the other terms of this Agreement and the Pubco Shareholder Voting Agreements. The Circular shall comply in all material respects with all applicable Laws and the Interim Order. The Circular shall include a copy of the Pubco Fairness Opinion and a summary of the Pubco Fairness Opinion.

(d) Each of the Parties shall ensure that the information furnished by such Party that is reasonably required to be included in the Circular and the Listing Statement under applicable Law complies in all material respects with all applicable Laws.

(e) Pubco shall (i) solicit proxies in favour of the Pubco Meeting Matters, and take all other actions that are reasonably necessary or desirable to seek such approvals, and (ii) include in the Circular the determinations and recommendations of the Pubco Board referred to in (b)(ii) of Schedule C.

(f) Each of the Parties shall use commercially reasonable efforts to obtain any necessary consents from its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the Circular and/or the Listing Statement and to the identification in the Circular and/or the Listing Statement of each such advisor.

(g) Each of the Parties and its advisors shall be given a reasonable opportunity to review and comment on the Circular prior to the Circular being printed and filed with the applicable Governmental Entities, and any reasonable comments of the Parties and their respective advisors shall be incorporated therein. The Parties shall each use their commercially reasonable efforts to agree upon the final form of the Circular.

(h) Each of the Parties and its advisors shall be given a reasonable opportunity to review and comment on the Listing Statement prior to such document being filed with the applicable Governmental Entities, and any reasonable comments of the Parties and their respective advisors shall be incorporated therein. The Parties acknowledge that at the final form of the Listing Statement shall be determined by the Resulting Issuer.

(i) Each of the Parties shall promptly notify the other Parties if at any time before the Effective Date, to its knowledge the Circular is false or misleading in any material respect with respect to any Person or otherwise requires an amendment or supplement. The Parties shall cooperate in the preparation of any amendment or supplement to the Circular as required or appropriate, and Pubco shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Circular to Pubco Shareholders, and, if required by the Court or applicable Laws, file the same with any Governmental Entity and as otherwise required.

2.5 Preparation of Filings

The Transacting Parties shall prepare, and the other Parties shall co-operate and use their commercially reasonable efforts to take, or cause to be taken, all reasonable actions in connection with any orders, registrations, consents, filings, rulings, exemptions, no-action letters, circulars and approvals, including this Agreement, the Ancillary Agreements and the Business Combination and the preparation of any required documents, in each case as reasonably necessary for the Parties to discharge their respective obligations under this Agreement, the Ancillary Agreements, the Business Combination and the Plan of Arrangement, and to complete any of the transactions contemplated by this Agreement and the Ancillary Agreements, including their obligations under applicable Laws. Verano shall prepare each of the Circular and Listing Statement and all other materials required to be filed with the CSE by Pubco. A Transacting Party shall furnish to the other Parties and their respective advisors for review and comment, a reasonable amount of time prior to the time of filing or submission of any document, a copy of each document to be filed or submitted.

It is acknowledged and agreed that Pubco shall not be required to file a prospectus or similar document or otherwise become subject to the securities Laws of any jurisdiction (other than in the case of the Resulting Issuer, the Provinces of British Columbia, Alberta and Ontario and the United States) in order to complete the Business Combination. The Parties shall use their commercially reasonable efforts to promptly make such securities and other regulatory filings in the United States or other jurisdictions as may be necessary or, in their sole discretion, desirable in connection with the completion of the Business Combination. Each Party shall provide to the other all information regarding the Party and its affiliates as required by applicable Securities Laws in connection with such filings.

2.6 Final Order

If (a) the Interim Order is obtained; (b) the Pubco Continuance Resolution is approved at the Pubco Meeting by Pubco Shareholders as required by applicable Law; and (c) the Pubco Arrangement Resolution is approved at the Pubco Meeting by the Pubco Shareholders as provided for in the Interim Order and as required by applicable Law, then, subject to the terms of this Agreement, as soon as reasonably practicable and no later than three (3) Business Days thereafter, or on such other date as determined by Verano, Pubco shall diligently pursue and take all steps necessary or desirable to have the hearing before the Court of the application for the Final Order pursuant to the BCBCA.

2.7 Court Proceedings

Subject to the terms of this Agreement, each of the other Parties will cooperate with and assist Pubco in seeking the Interim Order and the Final Order, including by providing it with any information reasonably required to be supplied by such Party in connection therewith. Verano will prepare drafts of the materials to be filed with the Court in connection with the Plan of Arrangement (other than any affidavits required from an officer or director of Pubco, which shall be supplied by Pubco). The Transaction Parties will provide legal counsel to the other Parties with reasonable opportunity to review and comment upon the drafts of such materials, and will give reasonable consideration to all such comments. Counsel to Pubco shall file the final forms of such Court materials. Subject to applicable Law, none of the Parties will file any material with the Court in connection with the Business Combination or serve any such material, and no Party will agree to modify or amend materials so filed or served, except as contemplated by this Section 2.7 or with the prior written consent of the Transacting Parties; provided, that, nothing herein shall require any Party to agree to modifications or amendments to the Business Combination. Pubco shall also provide to each other Parties' legal counsel on a timely basis copies of any notice of appearance or other Court documents served on Pubco in respect of the application for the Interim Order or the Final Order or any appeal therefrom and of any notice, whether written or oral, received by Pubco indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order. In addition, no Party will object to legal counsel to a Transacting Party making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that the other Parties are advised of the nature of any submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement. Pubco agrees to oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement or the Plan of Arrangement, and, if at any time after the issuance of the Final Order and prior to the Effective Date, Pubco is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and cooperation with, Verano.

2.8 Arrangement and Effective Date

Verano shall determine the Effective Date, which Effective Date shall occur after the satisfaction or, where not prohibited, the waiver of the conditions set forth in Article 3 of this Agreement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver of those conditions as of the Effective Date). Verano shall notify the other Parties of such Effective Date at least two (2) Business Days prior thereto. On the Effective Date, Verano shall send, on behalf of Pubco, such documents as may be required in connection with the Arrangement under the BCBCA, to the BC Registrar for endorsement and/or filing (as applicable) by the BC Registrar, to give effect to the Arrangement; provided that no such documents shall be sent for endorsement or filing except either (a) as contemplated hereby or by any Ancillary Agreement, or (b) with the other Parties to whom such document pertains prior written consent, such consent not to be unreasonably withheld, conditioned or delayed. From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Law, including the BCBCA. The Parties agree that the Plan of Arrangement may be amended at any time prior to the Effective Time in accordance with Section 5.4 of this Agreement to include such other terms determined to be reasonably necessary by the Parties, provided that the Plan of Arrangement shall not be amended in any manner which is prejudicial to a Party (except with the prior written consent of such Party) or is inconsistent with the provisions of this Agreement, except as agreed in writing by each of the Parties.

The closing of the Business Combination will take place at the offices of Fasken Martineau DuMoulin LLP in Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on the Effective Date, or at such other time and place as may be agreed to by the Parties, including by way of virtual format.

2.9 Announcement and Shareholder Communications

The Transacting Parties shall jointly announce publicly the transactions contemplated hereby promptly following the execution of this Agreement by the Parties, the text and timing of such announcement to be approved by each of the Transacting Parties in advance, each acting reasonably. No Party shall (i) issue any news release or otherwise make public announcements with respect to this Agreement or the Plan of Arrangement without the consent of each of the Transacting Parties (which consent shall not be unreasonably withheld, conditioned or delayed) or (ii) make any filing with any Governmental Entity with respect thereto without prior consultation with each of the Transacting Parties; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws or stock exchange rules, and the Party making such disclosure shall use all commercially reasonable efforts to give prior written notice to the Transacting Parties and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

2.10 Withholding Taxes

Notwithstanding any other provision of this Agreement, the Parties, the Depositary and any other applicable withholding agent shall be entitled to deduct and withhold from any amount payable in connection with any transactions referred to in this Agreement and the Plan of Arrangement such amounts as such withholding agent determines, acting reasonably, are required or reasonably believes to be required to be deducted and withheld from such payment in accordance with the Tax Act, the Code or any provision of any other applicable Law, (the "**Withholding Obligations**"). To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such deduction and withholding was made (the "**Affected Person**"), provided that such deducted or withheld amounts are actually remitted to the appropriate taxing authority.

The Depositary shall have the right to:

(a) withhold and sell, on their own account or through a registered broker (the "**Broker**"), and on behalf of any Affected Person; or

(b) require the Affected Person to irrevocably direct the sale through a Broker and irrevocably direct the Broker to pay the proceeds of such sale to the applicable Parties' shareholders or the Depositary as appropriate (and, in the absence of such irrevocable direction, the Affected Person shall be deemed to have provided such irrevocable direction);

such number of Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares issued or issuable to such Affected Person pursuant to the Business Combination as is necessary to produce sale proceeds (after deducting commissions payable to the Broker and other costs and expenses) sufficient to fund any Withholding Obligations. Any amounts which may be deducted and withheld from the consideration otherwise payable to any Affected Person pursuant to this Section 2.10 shall first be deducted and withheld from any cash consideration payable to such Affected Person before any such amounts are deducted and withheld from any Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares, pursuant to the terms of this Section 2.10, payable to such Affected Person. Any such sale of Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares, as applicable, shall be effected as soon as practicable following the Effective Date. Neither the Depositary nor the Broker will be liable for any loss arising out of any sale of such Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares, including any loss relating to the manner or timing of such sales, the prices at which Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares are sold or otherwise. The Parties shall cause the Depositary to provide prior written notice of any intention to deduct or withhold under applicable Withholding Obligations from any distributions or payments otherwise payable to any Affected Person so as to give each such Affected Person the reasonable opportunity to provide the Depositary with any information or documentation sufficient to reduce or eliminate such Withholding Obligations.

If the Depositary deducts or withholds any amount (or any Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares, as the case may be) pursuant to this Section 2.10, then:

(a) the Depositary shall pay the full amount required to be deducted to the appropriate taxing authority on a timely basis and in accordance with applicable Law; and

(b) as soon as practicable after payment of such amount to the appropriate taxing authority, the Depositary shall deliver to the Affected Person the original or certified copy of a receipt issued by such taxing authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Affected Person.

Any agreement entered into in connection with the Depositary's engagement shall require the Depositary to take such actions that are set forth in this section.

2.11 U.S. Securities Law Matters

The Parties agree that the Business Combination will be carried out with the intention that all Resulting Issuer Subordinate Voting Shares, Resulting Issuer Proportionate Voting Shares and Resulting Issuer Convertible Notes will be issued by the Resulting Issuer in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof (the "**Section 3(a)(10) Exemption**"). In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:

(a) the Arrangement will be subject to the approval of the Court;

(b) prior to ths issuance of the Interim Order, the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption with respect to the issuance of the Resulting Issuer Subordinate Voting Shares, Resulting Issuer Proportionate Voting Shares and the Resulting Issuer Convertible Notes pursuant to the Arrangement, based on the Court's approval of the Arrangement;

(c) prior to the issuance of the Interim Order, Pubco will file with the Court a copy of the proposed text of the Circular together with any other documents required by applicable Law in connection with the Pubco Meeting;

(d) before approving the Arrangement, the Court will be requested to satisfy itself as to the substantive and procedural fairness and reasonableness of the Arrangement to those affected by it and to hold a hearing before approving the fairness of the terms and conditions of the Arrangement and issuing the Final Order;

(e) the Final Order approving the Arrangement that is obtained from the Court will state that the Arrangement is approved by the Court as being substantively and procedurally fair to those affected by it;

(f) each of the Parties will ensure that each Person entitled to receive any Resulting Issuer Subordinate Voting Shares, Resulting Issuer Proportionate Voting Shares, Resulting Issuer Convertible Notes, or any other securities pursuant to the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(g) each Person entitled to receive Resulting Issuer Subordinate Voting Shares, Resulting Issuer Proportionate Voting Shares or Resulting Issuer Convertible Notes pursuant to the Arrangement (the "**Subject Securities**") will be advised that such securities when issued will not have been registered under the U.S. Securities Act and will be issued by the Resulting Issuer in reliance on the Section 3(a)(10) Exemption and the Subject Securities shall be without trading restrictions under the U.S. Securities Act (other than those that would apply under the U.S. Securities Act in certain circumstances to Persons who are, or have been within 90 days prior to the Effective Time, affiliates (as defined in Rule 144 under the U.S. Securities Act) of the [**Resulting Issuer]**;

(h) Persons entitled to receive Resulting Issuer Convertible Notes pursuant to the Arrangement will be advised that although the Resulting Issuer Convertible Notes issued pursuant to the Arrangement will be issued by the Resulting Issuer in reliance on the Section 3(a)(10) Exemption, such exemption does not exempt the issuance of the underlying securities upon the exercise of the conversion of such Resulting Issuer Convertible Notes; therefore, the securities of the Resulting Issuer issuable upon conversion of the Resulting Issuer Convertible Notes cannot be issued in the United States or to a Person in the United States in reliance on the Section 3(a)(10) Exemption and the Resulting Issuer Convertible Notes may only be converted pursuant to a then-available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws;

(i) the Interim Order approving the Pubco Meeting, and the Circular, will specify that each Person entitled to receive Resulting Issuer Subordinate Voting Shares, Resulting Issuer Proportionate Voting Shares or Resulting Issuer Convertible Notes pursuant to the Arrangement will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time; and

(j) Pubco shall request that the Final Order shall include a statement substantially to the following effect:

"This Order shall serve as the basis for reliance on the exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the issuance and distribution of securities of **[Resulting Issuer]** pursuant to the Plan of Arrangement, as applicable."

2.12 U.S. Tax Matters

The Parties intend (a) that the Resulting Issuer will be treated as a U.S. domestic corporation under Section 7874 of the Code, (b) that if, pursuant to the Verano Merger, Pubco acquires 80% or more of the Verano units issued and outstanding immediately prior to such merger, the Verano Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and the Treasury Regulations thereunder, (c) that the transfer by POR Holdings of its POR Units to Pubco in exchange for that number of Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares to which POR Holdings is entitled in accordance with the AME Agreement and Plan of Merger and the liquidation of POR Holdings thereafter (together, the "**POR Holdings Reorganization**"), if effected, be treated as a single integrated transaction qualifying as a reorganization within the meaning of Section 368(a) of the Code and the Treasury Regulations thereunder, (d) that the Verano Merger, and the Company Mergers, and the POR Holdings Reorganization and any other exchanges or transfers of assets or equity securities to Pubco pursuant to the Ancillary Agreements, each if effected, will be part of a series of transactions constituting a single integrated transaction qualifying as a tax-deferred transaction under Section 351 of the Code, and (d) this Agreement to be, and this Agreement is adopted as, a "plan of reorganization" under Section 368 of the Code and the Treasury Regulations thereunder (collectively, the "**Intended U.S. Tax Treatment**"). Each Party agrees not to take any position on any Tax Return or otherwise take any Tax reporting position inconsistent with the Intended U.S. Tax Treatment set forth in this Section 2.12, unless otherwise required by a "determination" within the meaning of Section 1313 of the Code that such treatment is not correct. Each Party agrees to act in a manner that is consistent with the Intended U.S. Tax Treatment. In the event the Parties determine that the foregoing transactions may not qualify for the Intended U.S. Tax Treatment, the parties hereto will cooperate in restructuring such transactions to the extent reasonably possible, to cause such transactions to so qualify. Notwithstanding the foregoing, the Parties do not make any representation, warranty or covenant to any other Party or to their equityholders (and, including without limitation, holders of any options, warrants, debt instruments or other similar rights or instruments) regarding the U.S. tax treatment of the Verano Merger, the Company Mergers, the Arrangement or any other transactions contemplated by this Agreement, the Plan of Arrangement or the Ancillary Agreements.

ARTICLE 3
CONDITIONS

3.1 Mutual Conditions Precedent

The obligation of a Transacting Party to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time, each of which may be waived by the mutual consent of the Transacting Parties:

(a) the Pubco Arrangement Resolution shall have received the Pubco Shareholder Approval at the Pubco Meeting, in accordance with applicable Law, the terms of this Agreement and the Interim Order;

(b) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to either of the Transacting Parties, each acting reasonably, on appeal or otherwise;

(c) no Governmental Entity shall have enacted, issued, promulgated, enforced or entered any Law which is then in effect and has the effect of making any of the transactions contemplated by the Plan of Arrangement illegal or otherwise preventing or prohibiting consummation of any such transactions; and

(d) the Pubco CSE Approval shall have been obtained.

3.2 Additional Conditions Precedent to the Obligations of Verano

The obligation of Verano to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Verano and may be waived in whole or in part only by Verano in its sole discretion):

(a) all covenants of each other Party under this Agreement to be performed on or before the Effective Time shall have been duly performed by each such other Party in all material respects and Verano shall have received a certificate of each other Party addressed to Verano and dated the Effective Date, signed on behalf of such other Party by two senior executive officers of such other Party (on other Party's behalf and without personal liability), confirming the same as at the Effective Time;

(b) the representations and warranties of Pubco set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Pubco Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have a Pubco Material Adverse Effect, provided that the representations and warranties of Pubco set forth in Schedule "C" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality contained in them) as of the Effective Time, and Verano shall have received a certificate of Pubco addressed to Verano and dated the Effective Date, signed on behalf of Pubco by two senior executive officers of Pubco (on Pubco's behalf and without personal liability), confirming the same as at the Effective Time;

(c) the representations and warranties of BC Newco set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or BC Newco Material Adverse Effect qualifications, contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have a BC Newco Material Adverse Effect, provided that the representations and warranties of BC Newco set forth in Schedule "D" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality contained in them) as of the Effective Time, and Verano shall have received a certificate of BC Newco addressed to Verano and dated the Effective Date, signed on behalf of BC Newco by two senior executive officers of BC Newco (on BC Newco's behalf and without personal liability), confirming the same as at the Effective Time;

(d) the representations and warranties of Finco set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Finco Material Adverse Effect qualifications, contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have a Finco Material Adverse Effect, provided that the representations and warranties of Finco set forth in Schedule "E" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality contained in them) as of the Effective Time, and Verano shall have received a certificate of Finco addressed to Verano and dated the Effective Date, signed on behalf of Finco by two senior executive officers of Finco (on Finco's behalf and without personal liability), confirming the same as at the Effective Time;

(e) each of Pubco, BC Newco, and Finco shall have delivered or caused to be delivered to Verano a certificate, dated as of the Effective Date, executed by the secretary or other officer of each such Party, certifying as to (i) the names and titles of the officers or authorized signatories of such Party authorized to sign this Agreement and the other instruments contemplated hereby, together with the true signatures of such officers or signatories; (ii) the resolutions duly adopted by the board of directors or other governing body and the shareholders or members of such Party, as applicable and as required in connection with the transactions contemplated hereby, authorizing the execution, delivery and performance by such Party of this Agreement and the other instruments contemplated hereby; and (iii) true and correct copies of the Governing Documents of such Party;

(f) Pubco shall have entered into an agreement in form acceptable to Verano, acting reasonably, to assume the obligations of Verano under the AME Agreement and Plan of Merger as set forth therein;

(g) the Private Placement shall have been completed and the Finco Subscription Receipts shall have been exchanged for Finco Common Shares in accordance with their terms;

(h) Pubco shall have terminated with the consent of the holders thereof prior to the Effective Time (i) any Pubco Warrants, Pubco Options, Pubco Convertible Debenture (and for certainty, right to any Pubco Units, Pubco Shares and Pubco Convertible Warrants that may be issued pursuant to the Pubco Convertible Debenture), that have not yet been exercised or converted such that immediately prior to the Effective Time, the only securities of Pubco issued and outstanding shall be Pubco Shares; and (ii) the Pubco Terminating Agreements such that there is no continuing liability or obligation for Pubco thereunder;

(i) Verano shall have received a certificate of Pubco addressed to Verano and dated the Effective Date, signed on behalf of Pubco by two senior executive officers of Pubco (on Pubco's behalf and without personal liability), certifying (i) that the Pubco Warrants, Pubco Options, Pubco Convertible Debenture (and for certainty, right to any Pubco Units, Pubco Shares and Pubco Convertible Warrants that may be issued pursuant to the Pubco Convertible Debenture) have each been terminated and an acknowledgement and release of the holder thereof; (ii) that the only issued and outstanding securities of Pubco are the Pubco Shares; and (iii) as to the number of issued and outstanding Pubco Shares;

(j) Verano shall have received evidence, in form and substance satisfactory to Verano, acting reasonably, of the termination of, and full and final unconditional release in connection with, the Pubco Terminating Agreements, such that there is no continuing liability or obligation thereunder and such that any obligation thereunder is fully and finally discharged and terminated;

(k) holders of no more than 30% of the Pubco Shares shall have exercised Pubco Dissent Rights (as such rights relate to the Pubco Continuance);

(l) holders of no more than 30% of the Pubco Shares shall have exercised Pubco Dissent Rights (as such rights relate to the Plan of Arrangement);

(m) the Pubco Continuance shall be effective;

(n) the transactions contemplated by the Ancillary Agreements to occur prior to the Effective Time shall have been completed in accordance with their respective terms;

(o) all conditions to the completion of the transactions contemplated by the Ancillary Agreements that are referenced as steps in the Plan of Arrangement, but that are to be completed pursuant to the laws of a jurisdiction in the United States, shall have been satisfied or waived in accordance with their respective terms (except for conditions that will be completed, by their terms, at the time set out in the Plan of Arrangement);

(p) all conditions to the completion of the transactions contemplated by the Ancillary Agreements to occur after the Plan of Arrangement is effected shall have been satisfied or waived in accordance with their respective terms (except for conditions that will be completed or waived, by their terms, after the Plan of Arrangement is effected);

(q) each of the Pubco Special Meeting Matters shall have been approved and adopted by the Pubco Shareholders at the Pubco Meeting, in each case in accordance with applicable Law, the terms of this Agreement and, in the case of the Pubco Arrangement Resolution, the Interim Order;

(r) the issuance of: (i) the Resulting Issuer Subordinate Voting Shares, the Resulting Issuer Proportionate Voting Shares, and the Resulting Issuer Convertible Notes pursuant to the Plan of Arrangement; (ii) the Resulting Issuer Subordinate Voting Shares and Resulting Issuer Proportionate Voting Shares issuable upon conversion of the Resulting Issuer Convertible Notes and (iii) the issuance of Resulting Issuer Subordinate Voting Shares upon conversion of the Resulting Issuer Proportionate Voting Shares, shall each be exempt from the prospectus requirements of applicable Canadian Securities Laws and shall not be subject to resale restrictions under applicable Canadian Securities Laws (other than as applicable to control persons or as imposed by the CSE);

(s) the Escrow Agreements, if required by the CSE or pursuant to Securities Law, shall have been fully executed by the parties thereto;

(t) there shall be no adoption, implementation, promulgation, repeal, modification, amendment or change in applicable Law (including with respect to U.S. Treasury Regulations under Section 7874 of the Code) after the date hereof, such that the Resulting Issuer should not be treated as a U.S. domestic corporation under Section 7874 of the Code, taking into account any action taken pursuant to Section 2.12;

(u) Pubco shall have appointed Odyssey Trust Company as the transfer agent and registrar for the Pubco Shares (or such other transfer agent and registrar as determined by Verano, acting reasonably);

(v) there shall not be pending any legal suit or proceeding by any Governmental Entity or any other Person that is reasonably likely to result in the unavailability of the Section 3(a)(10) Exemption or the tax treatment contemplated by Section 2.12; and

(w) the issuance of the Resulting Issuer Subordinate Voting Shares, Resulting Issuer Proportionate Voting Shares or Resulting Issuer Convertible Notes (except for the securities of the Resulting Issuer issuable upon conversion or exercise of the Resulting Issuer Convertible Notes) pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption and shall not be subject to resale restrictions in the United States under the U.S. Securities Act, other than as may be prescribed by Rule 144 and Rule 145, as applicable, under the U.S. Securities Act.

3.3 Additional Conditions Precedent to the Obligations of Pubco

The obligation of Pubco to complete the Plan of Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Pubco and may be waived in whole or in part only by Pubco in its sole discretion):

(a) all covenants of each other Party under this Agreement to be performed on or before the Effective Time which have not been waived by Pubco shall have been duly performed by each such other Party in all material respects and Pubco shall have received a certificate of each other Party addressed to Pubco and dated the Effective Date, signed on behalf of such other Party by two senior executive officers of such other Party (on such Party's behalf and without personal liability), confirming the same as at the Effective Time;

(b) the representations and warranties of Verano set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Verano Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have a Verano Material Adverse Effect, provided that the representations and warranties of Verano set forth in Schedule "B" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality qualifications contained in them) as of the Effective Time, and Pubco shall have received a certificate of Verano addressed to Pubco and dated the Effective Date, signed on behalf of Verano by two senior executive officers of Verano (on Verano's behalf and without personal liability), confirming the same as at the Effective Time;

(c) the representations and warranties of BC Newco set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or BC Newco Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have a BC Newco Material Adverse Effect, provided that the representations and warranties of BC Newco set forth in Schedule "D" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality qualifications contained in them) as of the Effective Time, and Pubco shall have received a certificate of BC Newco addressed to Pubco and dated the Effective Date, signed on behalf of BC Newco by two senior executive officers of BC Newco (on BC Newco's behalf and without personal liability), confirming the same as at the Effective Time;

(d) the representations and warranties of Finco set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Finco Material Adverse Effect qualifications, contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have a Finco Material Adverse Effect, provided that the representations and warranties of Finco set forth in Schedule "E" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality contained in them) as of the Effective Time, and Verano shall have received a certificate of Finco addressed to Verano and dated the Effective Date, signed on behalf of Finco by two senior executive officers of Finco (on Finco's behalf and without personal liability), confirming the same as at the Effective Time; and

(e) each of Verano, BC Newco and Finco shall have delivered or caused to be delivered to Pubco a certificate, dated as of the Effective Date, executed by the secretary or other officer of each such Party, certifying as to (i) the names and titles of the officers or authorized signatories of such Party authorized to sign this Agreement and the other instruments contemplated hereby, together with the true signatures of such officers or signatories; (ii) the resolutions duly adopted by the board of directors or other governing body and the shareholders or members of such Party, as applicable and as required in connection with the transactions contemplated hereby, authorizing the execution, delivery and performance by such Party of this Agreement and the other instruments contemplated hereby; and (iii) true and correct copies of the Governing Documents of such Party.

3.4 Additional Conditions Precedent to the Obligations of BC Newco

The obligation of BC Newco to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of BC Newco and may be waived in whole or in part by BC Newco in its sole discretion):

(a) all covenants of each other Party under this Agreement, to be performed on or before the Effective Time which have not been waived by BC Newco shall have been duly performed by each such other Party in all material respects and BC Newco shall have received a certificate of each other Party addressed to BC Newco and dated the Effective Date, signed on behalf of each of the other Parties by two senior executive officers of such other Party (on such Party's behalf and without personal liability), confirming the same as at the Effective Time;

(b) the representations and warranties of Verano set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Verano Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have a Verano Material Adverse Effect, provided that the representations and warranties of Verano set forth in Schedule "B" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality qualifications contained in them) as of the Effective Time, and BC Newco shall have received a certificate of Verano addressed to BC Newco and dated the Effective Date, signed on behalf of Verano by two senior executive officers of Verano (on Verano's behalf and without personal liability), confirming the same as at the Effective Time;

(c) the representations and warranties of Pubco set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Pubco Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have an Pubco Material Adverse Effect, provided that the representations and warranties of Pubco set forth in Schedule "C" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality qualifications contained in them) as of the Effective Time, and BC Newco shall have received a certificate of Pubco addressed to BC Newco and dated the Effective Date, signed on behalf of Pubco by two senior executive officers of Pubco (on Pubco's behalf and without personal liability), confirming the same as at the Effective Time;

(d) the representations and warranties of Finco set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Finco Material Adverse Effect qualifications, contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have a Finco Material Adverse Effect, provided that the representations and warranties of Finco set forth in Schedule "E" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality contained in them) as of the Effective Time, and Verano shall have received a certificate of Finco addressed to Verano and dated the Effective Date, signed on behalf of Finco by two senior executive officers of Finco (on Finco's behalf and without personal liability), confirming the same as at the Effective Time; and

(e) each of Verano, Pubco and Finco shall have delivered or caused to be delivered to BC Newco a certificate, dated as of the Effective Date, executed by the secretary or other officer of each such Party, certifying as to (i) the names and titles of the officers or authorized signatories of such Party authorized to sign this Agreement and the other instruments contemplated hereby, together with the true signatures of such officers or signatories; (ii) the resolutions duly adopted by the board of directors or other governing body and the shareholders or members of such Party, as applicable and as required in connection with the transactions contemplated hereby, authorizing the execution, delivery and performance by such Party of this Agreement and the other instruments contemplated hereby; and (iii) true and correct copies of the Governing Documents of such Party.

3.5 Additional Conditions Precedent to the Obligations of Finco

The obligation of Finco to complete the Plan of Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Finco and may be waived by Finco):

(a) all covenants of each other Party under this Agreement to be performed on or before the Effective Time which have not been waived by Finco shall have been duly performed by each such other Party in all material respects and Finco shall have received a certificate of each other Party addressed to Finco and dated the Effective Date, signed on behalf of such other Party by two senior executive officers of such other Party (on such Party's behalf and without personal liability), confirming the same as at the Effective Time;

(b) the representations and warranties of Verano set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Verano Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have a Verano Material Adverse Effect, provided that the representations and warranties of Verano set forth in Schedule "B" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality qualifications contained in them) as of the Effective Time, and Finco shall have received a certificate of Verano addressed to Finco and dated the Effective Date, signed on behalf of Verano by two senior executive officers of Verano (on Verano's behalf and without personal liability), confirming the same as at the Effective Time;

(c) the representations and warranties of Pubco set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Pubco Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have an Pubco Material Adverse Effect, provided that the representations and warranties of Pubco set forth in Schedule "C" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality qualifications contained in them) as of the Effective Time, and Finco shall have received a certificate of Pubco addressed to Finco and dated the Effective Date, signed on behalf of Pubco by two senior executive officers of Pubco (on Pubco's behalf and without personal liability), confirming the same as at the Effective Time;

(d) the representations and warranties of BC Newco set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or BC Newco Material Adverse Effect qualifications contained in them as of the Effective Time, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not have a BC Newco Material Adverse Effect, provided that the representations and warranties of BC Newco set forth in Schedule "D" sections (a) (*Organization and Qualification*), (b) (*Authority; Approval*) and (c)(i) (*No Conflicts*) shall be true and correct in all material respects (without regard to any materiality qualifications contained in them) as of the Effective Time, and Finco shall have received a certificate of BC Newco addressed to Finco and dated the Effective Date, signed on behalf of BC Newco by two senior executive officers of BC Newco (on BC Newco's behalf and without personal liability), confirming the same as at the Effective Time; and

(e) each of Verano, BC Newco and Pubco shall have delivered or caused to be delivered to Finco a certificate, dated as of the Effective Date, executed by the secretary or other officer of each such Party, certifying as to (i) the names and titles of the officers or authorized signatories of such Party authorized to sign this Agreement and the other instruments contemplated hereby, together with the true signatures of such officers or signatories; (ii) the resolutions duly adopted by the board of directors or other governing body and the shareholders or members of such Party, as applicable and as required in connection with the transactions contemplated hereby, authorizing the execution, delivery and performance by such Party of this Agreement and the other instruments contemplated hereby; and (iii) true and correct copies of the Governing Documents of such Party.

3.6 Satisfaction of Conditions

The conditions precedent set out in Section 3.1, Section 3.2, Section 3.3, Section 3.4 and Section 3.5 shall be conclusively deemed to have been satisfied, waived or released, as applicable, at the Effective Time.

3.7 Pubco Shareholder Voting Agreements

Prior to or concurrent with the execution and delivery of this Agreement, the Pubco Shareholder Voting Agreements shall have been executed and delivered to Verano and Pubco.

ARTICLE 4
ADDITIONAL AGREEMENTS

4.1 Non-Solicitation

(a) Neither Pubco (or any affiliate thereof) nor Verano (or any affiliate thereof) will, directly or indirectly, solicit, initiate, knowingly encourage, co-operate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement, letter of intent or understanding) the submission, initiation or continuation of any oral or written inquiries, proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Business Combination.

(b) Without limiting the generality of Section 4.1(a), neither Pubco (nor any affiliate thereof) nor Verano (nor any affiliate thereof) will, directly or indirectly, induce or attempt to induce any other person to initiate, or facilitate the initiation of, any shareholder proposal or "takeover bid", exempt or otherwise, within the meaning of applicable Securities Laws or other business combination or transaction, for its securities or assets, nor undertake any transaction or negotiate any transaction which would be or potentially could be in opposition to or in conflict with the Business Combination (each, a "**Proposal**"), including, without limitation, allowing access to any third party (other than representatives of Verano or Pubco, any party to the AME Agreement and Plan of Merger (or any such party's representatives), or the agents in relation to the Private Placement or the Pubco Fairness Opinion) to conduct due diligence, or permitting any of their officers, directors, managers or shareholders to authorize such access.

(c) In the event that Pubco receives an unsolicited Proposal prior to the Pubco Meeting, the Pubco Board may, prior to the Pubco Meeting, recommend such Proposal or change, modify or withdraw any of its recommendations referred to in (b)(ii) of Schedule C (in any such case a "**Change in Recommendation**"), provided that all of the following conditions are satisfied: (i) the Pubco Board has made the Change in Recommendation in good faith, after having received advice from its financial advisor and external legal counsel; (ii) the Pubco Board has received advice from its external legal counsel that its failure to make the Change of Recommendation would be a breach of the fiduciary duties of the Pubco Board under applicable Law; and (iii) Pubco is or has not been in breach of section 4.1(a) or 4.1(b).

(d) The Pubco Board may not make a Change in Recommendation except in strict accordance with section 4.1(c). If the Pubco Board makes a Change in Recommendation, Pubco shall forthwith notify Verano. Upon notification, Verano may terminate this Agreement in accordance with Section 5.2(a)(iv)(C). If Verano does not terminate this Agreement, Pubco must continue to perform its covenants hereunder, including but not limited to its covenants in Article 2 (save and except for its covenant in Section 2.4(e)(ii) to recommend to Pubco Shareholders that they vote in favour of each of the Pubco Meeting Matters). For certainty, a Change in Recommendation shall not amend or otherwise impact any Pubco Shareholder Voting Agreement or the covenants of a Pubco Key Shareholder provided therein.

(e) In the event that Verano or Pubco or any of their respective affiliates or associates, including any of their officers or directors, receives any form of offer or inquiry in respect of the transactions described in this Section 4.1, Verano or Pubco shall forthwith (in any event within one Business Day following receipt) notify the other party of such offer or inquiry and provide the other party with the material details in respect thereof.

4.2 Resulting Issuer Board and Year End

(a) Verano shall determine the Governing Documents of the Resulting Issuer, including among other things, its articles and its notice of articles, drafts of which shall be provided to Pubco for review and comment and Verano will take into consideration any reasonable comments of Pubco.

(b) The Governing Documents of the Resulting Issuer shall provide, among other things, that the Resulting Issuer Board shall be comprised of five (5) directors with the initial directors being the Board Nominees and that the financial year end of the Resulting Issuer is December 31.

4.3 Finco Subscription Receipts

Prior to the Effective Date, Finco shall have issued Finco Subscription Receipts pursuant to the Private Placement.

4.4 Consolidation and Capitalization

(a) Pubco shall effect the Pubco Share Consolidation in accordance with and pursuant to the Plan of Arrangement, on a basis such that immediately prior to the completion of the Pubco Share Amendment (as defined in the Plan of Arrangement) to create the Resulting Issuer Subordinate Voting Shares and the Resulting Issuer Proportionate Voting Shares, and after the Pubco Share Consolidation, the number of issued and outstanding Pubco Shares is equal to US$1,000,000 divided by the issue price per Finco Subscription Receipt.

(b) The Parties agree that the capitalization of the Resulting Issuer will be as set forth at Schedule "G", subject to adjustment at the sole discretion of Verano; however, no such adjustment may alter or amend the number of issued and outstanding Pubco Shares as set forth at Section 4.4(a).

4.5 Notices of Certain Events

(a) Each Party will give prompt written notice to the other Parties upon becoming aware of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement pursuant to its terms and the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:

(i) result in such Party's failure to satisfy the following applicable condition precedent with respect to its representations and warranties set forth herein: (A) with respect to Verano, Section 3.3(b); (B) with respect to Pubco, Section 3.2(b); (C) with respect to BC Newco, Section 3.2(c); and (D) with respect to Finco, Section 3.2(d), as the case may be;

(ii) result in such Party's failure to comply with or satisfy in all material respects any covenant or agreement to be complied with or satisfied by such Party hereunder prior to the Effective Time; or

(iii) result in the failure of any other condition set forth in Article 3 prior to the Effective Time.

(b) Except as provided in this Section 4.5(b), a Party's receipt of information pursuant to this Section 4.5 shall not operate as a waiver or otherwise amend, supplement or affect any representation, warranty, covenant or agreement given or made in this Agreement by any Party. If any such disclosed information has resulted in, or will result in (in the reasonable determination of the receiving Party), the failure to satisfy one or more conditions precedent to a receiving Party's obligation set forth in Article 3 by the Outside Date, then within ten Business Days of the receipt of such written disclosure notice, this Agreement may be terminated by such receiving Party, the conditions precedent in favour of whom in Article 3 cannot be satisfied. If this Agreement either cannot be terminated or is not terminated by a receiving Party as provided in this Section 4.5, such written notice provided shall in all cases be deemed to qualify and update the representations, warranties, agreements, covenants and agreements in this Agreement in all respects for the purposes of the satisfaction of the conditions precedent set forth in Article 3, and shall not be a basis for failure to satisfy any such conditions. In addition to and in furtherance of the foregoing, until the earlier to occur of the termination of this Agreement pursuant to its terms and the Effective Time, Verano may supplement and update the Disclosure Letter and for so long as any such supplements and updates (i) were not made as a result of a breach or default by Verano under this Agreement in any material respect, and (ii) do not have a Verano Material Adverse Effect, then any such supplements and updates to the Disclosure Letter shall be deemed to qualify and update the representations, warranties, agreements and covenants of Verano and the Disclosure Letter in all respects for the purposes of the satisfaction of the conditions precedent in Article 3 and shall not be a basis for failure to satisfy any such conditions.

(c) No Party may elect to terminate this Agreement based upon either (i) the failure of a condition precedent in Article 3 for the benefit of such Party to be satisfied, or (ii) a termination right of such Party in Section 5.2, unless prior to the Effective Date such Party has delivered a written notice to all of the other Parties specifying in reasonable detail the breaches of covenants, agreements, representations and warranties or other termination matters which the Party delivering such notice is asserting as the basis for the non-fulfilment of its applicable condition precedent or termination right, as the case may be. Provided that any Party is proceeding diligently to cure an asserted breach or satisfy an asserted termination matter and such breach or termination matter is capable of being cured or satisfied by the Outside Date (in the sole discretion of the Party electing to terminate), no Party may terminate this Agreement unless such breach or termination matter shall not have been cured or otherwise satisfied within 15 days after such written notice was delivered to all Parties.

4.6 Additional Covenants Regarding the Arrangement

Each Party shall perform all obligations required to be performed by such Party (and, in the case of Pubco, to be performed by Pubco Sub) under this Agreement, co-operate with the other Parties in connection therewith, and do all such other acts and things as may be reasonably necessary in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement, including the Plan of Arrangement. Without limiting any other obligations of the Parties hereunder, the Parties will use their commercially reasonable efforts to coordinate and cooperate with one another in exchanging such information and supplying such assistance as may be reasonably requested by each in connection with the foregoing. Without limiting the generality of the foregoing, Pubco shall form the following limited liability companies in accordance with applicable Law of each such limited liability company and on terms and at a time acceptable to Verano: LLC1, LLC2, LLC3 and LLC4 (as each such term is defined in the Plan of Arrangement), and all of the membership interest in each such limited liability company shall be held by Pubco immediately prior to the Effective Time. Pubco shall enter into each Ancillary Agreement to which it is a party (the form of such each such Ancillary Agreement to be determined by Verano, in its sole discretion).

4.7 Additional Covenants Regarding the Businesses of Certain Parties

Each of Pubco (on its own behalf and on behalf of Pubco Sub), BC Newco and Finco covenants and agrees that prior to the Effective Date, unless (i) Verano shall otherwise agree in writing, or (ii) such action is expressly contemplated or permitted by this Agreement or the Plan of Arrangement, that it shall not (and in the case of Pubco, shall cause Pubco Sub not to), directly or indirectly:

(a) issue, deliver, sell, pledge, lease, dispose of or encumber any of its securities (whether convertible or not), create any new securities, or amend, extend or terminate, any of the terms of, or agreements governing, any of its outstanding convertible securities;

(b) sell, pledge, lease, transfer, dispose of or encumber any of its assets, rights or properties;

(c) amend or propose to amend its Governing Documents or the terms of any of its securities;

(d) split, combine or reclassify any of its outstanding shares or undertake any other capital reorganization;

(e) redeem, purchase or offer to purchase any of its securities;

(f) loan or lend amounts to any Person;

(g) declare, set aside or pay any dividend or other distribution (whether in cash, securities or any combination thereof) in respect of any of its shares;

(h) reorganize, amalgamate or merge with any other Person;

(i) reduce the stated capital of its shares;

(j) acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise) any Person, or make any investment either by purchase of shares or securities, contributions of capital (other than to its Subsidiaries), or purchase of any property or assets of any other Person;

(k) incur, create, assume or otherwise become liable for any indebtedness for borrowed money or any other liability or obligation or issue any debt securities, except normal course liabilities;

(l) guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other Person;

(m) adopt a plan of liquidation or resolutions providing for any liquidation or dissolution;

(n) pay, discharge, settle, satisfy, compromise, waive, assign or release any claims, liabilities or obligations, except normal course payables;

(o) enter into any Contract or authorize, recommend or propose any release or relinquishment of any contractual right;

(p) engage in any transaction with any related parties;

(q) make any capital expenditures;

(r) amend its accounting policies or adopt new accounting policies, except as may be required by applicable Law;

(s) make, revoke or change any Tax election; amend any previously filed Tax Return; file any Tax Return inconsistent with past practice; settle or compromise any Liability for Taxes; agree to an extension or waiver of the limitation period with respect to the assessment, reassessment, or determination of Taxes; enter into any closing agreement with respect to any Tax; surrender any right to claim a material Tax refund; change an annual accounting period; adopt or change any accounting method with respect to Taxes; or consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment unless, in each case, such action is required by Law;

(t) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede its ability to consummate the Business Combination or the other transactions contemplated by this Agreement; or

(u) agree to do any of the foregoing.

ARTICLE 5
TERM, TERMINATION, AMENDMENT AND WAIVER

5.1 Term

This Agreement shall be effective from the date hereof until the earlier of (a) the Effective Time or (b) the termination of this Agreement in accordance with its terms.

5.2 Termination

(a) This Agreement may be terminated at any time prior to the Effective Time (notwithstanding the Pubco Shareholder Approval, the approval of the other matters at the Pubco Meeting, and/or approval by the Court, as applicable):

(i) by mutual written agreement of Transacting Parties and notice in writing to the Parties that are not Transacting Parties;

(ii) by either Transacting Party, if:

(A) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 5.2(a)(ii)(A) shall not be available to any Transacting Party whose failure to fulfill any of its obligations or breach of any of its representations and warranties under this Agreement has been a substantial cause of the failure of the Effective Time to occur by such Outside Date;

(B) after the date hereof, there shall be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins a Party from consummating the Arrangement and such applicable Law or enjoinment shall have become final and non-appealable; or

(C) after the date hereof, upon any Governmental Entity having issued a final, nonappealable order prohibiting the Arrangement;

(iii) By Pubco, if Pubco Shareholder Approval of the Pubco Arrangement Resolution shall not have been obtained at the Pubco Meeting in accordance with the Interim Order and no Pubco Key Shareholder nor Pubco is or has been at any time in breach of such Person’s obligations under a Pubco Shareholder Voting Agreement;

(iv) by Verano, if:

(A) Pubco has received notice of the existence of Pubco Dissenting Shareholders who hold more than 30% of the Pubco Shares outstanding immediately prior to the Pubco Meeting;

(B) the Pubco Shares have been cease traded;

(C) Pubco makes a Change of Recommendation; or

(D) approval of any Pubco Special Meeting Matter shall not have been obtained at the Pubco Meeting (and in the case of the Pubco Arrangement Resolution, Pubco Shareholder Approval shall not have been obtained in accordance with the Interim Order); and

(v) by any Party, if: such Party has a right to terminate this Agreement pursuant to, and in accordance with, Section 4.5, subject to such Party exercising such termination right not then being in breach of this Agreement so as to cause any condition in Article 3 not to be satisfied.

(b) The Party desiring to terminate this Agreement pursuant to this Section 5.2 (other than pursuant to Section 5.2(a)(i)) shall give notice of such termination to the other Parties, specifying in reasonable detail the basis for such Party's exercise of its termination right.

(c) If this Agreement is terminated pursuant to this Section 5.2, this Agreement, together with the Plan of Arrangement, shall become void and be of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party, except that the provisions of this Section 5.2(c), Section 5.3 and Article 6 and all related definitions set forth in Section 1.1 shall survive any termination hereof pursuant to Section 5.2.

5.3 Expenses and Termination Fees

(a) Notwithstanding any other provision herein, each of the Parties shall be responsible for its own costs and charges incurred with respect to the Business Combination including, without limitation, all costs and charges incurred prior to the date of this Agreement and all legal and accounting fees and disbursements relating to preparing this Agreement or otherwise relating to the transactions contemplated herein. Notwithstanding the above but subject to the following sentence, Verano shall be responsible for paying (i) the costs and fees payable to the CSE regarding their review of the Business Combination and the review of the proposed executive officers and directors of the Resulting Issuer following completion of the Business Combination, (ii) all listing fees in connection with any securities issued pursuant to the Business Combination, (iii) all printing and mailing costs in connection with the Pubco Meeting; (iv) all costs of Pubco's transfer agent incurred in connection with the Pubco Meeting and the Business Combination; (v) the cost of the Pubco Fairness Opinion; and (vi) all Court costs related to the approval of the Plan of Arrangement. The responsibility for Verano to pay the costs and fees set out in (i) through (vi) of the preceding sentence shall only apply if Pubco does not materially breach this Agreement and no party to a Pubco Shareholder Voting Agreement (other than Verano) breaches its obligations thereunder. Notwithstanding the foregoing:

(i) any costs and expenses required to be incurred by Pubco in connection with receiving approval of the Business Combination under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and

(ii) if the Effective Date does not occur on or before March 15, 2021 and until termination of this Agreement, any costs, fees and expenses typically incurred by Pubco in order to maintain its status as a reporting issuer not in default in the province of Alberta, including but not limited to accounting, audit, legal, consulting, transfer agent, and annual participation fees, up to a maximum of $50,000, will be paid by Verano, in each case subject to such costs, fees and expenses being reasonable and documented.

(b) For the purposes of this Agreement, "**Pubco Termination Fee Event**" means the termination of this Agreement:

(i) by Verano pursuant to Section 5.2(a)(iv);

(ii) by Verano pursuant to Section 5.2(a)(v) (but only to the extent the Party in breach of this Agreement is Pubco); or

(iii) by Pubco pursuant to Section 5.2(a)(iii).

If a Pubco Termination Fee Event occurs pursuant to Section 5.3(b), Pubco shall pay the Pubco Termination Fee to Verano, by wire transfer of immediately available funds, prior to or simultaneously with the termination of this Agreement.

(c) For the purposes of this Agreement, "**Verano Termination Fee Event**" means the termination of this Agreement:

(i) by Pubco pursuant to Section 5.2(a)(ii) (but only to the extent that Pubco is not in breach of this Agreement); or

(ii) by Pubco pursuant to Section 5.2(a)(v) (but only to the extent the Party in breach of this Agreement is Verano).

If a Verano Termination Fee Event occurs pursuant to Section 5.3(c), Verano shall pay the Verano Termination Fee to Pubco by wire transfer of immediately available funds.

(d) For clarity, the Pubco Termination Fee or the Verano Termination Fee shall only be paid once pursuant to this Section 5.3. Each of the Transacting Parties acknowledges that the agreements contained in this Section 5.3 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Transacting Parties would not enter into this Agreement. Each Transacting Party acknowledges that all of the payment amounts set out in this Section are payments in consideration for the disposition of rights under this Agreement and represent payments of liquidated damages which are a genuine pre-estimate of the damages, which the Transacting Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. Each of the Parties irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, each Transacting Party agrees that, upon any termination of this Agreement under circumstances where a Transacting Party is entitled to the Verano Termination Fee or the Pubco Termination Fee and such fee is paid in full, a Party shall be precluded from any other remedy against any other Party or at Law or in equity or otherwise (including, without limitation, an order for specific performance), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the other Parties or any of their respective Subsidiaries or any of their respective directors, officers, employees, partners, managers, members, shareholders or affiliates or their respective Representatives in connection with this Agreement or the transactions contemplated hereby, provided, however that payment by a Transacting Party of the Pubco Termination Fee of the Verano Termination Fee shall not be in lieu of any damages or any other payment or remedy available in the event of any willful or intentional breach by such Transacting Party of any of its obligations under this Agreement.

5.4 Amendment

Subject to the provisions of the Interim Order, the Plan of Arrangement and applicable Laws, this Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Pubco Meeting but not later than the Effective Time, be amended by mutual written agreement of all of the Parties and any such amendment may without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and

(d) waive compliance with or modify any mutual conditions precedent herein contained.

5.5 Waiver

Any Party may (a) extend the time for the performance of any of the obligations or acts of any of the other Parties, (b) waive compliance, except as provided herein, with any of the other Parties' agreements or the fulfilment of any conditions to its own obligations contained herein, or (c) waive inaccuracies in any of the other Parties' representations or warranties contained herein or in any document delivered by any other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed by all other Parties whose obligations are not being extended or waived and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

ARTICLE 6
GENERAL PROVISIONS

6.1 Notices

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given and received on the day it is delivered, provided that it is delivered on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if notice is delivered after 5:00 p.m. local time or if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day. Notice shall be sufficiently given if delivered (either in Person, by courier service or other personal method of delivery), or if transmitted by electronic means (by electronic mail, or other similar method of delivery, provided that in the case of delivery by electronic mail or similar method of delivery such delivery is confirmed by reply or "read receipt" or similar method) to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

(a) if to Pubco or Pubco Sub:

Majesta Minerals Inc.
Suite 400, 444 7th Avenue
Calgary, Alberta T2P 0X8

Attention: Michael Stein
Email: **[***]**

with a copy (which shall not constitute notice) to:

WeirFoulds LLP
66 Wellington Street West, Suite 4100
TD Bank Tower, P.O. Box 35
Toronto, Ontario M5K 1B7

Attention: Michael Dolphin
Email: mdolphin@weirfoulds.com

(b) if to Verano Holdings, LLC:

Verano Holdings, LLC
415 N. Dearborn Street, Suite 400
Chicago, Illinois 60654

Attention: George Archos, Chief Executive Officer
Email: **[***]**

with a copy (which shall not constitute notice) to:

Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Toronto, Ontario M5H 2T6

Attention: Rubin Rapuch
Email: rrapuch@fasken.com

(c) if to BC Newco:

1277233 B.C. Ltd.
2900 - 550 Burrard Street
Vancouver, British Columbia V6C 0A3

Attention: George Archos, Director
Email: **[***]**

(d) if to Finco:

1276268 B.C. Ltd.
2900 - 550 Burrard Street
Vancouver, British Columbia V6C 0A3

Attention: George Archos, Director
Email: **[***]**

6.2 Governing Law; Waiver of Jury Trial

This Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of British Columbia and the Laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement and the Business Combination. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

6.3 Injunctive Relief; Damages

Subject to Section 5.3, the Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at Law. Subject to Section 5.3 and this Section 6.3, such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties. In any action to enforce the terms of this Agreement, including any action for equitable relief or to recover damages for any violations herein, it shall not be a defense, and no Party shall assert any claim, cause of action, defense, legal or equitable remedy (including rescission), or theory that any provision of this Agreement is invalid, non-binding, unenforceable or illegal on the basis that federal law may restrict or prohibit the activities and transactions contemplated hereby that involve cannabis, or products relating thereto, and the parties hereby waive all such claims, causes of action, defenses, remedies, and theories, to the extent permitted under federal law and applicable Law. In connection with any claim for damages by a Party for any violation of this Agreement by any other Party, and in the absence of fraud, gross negligence or wilful misconduct by such other Party (for which, in each case, there shall be no limitation), the maximum aggregate liability of any Party hereto shall not exceed US$100,000.

6.4 Time of Essence

Time shall be of the essence in this Agreement.

6.5 Entire Agreement, Binding Effect and Assignment

This Agreement (including the exhibits and schedules hereto and the Disclosure Letter) as well as the Non-Disclosure Agreement, the Ancillary Agreements and the Pubco Shareholder Voting Agreements constitute the entire agreement, and supersede all other prior agreements, representations, warranties and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof and, except as expressly provided herein (including under and for those referenced in Section 6.6 (No Liability), this Agreement is not intended to and shall not confer upon any Person other than the Parties any rights or remedies hereunder. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either of the Parties without the prior written consent of the other Parties. This Agreement shall enure to the benefit of the Parties and their respective successors and permitted assigns and shall be binding upon the Parties and their respective successors and permitted assigns.

6.6 No Liability

No director or officer of any of the Parties hereunder shall have any personal liability whatsoever to the other Parties under this Agreement, or any other document delivered in connection with the transactions contemplated hereby. This Agreement may only be enforced against, and any Action based upon, arising out of, or related to this Agreement, or the negotiation, execution or performance of this Agreement, may only be brought against the entities that are expressly named as Parties and then only with respect to the specific obligations set forth herein with respect to such Party. No past, present or future director, officer, employee, incorporator, manager, member, partner, stockholder, affiliate, agent, attorney or other representative of any Party or of any affiliate of any Party, or any of their successors or permitted assigns, shall have any liability for any obligations or liabilities of any Party under this Agreement or for any Action based on, in respect of or by reason of the transactions contemplated hereby.

6.7 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

6.8 Counterparts; Execution

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile, portable document format or similar executed electronic copy of this Agreement, and such facsimile, portable document format or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF Pubco, Verano, BC Newco, Finco and Pubco Sub have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

MAJESTA MINERALS INC.

By: */s/* "*Michael Stein*"
Name: Michael Stein
Title: Director

VERANO HOLDINGS, LLC

By: */s/* "*George P. Archos*"
Name: George P. Archos
Title: CEO

1277233 B.C. LTD.

By: */s/* "*George P. Archos*"
Name: George P. Archos
Title: Director

1276268 B.C. LTD.

By: */s/* "*George P. Archos*"
Name: George P. Archos
Title: Director

1278655 B.C. LTD.

By: */s/* "*Michael Stein*"
Name: Michael Stein
Title: Director

SCHEDULE "A"
PLAN OF ARRANGEMENT

UNDER SECTION 288 OF THE

***BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)**

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires, capitalized terms used but not defined shall have the meanings ascribed to them below:

"**ABCA**" means the *Business Corporations Act* (Alberta), and the regulations made thereunder, as now in effect and as such act and regulations may be promulgated or amended from time to time;

"**Affected Person**" has the meaning ascribed thereto in Section 5.4 of this Plan of Arrangement;

"**Affected Securities**" has the meaning ascribed thereto in Section 5.8 of this Plan of Arrangement; "**AME**" means Alternative Medical Enterprises, LLC;

"**AME Agreement and Plan of Merger**" means the agreement and plan of merger dated November 6, 2020 among Verano, AME, POR, RVC and a member representative, as amended on December 14, 2020 as it may be further amended and restated from time to time;

"**AME Exchange Agreement**" means an exchange agreement to be entered into among each of the Canadian AME Members and Pubco prior to the effective time of the AME Merger pursuant to which such Canadian AME Members will exchange and transfer their interest in AME to Pubco in exchange for their portion of the Consideration payable to AME Members under the AME Agreement and Plan of Merger and the Arrangement Agreement and in respect of which such Canadian AME Members and the Resulting Issuer will make and file a joint income tax election under Section 85 of the Tax Act;

"**AME Merger**" means the merger of LLC2 with and into AME with AME continuing as the surviving company in accordance with and under the laws of the State of Florida and the AME Agreement and Plan of Merger;

"**AME Member**" means a member of AME;

"**AME Unit**" means a unit of AME;

"**Arrangement**" means the arrangement of Pubco under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement, Article 6 of this Plan of Arrangement or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement dated December 14, 2020 among Verano, Pubco, BC Newco, Finco and Pubco Subco as the same may be amended, amended and restated or supplemented from time to time;

"**BC Amalgamation**" means the amalgamation of Pubco and BC Newco pursuant to this Plan of Arrangement, with the Resulting Issuer as the successor corporation;

"**BC Newco**" means 1277233 B.C. Ltd., a company existing under the BCBCA;

"**BC Newco Shares**" means the issued and outstanding common shares of BC Newco;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), and the regulations made thereunder, as now in effect and as such act and regulations may be promulgated or amended from time to time;

"**Board Nominees**" means George Archos, R. Michael Smullen, Cristina Nuñez, Matthew Paunen and Edward Brown or such other persons determined by the Transacting Parties and the Companies (as such term is defined in the AME Agreement and Plan of Merger);

"**Broker**" has the meaning ascribed thereto in Subsection 5.4(a) of this Plan of Arrangement;

"**Business Day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in any of Vancouver, British Columbia; Toronto, Ontario; Chicago, Illinois; Phoenix, Arizona; Miami, Florida; and Wilmington, Delaware;

"**Canadian AME Members**" means AME Members who are Canadian Electors;

"**Canadian Elector**" means (a) a person who is a resident of Canada within the meaning of the Tax Act who is not exempt from tax under Part I of the Tax Act, or (b) a "Canadian partnership" within the meaning of the Tax Act, at least one member of which is described in (a), in each case who desires to make a joint election with Pubco under subsection 85(1) of the Tax Act in respect of the disposition of their Affected Securities to Pubco under the Plan of Arrangement;

"**Cash Consideration**" means the cash consideration payable to certain AME Members pursuant to the AME Agreement and Plan of Merger;

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended;

"**Consideration**" means (in each case as set forth in, and subject to adjustment in accordance with, the Arrangement Agreement or other applicable Transaction Agreement), the consideration to be received by holders of Verano Units, AME Units, POR Units, RVC Units, Pubco Shares, Finco Shares, units of Verano Blockercos, and units of Partially Owned Verano Subsidiaries including Resulting Issuer Subordinate Voting Shares, Resulting Issuer Proportionate Voting Shares, Cash Consideration and Resulting Issuer Convertible Notes;

"**Continuance**" means the continuance of Pubco from the Province of Alberta to the Province of British Columbia pursuant to Sections 302 and 303 of the BCBCA and Section 189 of the ABCA;

"**Conveyance Agreement"** means the agreement conveying all the assets of Finco Amalco to Pubco to be entered into between Pubco and Finco Amalco in connection with the Finco Windup;

"**Court**" means the Supreme Court of British Columbia;

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

"**Depository**" means any one or more Canadian trust companies, banks or other financial institutions determined by Verano for the purpose of, among other things, (i) issuing certificates representing Resulting Issuer Shares and distributing Resulting Issuer Convertible Notes in connection with this Plan of Arrangement; and (ii) exchanging certificates representing Pubco Shares for certificates representing Resulting Issuer Subordinate Voting Shares or Resulting Issuer Proportionate Voting Shares, as applicable;

"**Effective Date**" means the date that Verano determines will be the date upon which the Arrangement becomes effective subject to the satisfaction or, where not prohibited, waiver of those conditions to be satisfied as of the Effective Date by the applicable party as set forth in the Arrangement Agreement excluding conditions that, by their terms, cannot be satisfied until the Effective Date;

"**Effective Time**" means 12:01 a.m. on the Effective Date, or such other time as the Parties agree in writing;

"**Final Order**" means the final order of the Court pursuant to Section 291 of the BCBCA, in a form acceptable to the Transacting Parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of the Transacting Parties which consent shall not be unreasonably withheld, conditioned or delayed) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Transacting Parties, each acting reasonably) on appeal;

"**final proscription date**" has the meaning ascribed thereto in Section 5.5 of this Plan of Arrangement;

"**Finco**" means 1276268 B.C. Ltd., a company incorporated under the laws of British Columbia;

"**Finco Amalco**" means the company formed upon the Finco Amalgamation;

"**Finco Amalco Windup**" means the conveyance of all of the assets of Finco Amalco to Pubco and the assumption by Pubco of the liabilities of Finco Amalco pursuant to the Conveyance Agreement in connection with the winding up of Finco Amalco, all in accordance with subsection 88(1) of the Tax Act;

"**Finco Amalgamation**" means the amalgamation of Finco and Pubco Subco pursuant to the terms of the Finco Amalgamation Agreement;

"**Finco Amalgamation Agreement"** means the amalgamation agreement to be entered into between Finco, Pubco and Pubco Subco prior to the Effective Time, pursuant to which Pubco shall issue to each holder of Finco Shares a Pubco Subordinate Voting Share on a one for one basis;

"**Finco Share**" means a common share of Finco;

"**FRLLCA**" means Florida Revised Limited Liability Company Act;

"**Governmental Entity**" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any stock exchange, including the CSE; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any jurisdiction, regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

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

"**Initial BC Newco Shareholder**" means the initial holder of the issued and outstanding BC Newco Shares;

"**Interim Order**" means the interim order of the Court contemplated by Section 2.2 of the Arrangement Agreement and made pursuant to Section 291 of the BCBCA, in a form acceptable to the Transacting Parties, each acting reasonably, providing for, among other things, the calling and holding of the Pubco Meeting and, as the same may be amended by the Court (with the consent of the Transacting Parties, each acting reasonably);

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, rulings, ordinances, Governmental Orders or other requirements, whether domestic or foreign, including but not limited to, all applicable requirements of federal, state, provincial and municipal, city, county or other local government laws, rules and regulations and guidelines regarding regulated medical and adult use cannabis businesses and activities, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the CSE), but excluding provisions of any U.S. federal laws or regulations applicable to cannabis, including the Controlled Substances Act, 21 U.S.C. ch.13 § 801 *et. seq.*, or related federal law that prohibit the cultivation, processing, sale or possession of cannabis and provisions of U.S. federal law that may be violated due to the federal illegality of cannabis including, but not limited to U.S. federal money laundering laws (Title 18 U.S.C. § 1956, 1957), and the term "**applicable**" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities;

"**Letter of Transmittal**" means the letter of transmittal to be forwarded by Pubco to Pubco Shareholders together with Pubco's management information circular prepared in connection with the Pubco Meeting and/or such other equivalent form of letter of transmittal acceptable to Verano acting reasonably as forwarded to the holders of other Affected Securities;

"**Liens**" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"**LLC1**" means a limited liability company formed by Pubco under the laws of Delaware for purposes of the Verano Merger, all of the membership interests of which are held by Pubco immediately prior to the Verano Merger;

"**LLC2**" means a limited liability company formed by Pubco under the laws of Florida for purposes of the AME Merger, all of the membership interests of which are held by Pubco immediately prior to the AME Merger;

"**LLC3**" means a limited liability company formed by Pubco under the laws of Florida for purposes of the POR Merger, all of the membership interests of which are held by Pubco immediately prior to the POR Merger;

"**LLC4**" means a limited liability company formed by Pubco under the laws of Florida for purposes of the RVC Merger, all of the membership interests of which are held by Pubco immediately prior to the RVC Merger;

"**Other POR Owners**" means the holders of membership interests of POR other than AME and POR Holdings;

"**Other Verano Subsidiary Owner**" means a holder of securities of Partially-Owned Verano Subsidiaries other than Verano;

"**Other Verano Unitholders**" means the holders of membership interests of Verano other than the Verano Blockercos;

"**Partially Owned Verano Subsidiaries**" means DGV Group, LLC, Saint Chicago Holdings, LLC, Red Med Holdings, LLC, Verano NJ Holdings, LLC and VHGCA Holdings, LLC, each a subsidiary or affiliate of Verano that is partially owned by Persons other than Verano;

"**Parties**" means Pubco, Verano, BC Newco, Finco and Pubco Subco, and "**Party**" means any of them;

"**Permit**" means any license, permit, certificate, consent, grant, approval, agreement, classification, restriction, registration, filing, notification or other authorization of, to, from or required by any Governmental Entity, including, but not limited to, all licenses, permits, and approvals necessary and required by applicable state, provincial and municipal Governmental Entities for the conduct of regulated medical and adult use cannabis businesses and activities;

"**Person**" includes an individual, firm, trust, partnership, association, body corporate, unlimited liability corporation, limited liability company, joint venture, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity or group of Persons, whether or not having legal status;

"**POR**" means Plants of Ruskin GPS LLC, a limited liability company organized under the laws of Florida;

"**POR Holdings"** means POR Holdings, LLC, a limited liability company organized under the laws of Florida;

"**POR Holdings Exchange Agreement**" means the exchange agreement to be entered into between POR Holdings and Pubco prior to the Effective Time pursuant to which POR Holdings will exchange and transfer all of its interest in POR to Pubco in exchange for its portion of the Consideration payable to POR Members under the AME Agreement and Plan of Merger and the Arrangement Agreement;

"**POR Merger**" means the merger of LLC3 with and into POR with POR continuing as the surviving company in accordance with and under the laws of the State of Florida and the AME Agreement and Plan of Merger;

"**POR Unit**" means a common unit of POR;

"**Pubco**" means Majesta Minerals Inc., a corporation existing under the ABCA prior to the Continuance and under the BCBCA after the Continuance;

"**Pubco Arrangement Resolution**" means the special resolution of the Pubco Shareholders approving this Plan of Arrangement to be considered at the Pubco Meeting, substantially in the form attached as Schedule B to the management information circular to be sent to Pubco Shareholders in connection with the Pubco Meeting;

"**Pubco Assumption Agreement**" means an agreement between Pubco and Verano pursuant to which Pubco shall assume the rights and obligations of Verano under the AME Agreement and Plan of Merger;

"**Pubco Convertible Notes**" means the promissory notes convertible into Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares to be issued pursuant to the AME Agreement and Plan of Merger;

"**Pubco Dissent Rights**" means the rights of dissent exercisable by the registered Pubco Shareholders in respect of the Arrangement pursuant to Division 2 of Part 8 of the BCBCA, as modified by Article 4 of this Plan of Arrangement, the Interim Order and the Final Order;

"**Pubco Dissenting Shareholder**" means a registered Pubco Shareholder who duly exercises its Pubco Dissent Rights with respect to the Arrangement, and who has not withdrawn or been deemed to have withdrawn such exercise of Pubco Dissent Rights;

"**Pubco Dissenting Shares**" means Pubco Shares held by a Pubco Dissenting Shareholder who has demanded and perfected Pubco Dissent Rights in respect of its Pubco Shares in accordance with Article 4 of this Plan of Arrangement and the Interim Order and who, as of the Effective Time, has not effectively withdrawn or lost such Pubco Dissent Rights;

"**Pubco Meeting**" means the annual and special meeting of Pubco Shareholders, including any adjournment or postponement thereof, to be called and held for the purpose of obtaining the approval of the Pubco Meeting Matters, among other things, in accordance with the Interim Order, as applicable;

"**Pubco Meeting Matters**" means the Pubco Arrangement Resolution, the Resulting Issuer Equity Incentive Plan Resolution and other matters proposed by Verano on which the Pubco Shareholders will vote at the Pubco Meeting, in accordance with the Interim Order, as applicable;

"**Pubco Name Change**" means the change of the name of Pubco from Majesta Minerals Inc. to Verano Holdings Corp. or such other name as is determined by Verano and approved by the Registrar;

"**Pubco Proportionate Voting Shares**" means Class B proportionate voting shares of Pubco which will have substantially the same special rights and restrictions as the Resulting Issuer Proportionate Voting Shares;

"**Pubco Share Amendment**" means the creation of Pubco Proportionate Voting Shares and the alteration of the notice of articles and articles of Pubco to add special rights and restrictions to the "common shares" of Pubco and change the identifying name of the "common shares" of Pubco to "Class A subordinate voting shares";

"**Pubco Share Consolidation**" mean the consolidation of the Pubco Shares on the basis that will result in 100,000 issued and outstanding Pubco Shares upon completion of the consolidation;

"**Pubco Shareholders**" means the holders of Pubco Shares at the applicable time;

"**Pubco Shares**" means the common shares in the capital of Pubco prior to the Pubco Share Amendment and the Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares, after the Pubco Share Amendment;

"**Pubco Subco**" means 1277233 B.C. Ltd., a wholly owned subsidiary of Pubco formed under the laws of British Columbia;

"**Pubco Subordinate Voting Shares**" means Class A subordinate voting shares of Pubco which will have substantially the same special rights and restrictions as the Resulting Issuer Subordinate Voting Shares;

"**Registrar**" means the Registrar of Companies appointed under Section 400 of the BCBCA;

"**Resulting Issuer**" has the meaning ascribed thereto in Subsection 3.2(o);

"**Resulting Issuer Convertible Notes**" means the Pubco Convertible Notes which will become the obligations of the Resulting Issuer following the BC Amalgamation;

"**Resulting Issuer Equity Incentive Plan**" means the equity incentive plan of the Resulting Issuer the form of which is to be agreed upon between the Transacting Parties, each acting reasonably, and acceptable to the CSE and which is to be voted on at the Pubco Meeting;

"**Resulting Issuer Proportionate Voting Shares**" means the Class B proportionate voting shares of the Resulting Issuer, with the special rights and restrictions substantially as set forth in Schedule "F" to the Arrangement Agreement;

"**Resulting Issuer Shares**" means, collectively, the Resulting Issuer Subordinate Voting Shares and the Resulting Issuer Proportionate Voting Shares;

"**Resulting Issuer Subordinate Voting Shares**" means the Class A subordinate voting shares of the Resulting Issuer, with the special rights and restrictions substantially as set forth in Schedule "F" to the Arrangement Agreement;

"**RVC**" means RVC 360, LLC, a limited liability company organized under the laws of Florida;

"**RVC Merger**" means the merger of LLC4 with and into RVC and RVC continuing as the surviving company in accordance with and under the laws of the State of Florida and the AME Agreement and Plan of Merger;

"**RVC Unit**" means a common unit of RVC;

"**Subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 - *Prospectus Exemptions*;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Transaction Agreements**" means the Arrangement Agreement, the Finco Amalgamation Agreement, the Verano Agreement and Plan of Merger, the Verano Blockerco Exchange Agreements, the Verano Subsidiary Exchange Agreements, the AME Exchange Agreements, the AME Agreement, Plan of Merger or the POR Holdings Exchange Agreement and the Pubco Assumption Agreement;

"**Transacting Parties**" means Verano and Pubco, and "**Transacting Party**" means either of them;

"**Verano**" means Verano Holdings, LLC, a limited liability company existing under the Laws of the State of Delaware;

"**Verano Agreement and Plan of Merger**" means the agreement and plan of merger to be entered into prior to the Effective Time among Verano, Pubco and LLC1;

"**Verano Blockerco**" means a Verano Member that is an entity formed in a state of the United States that is owned by Verano Blockerco Members and that solely holds Verano Units;

"**Verano Blockerco Exchange Agreement**" means an exchange agreement pursuant to which a Verano Blockerco Member shall exchange its ownership interests in such Verano Blockerco for Pubco Subordinate Voting Shares and in respect of which such Verano Blockerco Member and the Resulting Issuer will make and file a joint income tax election under Section 85 of the Tax Act;

"**Verano Blockerco Member**" means a member of a Verano Blockerco who is a Canadian Elector;

"**Verano Members**" means the members of Verano;

"**Verano Merger**" means the merger of LLC1 with and into Verano with Verano continuing as the surviving company in accordance with and under the laws of the State of Delaware and the Verano Agreement and Plan of Merger;

"**Verano Subsidiary Exchange Agreement**" means an exchange agreement pursuant to which an Other Verano Subsidiary Owner shall exchange its securities of a Partially Owned Verano Subsidiary for Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares;

"**Verano Unit**" means a Class B Unit of Verano; and

"**Withholding Obligation**" shall have the meaning ascribed thereto in Section 5.4 of this Plan of Arrangement.

In addition, words and phrases used herein and defined in the BCBCA and not otherwise defined herein shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.2 Interpretation Not Affected by Headings

For the purposes of this Plan of Arrangement, except as otherwise expressly provided:

(a) "this Plan of Arrangement" means this Plan of Arrangement, including the recitals hereof, and not any particular Article, Section, Subsection or other subdivision or recital hereof, and includes any agreement, document or instrument entered into, made or delivered pursuant to the terms hereof, as the same may, from time to time, be supplemented or amended and in effect;

(b) the words "hereof", "herein", "hereto" and "hereunder" and other word of similar import refer to this Plan of Arrangement as a whole and not to any particular Article, Section, Subsection, or other subdivision or recital hereof;

(c) all references in this Plan of Arrangement to a designated "Article", "Section", "Subsection" or other subdivision or recital hereof are references to the designated Article, Section, Subsections or other subdivision or recital to, this Plan of Arrangement;

(d) the division of this Plan of Arrangement into Articles, Sections, Subsections and other subdivisions or recitals and the insertion of headings and captions are for convenience of reference only and are not intended to interpret, define or limit the scope, extent or intent of this Plan of Arrangement or any provision hereof;

(e) a reference to a statute in this Plan of Arrangement includes all regulations, rules, policies or instruments made thereunder, all amendments to the statute, regulations, rules, policies or instruments in force from time to time, and any statutes, regulations, rules, policies or instruments that supplement or supersede such statute, regulations, rules, policies or instruments;

(f) the word "or" is not exclusive;

(g) the word "including" is not limiting, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto; and

(h) all references to "approval", "authorization" or "consent" in this Plan of Arrangement means written approval, authorization or consent.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder is not a Business Day in the jurisdiction where such action is to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of the United States and "$" refers to United States dollars unless otherwise noted.

1.6 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein are local time in British Columbia, Canada unless otherwise stipulated herein.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

ARTICLE 3
THE BUSINESS COMBINATION

3.1 Binding Effect

This Plan of Arrangement shall, without any further act or formality required on the part of any Person, except as expressly provided herein, become effective at, and be binding at and after, the Effective Time on Pubco, Verano, AME, POR, RVC, BC Newco, Finco, Finco Amalco, the Resulting Issuer, POR Holdings, Canadian AME Members, Verano Blockercos, the Partially Owned Verano Subsidiaries and all registered and beneficial holders of securities of the foregoing Persons and their subsidiaries including Pubco Dissenting Shareholders, the registrar and transfer agent of Pubco and the Resulting Issuer; the Depository; and all other Persons served with notice of the final application to approve this Plan of Arrangement.

3.2 Arrangement

Subject to receipt of the Final Order, on the Effective Date, commencing at the Effective Time, the following events or transactions shall occur and be deemed to occur sequentially, in the following order, without any further act or formality required on the part of any Person, except as expressly provided herein, notwithstanding that certain of the procedures related thereto are not completed until after such time:

(a) each Pubco Dissenting Share held by a Pubco Dissenting Shareholder in respect of which a Pubco Shareholder has validly exercised his, her or its Pubco Dissent Rights shall be deemed to be transferred by such Pubco Dissenting Shareholder to Pubco (free and clear of any Liens of any nature whatsoever) in accordance with and for the consideration set forth in Article 4 hereof, and such Pubco Dissenting Shareholder shall cease to be a holder of such Pubco Share and his, her or its name shall be removed from the central securities register of Pubco as a holder of a Pubco Dissenting Share. Such Pubco Dissenting Shareholder shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer such Pubco Dissenting Shares to Pubco in accordance with this Subsection. Pubco shall be the holder of all of the Pubco Dissenting Shares transferred in accordance with this Subsection and such Pubco Shares will be cancelled and the central securities register of Pubco shall be revised accordingly;

(b) Pubco shall complete the (i) Pubco Share Consolidation, (ii) the Pubco Share Amendment; and (iii) the Pubco Name Change which shall take effect on the date and time that the notice of alteration of Pubco’s articles in respect of the Pubco Share Amendment and the Pubco Name Change is filed with the Registrar;

(c) Finco and Pubco Subco shall amalgamate to form Finco Amalco in accordance with and under Section 269 of the BCBCA pursuant to the Finco Amalgamation Agreement and (i) without limiting the generality of the above, the separate legal existence of Finco and Pubco Subco shall cease without Pubco Subco being liquidated or wound up, and Finco and Pubco Subco shall continue as one company, Finco Amalco, under the terms and conditions prescribed in this Plan of Arrangement; (ii) the property, rights and interests of each of Finco and Pubco Subco shall continue to be the property, rights and interests of Finco Amalco; (iii) Finco Amalco shall continue to be liable for the obligations of each of Finco and Pubco Subco; (iv) Finco Amalco shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against either Finco or Pubco Subco before the amalgamation has become effective; (v) a conviction against, or a ruling, order or judgment in favour of or against, either Finco or Pubco Subco may be enforced by or against Finco Amalco; (vi) the notice of articles and articles of Finco Amalco shall be substantially identical to the notice of articles and articles of Finco; (vii) each Finco Share held by a holder thereof will be cancelled and the holder's name shall be removed from the central securities register of Finco, and in consideration therefor, the holder thereof shall receive a fully paid and non-assessable Pubco Subordinate Voting Share on the basis of one Pubco Subordinate Voting Share for each Finco Share and the registered holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such Finco Share in accordance herewith; (viii) each share of Pubco Subco held by Pubco will be cancelled and the holder's name shall be removed from the central securities register of Pubco Subco, and in consideration therefor, the holder thereof shall receive a fully paid and non-assessable shares of Finco Amalco on the basis of one share of Finco Amalco for each share of Pubco Subco and the registered holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such share of Pubco Subco in accordance herewith; (ix) in consideration for Pubco's issuance of Pubco Subordinate Voting Shares, Finco Amalco shall issue to Pubco one Finco Amalco Share for each Pubco Subordinate Voting Share; (x) the registered office of Finco Amalco shall be the registered office of Finco; and (xi) the amount added to the capital of the Pubco Subordinate Voting Shares shall be the amount of the paid-up capital (as that term is used for purposes of the Tax Act) of the Finco Shares immediately prior to the Finco Amalgamation;

(d) the Finco Amalco Windup shall occur pursuant to the terms of the Conveyance Agreement;

(e) the Board Nominees shall be appointed as directors of Pubco;

(f) Pubco shall acquire from each Verano Blockerco Member that has entered into a Verano Blockerco Exchange Agreement the securities of the Verano Blockerco held by such Verano Blockerco Member in consideration for Pubco Subordinate Voting Shares in accordance with the Arrangement Agreement and applicable Verano Blockerco Exchange Agreement, and the name of such Verano Blockerco Member shall be added to the central securities register maintained by or on behalf of Pubco showing such holder as the registered holder of Pubco Subordinate Voting Shares so issued;

(g) Upon the merger of LLC1 with and into Verano in accordance with and under the Delaware General Corporation Law and the Verano Agreement and Plan of Merger, with Verano continuing as the surviving company under the laws of the State of Delaware and in the manner set out in the Verano Agreement and Plan of Merger, each of the following will occur:

(i) Pubco shall issue to each Other Verano Unitholder in consideration for the Verano Units held by such Other Verano Unitholder, Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with the Verano Agreement and Plan of Merger and the Arrangement Agreement and each such Other Verano Unitholder shall be added to the central securities register maintained by or on behalf of Pubco showing such Other Verano Unitholder as the registered holder of the Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares so issued;

(ii) each unit of LLC1, issued and outstanding immediately prior to the Effective Time, shall be converted into and become one validly issued, fully paid and non-assessable Verano Unit after the Verano Merger; and

(iii) in consideration of the issuance of the Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares pursuant to Subsection 3.2(g)(i) above, Verano (as the surviving company in connection with the Verano Merger) will issue one Verano Unit to Pubco for each Pubco Subordinate Voting Share issued and 100 Verano Units for each Pubco Proportionate Voting Share issued and, other than the one Verano Unit issued pursuant to Subsection 3.2(g)(ii) above, such Verano Units shall constitute the only outstanding Verano Units after the Verano Merger;

(h) Pubco shall acquire from each Other Verano Subsidiary Owner the securities of the Partially-Owned Verano Subsidiary held by such Other Verano Subsidiary Owner in consideration for Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with the applicable Verano Subsidiary Exchange Agreement and the name of such Other Verano Subsidiary Owner shall be added to the central securities register maintained by or on behalf of Pubco showing such Other Verano Subsidiary Owner as the registered holder of the Pubco Subordinate Voting Shares and/or Pubco Proportionate Voting Shares so issued;

(i) Pubco shall assume the rights and obligations of Verano under the AME Agreement and Plan of Merger in accordance with the Pubco Assumption Agreement;

(j) Pubco shall acquire from POR Holdings all of the POR Units held thereby in consideration for Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with the POR Holdings Exchange Agreement and POR Holdings shall be added to the central securities register maintained by or on behalf of Pubco showing POR Holdings as the registered holder of the Pubco Subordinate Voting Shares and/or Pubco Proportionate Voting Shares so issued;

(k) The AME Units held by each Canadian AME Member shall be contributed to Pubco pursuant to its AME Exchange Agreement and Pubco shall issue Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with the applicable AME Exchange Agreement and the name of such Canadian AME Member shall be added to the central securities register maintained by or on behalf of Pubco showing such Canadian AME Member as the registered holder of the Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares so issued;

(l) Upon the merger of LLC2 with and into AME in accordance with and under the FRLLCA and the AME Agreement and Plan of Merger, with AME continuing as the surviving company in the manner set out in the AME Agreement and Plan of Merger, each of the following will occur:

(i) Pubco shall issue or pay to each AME Member that is not a Canadian AME Member in consideration for each issued and outstanding AME Unit held by each such AME Member Pubco Subordinate Voting Shares, Pubco Proportionate Voting Shares, the Cash Consideration payable on the Effective Date and Pubco Convertible Notes, as applicable, in accordance with AME Agreement and Plan of Merger and the Arrangement Agreement and such AME Member shall be added to the central securities register maintained by or on behalf of Pubco showing such AME Member as the registered holder of the Pubco Subordinate Voting Shares and/or Pubco Proportionate Voting Shares so issued;

(ii) each unit of LLC2, issued and outstanding immediately prior to the Effective Time, shall be converted into and become one validly issued, fully paid and non-assessable AME Unit after the AME Merger; and

(iii) in consideration of the issuance of the Pubco Subordinate Voting Shares, Pubco Proportionate Voting Shares and the Pubco Convertible Notes and the assumption of the obligation to pay the Cash Consideration pursuant to Subsection 3.2(l)(i) above, respectively, AME (as the surviving company in connection with the merger) will issue one AME Unit to Pubco for each Pubco Subordinate Voting Share issued and 100 AME Units for each Pubco Proportionate Voting Share issued and, other than the one AME Unit issued pursuant to Subsection 3.2(l)(ii) above, such AME Units shall constitute the only outstanding AME Units after the AME Merger;

(m) Upon the merger of LLC3 with and into POR, in accordance with and under the FRLLCA and the AME Agreement and Plan of Merger, with POR continuing as the surviving company in the manner set out in the AME Agreement and Plan of Merger, each of the following will occur:

(i) Pubco shall issue to each Other POR Owner in consideration for each POR Unit held by each Other POR Owner Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with AME Agreement and Plan of Merger and the Arrangement Agreement and the Other POR Owner shall be added to the central securities register maintained by or on behalf of Pubco showing such Other POR Owner as the registered holder of Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares so issued;

(ii) each unit of LLC3, issued and outstanding immediately prior to the Effective Time, shall be converted into and become one validly issued, fully paid and non-assessable POR Unit after the POR Merger; and

(iii) in consideration of the issuance of the Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares issued pursuant to Subsection 3.2(m)(i) above, POR (as the surviving company in connection with the POR Merger) will issue one POR Unit to Pubco for each Pubco Subordinate Voting Share issued and 100 POR Units for each Pubco Proportionate Voting Share issued and, other than the one POR Unit issued pursuant to Subsection 3.2(m)(ii) above, such POR Units shall constitute the only outstanding POR Units after the POR Merger;

(n) Upon the merger of LLC4 with and into RVC, in accordance with and under the FRLLCA and the AME Agreement and Plan of Merger, with RVC continuing as the surviving company in the manner set out in the AME Agreement and Plan of Merger, and each of the following will occur:

(i) Pubco shall issue to each Other RVC Member in consideration for each RVC Unit held by each Other RVC Member Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with the AME Agreement and Plan of Merger and the Arrangement Agreement and each Other RVC Member shall be added to the central securities register maintained by or on behalf of Pubco showing such Other RVC Member as the registered holder of Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares so issued;

(ii) each unit of LLC4, issued and outstanding immediately prior to the Effective Time, shall be converted into and become one validly issued, fully paid and non-assessable RVC Unit after the RVC Merger; and

(iii) in consideration of the issuance of the Pubco Subordinate Voting Shares, Pubco Proportionate Voting Shares issued pursuant to Subsection 3.2(n)(i) above, RVC (as the surviving company in connection with the merger) will issue one RVC Unit to Pubco for each Pubco Subordinate Voting Share issued and 100 RVC Units for each Pubco Proportionate Voting Share issued and, other than the one RVC Unit issued pursuant to Subsection 3.2(n)(ii) above, such RVC Units shall constitute the only outstanding RVC Units after the RVC Merger;

(o) BC Newco and Pubco shall amalgamate to form one corporate entity, with the same effect as if they had amalgamated under Section 269 of the BCBCA except the separate legal existence of Pubco will not cease and Pubco will survive the amalgamation (Pubco, as such surviving entity, may be referred to herein as the "**Resulting Issuer**"). The BC Amalgamation is intended to qualify as an amalgamation as defined in subsection 87(1) of the Tax Act. Upon the BC Amalgamation:

(i) without limiting the generality of the foregoing, BC Newco and Pubco shall amalgamate, the separate legal existence of BC Newco will cease without BC Newco being liquidated or wound-up, and BC Newco and Pubco shall continue as the Resulting Issuer, under the terms and conditions prescribed in this Plan of Arrangement;

(ii) the Resulting Issuer shall become capable immediately of exercising the functions of an incorporated company;

(iii) the Resulting Issuer shall have the name of Pubco;

(iv) the shareholders of the Resulting Issuer shall have the powers and the liability provided in the BCBCA;

(v) the property, rights and interests of each of BC Newco and Pubco shall continue to be the property, rights and interests of the Resulting Issuer, and such amalgamation shall not constitute an assignment by operation of law, an transfer or any other disposition of the property, rights and interests of Pubco to the Resulting Issuer;

(vi) the Resulting Issuer shall continue to be liable for the obligations of BC Newco and Pubco;

(vii) any legal proceedings being prosecuted or pending by or against BC Newco or Pubco may be prosecuted, or their prosecution may be continued as the case may be, by or against the Resulting Issuer;

(viii) a conviction against, or a ruling, order or judgment in favour of or against, either BC Newco and Pubco may be enforced by or against the Resulting Issuer;

(ix) the initial directors of the Resulting Issuer will be the Board Nominees;

(x) the notice of articles and articles of the Resulting Issuer shall be substantially identical to the notice of articles and articles of Pubco immediately prior to the BC Amalgamation, and the registered office of the Resulting Issuer shall be the registered office of Pubco following the Continuance;

(xi) each BC Newco Share held by a holder thereof will be cancelled and the holder's name shall be removed from the register of holders of BC Newco Shares, and in consideration therefor, the holder thereof shall receive a fully paid and non-assessable Resulting Issuer Subordinate Voting Share on the basis of one Resulting Issuer Subordinate Voting Share for each BC Newco Share and the registered holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such BC Newco Share in accordance herewith;

(xii) each Pubco Share will be cancelled and the holder's name shall be removed from the register of holders of such shares, and in consideration therefor, the holder thereof shall receive, in consideration for each Pubco Subordinate Voting Share, one Resulting Issuer Subordinate Voting Share, and in consideration for each Pubco Proportionate Voting Share, one Resulting Issuer Proportionate Voting Share, and the registered holder of the Pubco Shares shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such Pubco Shares in accordance herewith; and

( ) the amounts added to the capital of the Resulting Issuer Subordinate Voting Shares and Resulting Issuer Proportionate Voting Shares shall be amounts equal to the paid-up capital (as that term is used for purposes of the Tax Act) of the corresponding class of Pubco Shares (other than the Pubco Shares held by Pubco Dissenting Shareholders) immediately prior to the Effective Time, and an additional amount equal to the paid-up capital of the BC Newco Shares immediately prior to the Effective Time shall be added to the capital of the Resulting Issuer Subordinate Voting Shares; and

(p) each Resulting Issuer Subordinate Voting Share held by the Initial BC Newco Shareholder shall, without any further action by or on behalf of the Initial BC Newco Shareholder, be, and shall be deemed to be, canceled and the holder's name shall be removed from the central securities register of the Resulting Issuer, and in consideration therefor, the holder thereof shall receive a cash payment for such Resulting Issuer Subordinate Voting Share equal to $1.00.

Notwithstanding the foregoing and anything else in this Plan of Arrangement, none of the foregoing events or transactions shall occur or be deemed to occur unless all of the foregoing events and transactions occur or are deemed to occur.

3.3 Issuance of Additional Resulting Issuer Subordinate Voting Shares and Resulting Issuer Proportionate Voting Shares

(a) Each holder of a Resulting Issuer Convertible Note shall be issued and shall receive, upon the due exercise by such holder of its conversion rights set forth therein, Resulting Issuer Subordinate Voting Shares and Resulting Issuer Proportionate Voting Shares, in accordance with the terms of such Resulting Issuer Convertible Note.

(b) Each holder of Resulting Issuer Proportionate Voting Shares, including holders of Resulting Issuer Convertible Notes that exercise or convert into such shares, shall be issued and shall receive, upon the due conversion or exercise by the holder thereof, in accordance with the special rights and restrictions attached to the Resulting Issuer Proportionate Voting Shares, Resulting Issuer Subordinate Voting Shares.

3.4 Post-Effective Time Procedures

(a) As soon as reasonably practicable following the Effective Time, the Resulting Issuer, shall deliver or arrange to be delivered to the Depository, if required such number of Resulting Issuer Proportionate Voting Shares and Resulting Issuer Subordinate Voting Shares in book-entry form or certificated form, as determined by the Resulting Issuer, required to be issued hereunder.

(b) Subject to the provisions of Article 5 hereof, and upon return of a properly completed and executed Letter of Transmittal, by a registered former Pubco Shareholder, together with certificates, or in the case of shares in book-entry form or uncertificated form, an "agent's message", representing Pubco Shares and such other documents as the Depository may require, the Depository shall deliver to former Pubco Shareholders, Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares, as the case may be, in book-entry form and in accordance with the provisions of this Plan of Arrangement and to which they are entitled.

3.5 Fractional Resulting Issuer Securities

The Consideration to be issued under this Plan of Arrangement by Pubco and the Resulting Issuer may, in accordance with the Arrangement Agreement or applicable Transaction Agreement, include a fraction of a Pubco Subordinate Voting Share, Pubco Proportionate Voting Share, Resulting Issuer Subordinate Voting Share or Resulting Issuer Proportionate Voting Share.

3.6 Canadian Tax Election

Each Verano Blockerco Member and Canadian AME Member shall be entitled to make a tax election, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law). Any Verano Blockerco Member or Canadian AME Member who wants to make such election and otherwise qualifies to make such election may do so by providing to the Resulting Issuer two signed copies of the necessary election forms within 120 days following the Effective Date, duly completed. Thereafter, subject to the election forms complying with the provisions of the Tax Act (or applicable provincial or territorial income tax law), the forms will be signed by the Resulting Issuer and returned to such Verano Blockerco Member or Canadian AME Member by ordinary mail within 30 days after the receipt thereof by the Resulting Issuer for filing with the Canada Revenue Agency (or the applicable provincial or territorial taxing authority). The Resulting Issuer will not be responsible for the proper completion of any election form and, except for the obligation of the Resulting Issuer to so sign and return duly completed election forms which are received by the Resulting Issuer within 120 days of the Effective Date. The Resulting Issuer will not be responsible for any taxes, interest or penalties resulting from the failure by a Verano Blockerco Member or Canadian AME Member to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial or territorial legislation). In its sole discretion, the Resulting Issuer may choose to sign and return an election form received by it more than 120 days following the Effective Date, but the Resulting Issuer will have no obligation to do so.

ARTICLE 4
DISSENT RIGHTS

4.1 Rights of Dissent

(a) Pursuant to the Interim Order, registered holders of Pubco Shares may exercise the Pubco Dissent Rights in connection with the Arrangement pursuant to and in the manner set forth in Division 2 of Part 8 of the BCBCA, as modified by the Interim Order, the Final Order and this Section 4.1, provided that the written notice of dissent to the Pubco Arrangement Resolution contemplated by Section 242 of the BCBCA must be received by Pubco not later than 10:00 a.m.(Toronto time) on the day that is two Business Days immediately preceding the date of the Pubco Meeting (as it may be adjourned or postponed from time to time). Each such Pubco Dissenting Shareholder who duly exercises its Pubco Dissent Rights in accordance with this Section 4.1, and who:

(i) is ultimately determined to be entitled to be paid fair value for its Pubco Dissenting Shares by Pubco (which fair value, notwithstanding anything to the contrary contained in Section 245 of the BCBCA, shall be determined as of the close of business on the day before the Effective Date), shall be deemed to have irrevocably transferred its Pubco Dissenting Shares to Pubco in accordance with Section 3.2(a) in exchange for the right to be paid fair value for such Pubco Dissenting Shares, and Pubco shall thereupon be obligated to pay the amount ultimately determined to be the fair value of such Pubco Dissenting Shares; or

(ii) is ultimately determined not to be entitled to be paid fair value for its Pubco Dissenting Shares by Pubco, for any reason, shall be deemed to have participated in the Arrangement on the same basis as a registered holder of a Pubco Share that has not exercised the Pubco Dissent Rights.

(b) In no circumstances shall the Resulting Issuer, Pubco, Verano, or any other person be required to recognize a person purporting to exercise Pubco Dissent Rights after the completion of the step contemplated by Subsection 3.2(a), and each such Person who has exercised Pubco Dissent Rights will cease to be entitled to the rights of the registered holders of Pubco Shares, respectively, in respect of the shares in relation to which such Person has exercised such dissent rights, and the register for the Pubco Shares, will be amended to reflect that such former holder is no longer the holder of such shares as and from the completion of the step set forth in Subsection 3.2(a).

In addition to any other restrictions under the Interim Order and Division 2 of Part 8 of the BCBCA, and for greater certainty, Pubco Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Pubco Arrangement Resolution shall not be entitled to exercise Pubco Dissent Rights.

ARTICLE 5
DELIVERY OF SHARES

5.1 Delivery of Resulting Issuer Proportionate Voting Shares and Resulting Issuer Subordinate Voting Shares

Subject to Section 5.4:

(a) Upon surrender to the Depository for cancellation of a certificate, if any, or book-entry form, or an "agent's message" evidencing the surrender of Affected Securities that immediately before the Effective Time represented one or more outstanding Affected Securities that were exchanged for Resulting Issuer Subordinate Voting Shares or Resulting Issuer Proportionate Voting Shares, as the case may be, pursuant to the Arrangement other than under an AME Exchange Agreement, POR Holdings Exchange Agreement or Verano Blockerco Exchange Agreement, together with the duly completed and executed Letter of Transmittal with respect to such shares and such additional documents and instruments as the Depository may reasonably require, the holder of such surrendered Affected Securities shall be entitled to receive in exchange therefor, and the Depository shall deliver to such holder following the Effective Time, such number of Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Proportionate Voting Shares in book-entry or certificated form, as determined by the Resulting Issuer, that such holder is entitled to receive pursuant to this Plan of Arrangement.

(b) After the effective time of the BC Amalgamation and until surrendered for cancellation as contemplated by Subsection 5.1(a) hereof, each Pubco Share (other than Pubco Shares held immediately prior to such time by Pubco Dissenting Shareholders) and any certificates representing such Pubco Shares shall thenceforth be deemed at all times to represent only the right to receive in exchange therefor the securities of the Resulting Issuer that the holder is entitled to receive in accordance with this Plan of Arrangement.

5.2 Lost Certificates

If any certificate, that immediately prior to the Effective Time represented, or was deemed to represent, one or more outstanding securities to be deposited with the Depository under this Plan of Arrangement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, and the receipt by the Depository of a letter of transmittal, as applicable, the Depository shall deliver in exchange for such lost, stolen or destroyed certificate, the Consideration that such holder is entitled to receive in accordance with this Plan of Arrangement. When authorizing such delivery of the Consideration that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such Consideration is to be delivered shall, as a condition precedent to the delivery of such Consideration give a bond satisfactory to the Resulting Issuer or Pubco, as applicable, and the Depository (acting reasonably) in such amount as the Resulting Issuer or Pubco, as applicable, and the Depository (acting reasonably) may direct, or otherwise indemnify the Resulting Issuer or Pubco, as applicable, and the Depository in a manner satisfactory to such applicable party, and the Depository, acting reasonably, against any claim that may be made against the Resulting Issuer or Pubco or the Depository, as applicable, with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the constating documents of the Resulting Issuer or Pubco as applicable.

5.3 Distributions with Respect to Unsurrendered Shares

No dividend or other distribution declared or made after the Effective Time with respect to the Resulting Issuer with a record date after the Effective Time shall be delivered to any former holder of Affected Securities unless and until the holder shall have complied with the provisions of Section 5.1 or Section 5.2 hereof, as applicable. Subject to applicable Law, at the time of such compliance, there shall, in addition to the delivery of Consideration to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to the Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares net of any amount deducted or withheld therefrom in accordance with Section 5.4 hereof.

5.4 Withholding Rights

The Resulting Issuer, Pubco or the Depository, as applicable, shall deduct and withhold from all distributions or payments otherwise payable to any former Pubco Shareholder or former holder of Affected Securities (each an "**Affected Person**") any amounts required to be deducted and withheld with respect to such payment under the Tax Act, the Code or any provision of any applicable federal, provincial, state, local or foreign Law or treaty, in each case, as amended (a "**Withholding Obligation**"). To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes hereof as having been paid to the Affected Person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxing authority. The Resulting Issuer or Pubco and the Depository shall also have the right to:

(a) withhold and sell, on their own account or through a broker (the "**Broker**"), and on behalf of any Affected Person; or

(b) require the Affected Person to irrevocably direct the sale through a Broker and irrevocably direct the Broker to pay the proceeds of such sale to the Resulting Issuer, Pubco or the Depository as appropriate (and, in the absence of such irrevocable direction, the Affected Person shall be deemed to have provided such irrevocable direction);

such number of Resulting Issuer Proportionate Voting Shares and Resulting Issuer Subordinate Voting Shares, issued or issuable to such Affected Person pursuant to this Plan of Arrangement as is necessary to produce sale proceeds (after deducting commissions payable to the broker and other costs and expenses) sufficient to fund any Withholding Obligations. Any such sale of Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares, as applicable, shall be effected on a public market in accordance with applicable securities Laws, and as soon as practicable following the Effective Date. None of the Resulting Issuer, the Depository or the broker will be liable for any loss arising out of any sale of such Resulting Issuer Shares including any loss relating to the manner or timing of such sales, the prices at which Resulting Issuer Shares are sold or otherwise. The Resulting Issuer and the Depository shall provide prior written notice of any intention to deduct or withhold under applicable Withholding Obligations from any distributions or payments otherwise payable to any Affected Person so as to give each such Affected Person the reasonable opportunity to provide the Resulting Issuer and the Depository with any information or documentation sufficient to reduce or eliminate such Withholding Obligations.

If the Resulting Issuer, Pubco or the Depository deducts or withholds any amount (or any Resulting Issuer Shares, as the case may be) pursuant to this Section 5.4, then:

(a) the Resulting Issuer, Pubco or the Depository, as applicable, shall pay the full amount required to be deducted to the appropriate taxing authority on a timely basis and in accordance with applicable Law; and

(b) as soon as practicable after payment of such amount to the appropriate taxing authority, the Resulting Issuer, Pubco or the Depository, as applicable, shall deliver to the Affected Person the original or certified copy of a receipt issued by such taxing authority evidencing such payment, and a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Affected Person.

5.5 Limitation and Proscription

To the extent that a former Pubco Shareholder or other Affected Person shall not have complied with the provisions of Section 5.1 or Section 5.2 hereof on or before the date that is six (6) years after the Effective Date (the "**final proscription date**"), then the Resulting Issuer Shares and any Resulting Issuer Convertible Note that such former Pubco Shareholder or other Affected Person was entitled to receive shall be automatically cancelled without any repayment of capital or other consideration in respect thereof and the original Resulting Issuer Convertible Note to which such former Pubco Shareholder or other Affected Person was entitled, shall be delivered to the Resulting Issuer by the Depository and certificates representing Resulting Issuer Shares shall be cancelled by the Resulting Issuer, and the interest of the former Pubco Shareholder or other Affected Person, in such Resulting Issuer Shares and any such Resulting Issuer Convertible Note to which it was entitled shall be terminated as of such final proscription date for no consideration.

5.6 No Liens

Any exchange, issuance or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens of any kind.

5.7 No Liability

None of the Resulting Issuer, Pubco, Verano, Finco, AME, POR, RVC, Partially Owned Verano Subsidiaries or the Depository shall be liable to any Person in respect of any payment of Consideration otherwise payable pursuant to this Plan of Arrangement properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. If any certificate, instrument or agreement representing securities shall not have been surrendered, and an affidavit with respect thereto shall not have been delivered pursuant to Section 5.2, immediately prior to the date on which any Consideration to be paid upon surrender of such certificate, instrument or agreement representing securities would otherwise escheat to or become the property of any Governmental Entity, any such Consideration shall, to the extent permitted by applicable Law, become the property of the Resulting Issuer, free and clear of all claims of or interest of any Person previously entitled thereto.

5.8 Paramountcy

From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all Pubco Shares, Pubco Convertible Notes, Finco Shares, Verano Units, AME Units, POR Units, RVC Units, BC Newco Shares, securities of Verano Blockercos and minority interests in Partially Owned Verano Subsidiaries that are exchanged with or contributed to Pubco pursuant to this Plan of Arrangement (the "**Affected Securities**"); (ii) the rights and obligations of the Resulting Issuer, the Depository, the Affected Persons and any transfer agent or other depository in relation thereto, shall be solely as provided for in this Plan of Arrangement; and (iii) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to the Affected Securities shall be deemed to have been exchanged, compromised, released and determined without liability except as set forth herein.

ARTICLE 6
AMENDMENTS

6.1 Amendments to Plan of Arrangement

(a) The Parties reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided, however, that each such amendment, modification or supplement must be: (i) set out in writing; (ii) agreed to in writing by each of the Transacting Parties; (iii) filed with the Court and, if made following the Pubco Meeting, approved by the Court; and (iv) communicated to holders or former holders of securities of Pubco if and as required by the Court.

(b) Subject to the provisions of the Interim Order, any amendment, modification or supplement to this Plan of Arrangement may be proposed by a Transacting Party prior to the Pubco Meeting; provided, however, that the Transacting Parties shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by the Pubco Shareholders voting at the Pubco Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Pubco Meeting shall be effective only if: (i) it is consented to in writing by the Transacting Parties; (ii) it is filed with the Court (other than amendments contemplated in Subsection 6.1(d), which shall not require such filing) and (iii) if required by the Court, it is consented to by Pubco Shareholders voting or consenting, as the case may be, in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made by the Parties without the approval of or communication to the Court or the Pubco Shareholders, provided that it concerns a matter which, in the reasonable opinion of the Parties is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any of the Pubco Shareholders, as applicable.

(e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 7
FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out therein.

SCHEDULE "B"
REPRESENTATIONS AND WARRANTIES OF VERANO

Except as disclosed or included in the Disclosure Letter or the documents, materials, or agreements listed in the Disclosure Letter, Verano hereby represents and warrants to Pubco, BC Newco and Finco as follows, and acknowledges that such Parties are relying upon such representations and warranties in connection with the entering into of the Agreement:

(a) *Organization and Qualification.* Verano and each of the Verano Subsidiaries is duly incorporated or organized, validly existing and in good standing under the Laws of its governing jurisdiction. Verano and each of the Verano Subsidiaries have all necessary power and authority to own, lease and operate its properties and to carry on the Verano Business as now conducted, except under Federal Cannabis Laws. Verano and each of the Verano Subsidiaries are duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of the Verano Business as currently conducted, makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Verano Material Adverse Effect.

(b) *Authority; Approval.*

(i) Verano has all necessary limited liability company power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, including the Business Combination, except under Federal Cannabis Laws. No further act or proceeding on the part of Verano, the Verano Board or its members is necessary to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by Verano, and, assuming due authorization, execution and delivery by the other Parties, constitutes a legal, valid and binding obligation of Verano, enforceable in accordance with its terms and conditions (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general equitable principles and Federal Cannabis Laws).

(ii) The Verano Board has (i) determined that this Agreement and the transactions contemplated hereby, including the Business Combination, are in the best interests of Verano and its members; and (ii) approved the execution and delivery of this Agreement, and the performance by Verano and the Verano Subsidiaries of their respective obligations under this Agreement, in each case in accordance with the *Delaware Limited Liability Company Act*, and the regulations made thereunder, and the Governing Documents of Verano.

(c) *No Conflicts*. Except as may be set forth in the Disclosure Letter, neither the execution and the delivery by Verano of this Agreement, nor the consummation of the transactions contemplated hereby, including the Business Combination, (i) violate or conflict with any provisions of the Governing Documents of Verano or any Verano Subsidiary, (ii) violate, conflict with or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under any provision of any Law or Governmental Order to which Verano or any Verano Subsidiary or any of their properties or assets are subject, except for Federal Cannabis Laws or (iii) violate, conflict with or result in a breach of any provision of, constitute a default (or an event which, with notice or lapse of time or both,would constitute a default) under, result in or create in any Person the right to, accelerate, terminate, modify or cancel, require any notice under, or result in the imposition or creation of a Encumbrance upon or with respect to any of the ownership interests or assets of Verano or any Verano Subsidiary, under any Verano Material Contract, except, in the case of clauses (ii) and (iii), as would not have a Verano Material Adverse Effect.

(d) *Consents.* Except as set forth in the Disclosure Letter, no consent, approval, Permit, Governmental Order or authorization of, or registration, declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by or on behalf of Verano in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except where the failure to obtain or make any of the foregoing would not have a Verano Material Adverse Effect. As of the date hereof, neither Verano nor any Verano Subsidiary has received any written notice from any Governmental Entity indicating that such Governmental Entity would oppose or not grant or issue its consent or approval, if requested, with respect to the transactions contemplated by this Agreement.

(e) *Legal Proceedings*. Except as may be set forth in the Disclosure Letter, (i) there is no Action or series of related Actions pending against Verano or any Verano Subsidiary, or any of their directors or executive officers (in each case in their capacities as such), by or before a Governmental Entity; (ii) Verano and each Verano Subsidiary is not subject to or bound by any settlement or conciliation agreement entered into during the Compliance Period that remains outstanding ; and (iii) there are no Governmental Orders outstanding against Verano or any Verano Subsidiary, or against any director or executive officer of Verano or any Verano Subsidiary, in each of the foregoing clauses (i), (ii) and (iii), that would have, or would reasonably be expected to have, a Verano Material Adverse Effect.

(f) *Compliance with Laws.* Except for the Federal Cannabis Laws, Verano and each Verano Subsidiary has complied in all material respects with, during the Compliance Period, and is now complying with, all Laws applicable to the Verano Business.

(g) *Permits*. Verano and each Verano Subsidiary (i) has managed, held or possessed during the Compliance Period, and does currently manage, hold or possess, all material rights under, and (ii) has complied in all material respects with during the Compliance Period, and is currently in compliance in all material respects with, all Permits which are required for the operation of the Verano Business by such Person or the ownership of such Verano Subsidiary.

(h) *Financial Statements.*

( ) The Disclosure Letter contains true and complete copies of the following financial statements of Verano (collectively, the "**Verano Financial Statements**"): (a) the audited consolidated balance sheets of Verano for the fiscal years ended December 31, 2018 and December 31, 2019 and the related audited consolidated statements of income, cash flows and the capital accounts of the members of Verano for the fiscal years ended December 31, 2018 and December 31, 2019, and (b) the unaudited consolidated balance sheet of Verano as of September 30, 2020 and the related unaudited consolidated statements of income, cash flows and the capital accounts of the members of Verano for the nine-month period then ended.

(ii) The Verano Financial Statements have been prepared in accordance with IFRS applied on a consistent basis throughout the periods involved, subject to, in the case of the interim Verano Financial Statements, normal and recurring year-end adjustments (in each case the effect of which will not be materially adverse) and the absence of notes that, if presented, would not differ materially from those presented in the audited Verano Financial Statements. Other than as set forth in the Disclosure Letter, each of the Verano Financial Statements (including in all cases the notes thereto, if any) has been prepared from, and is consistent with, the books and records of Verano and accurately presents in all material respects the financial condition and results of operations of Verano as of the times and for the periods referred to therein.

(i) *Capitalization.*

(i) The Disclosure Letter sets forth all issued and outstanding ownership interests of Verano as of December 7, 2020. The ownership interests of Verano were issued in compliance with applicable Laws and were not issued in violation of Verano's Governing Documents or any other agreement, arrangement or commitment to which Verano is a party.

(ii) Except as may be set forth in the Disclosure Letter or as provided in Verano's Governing Documents, (i) Verano has no outstanding Derivative Securities, (ii) Verano does not have outstanding, authorized, or in effect any stock appreciation, phantom stock, profit participation or similar rights, and (iii) there are no voting trusts, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any pre-emptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lock-up or market standoff agreements) of any ownership interests or other securities of Verano, to which Verano is a party.

(j) *Subsidiaries*. The Disclosure Letter sets forth as of the date thereof (i) each Verano Subsidiary (other than Verano Subsidiaries that are dormant and hold no assets and have no liabilities and Verano Subsidiaries that are immaterial), and (ii) Verano's direct or indirect ownership or other interest in such Verano Subsidiary (and the nature of such ownership or other, if indirect).

(k) *Brokers.* Except as set forth in the Disclosure Letter, no Person has, or will have, any liability to pay any fees, commissions or other compensation to any broker, finder, investment banker, financial advisor or other similar Person with respect to the transactions contemplated by this Agreement on the basis of any act or statement made by or on behalf of Verano or any Verano Subsidiary.

(l) *Absence of Changes.* Since September 30, 2020, there has been no Verano Material Adverse Effect, and neither Verano nor any of its Subsidiaries has authorized or entered into any Contract or authorized, taken or agreed to take (or fail to take) any action that would result in a Verano Material Adverse Effect.

(m) *Absence of Undisclosed Liabilities; Indebtedness.* Except as may be set forth in the Disclosure Letter, Verano and its Subsidiaries on a consolidated basis have no material liability of a type required to be reflected on a balance sheet prepared in accordance with IFRS, except for those liabilities (i) set forth on the Latest Balance Sheet, (ii) which have arisen since the date of the Latest Balance Sheet in the ordinary course of business, (iii)which have arisen under any Verano Material Contracts, or (iv) which have been incurred in connection with the transactions contemplated hereby and the Ancillary Agreements, including the Resulting Issuer Convertible Notes and the Private Placement. Except as may be set forth in the Disclosure Letter, Verano has no indebtedness for borrowed money other than (1) as set forth on the Latest Balance Sheet, (ii) which has arisen since the date of the Latest Balance Sheet in the ordinary course of business, (iii) which has arisen under any Verano Material Contracts, or (iv) which has been incurred in connection with the transactions contemplated hereby and the Ancillary Agreements, including the Resulting Issuer Convertible Notes and the Private Placement.

(n) *Title to Properties; Sufficiency of Assets*. Verano and its Subsidiaries, on a consolidated basis, are in possession of, and have title to or a valid leasehold interest in, all of the material tangible properties and assets reflected on the face of the Latest Balance Sheet or acquired after the date of the Latest Balance Sheet, in each case other than such tangible properties and assets that have been sold or otherwise disposed of in the ordinary course of business after the date of the Latest Balance Sheet or as may be set forth in the Disclosure Letter. Such material tangible properties and assets are free and clear of all Encumbrances other than Permitted Encumbrances and those Encumbrances as may set forth in the Disclosure Letter. Verano and its Subsidiaries, on a consolidated basis, posses or have valid rights to, all material assets and properties necessary to conduct the Verano Business in the ordinary course of business as of the date hereof.

(o) *Taxes*.

(i) Verano has filed an election with the U.S. Internal Revenue Service effective as of January 1, 2019 to be classified as an "association" taxable as a corporation for U.S. federal income tax purposes (the "**Verano Tax Election**"). At all times prior to the effectiveness of such election, Verano was properly classified as a partnership for U.S. federal and applicable state and local income tax purposes. Each of the Verano Subsidiaries is, and has been during the Compliance Period, properly classified, for federal and applicable state and local income tax purposes, as a disregarded entity separate from Verano or as a partnership.

(ii) Assuming the approval of the Verano Tax Election as filed: (i) all income Tax Returns and other Tax Returns required to be filed by Verano have been timely filed, including applicable extensions; (ii) such Tax Returns were true, complete and correct in all material respects; and (iii) all Taxes due and owing by Verano (whether or not shown on any Tax Return) have been timely paid. Verano is not currently the beneficiary of any extension of time within which to file any Tax Return.

(iii) Verano has withheld and paid each material Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, equityholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(iv) Verano has received no claim in writing from any taxing authority in any jurisdiction where Verano does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(v) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of Verano.

(vi) All deficiencies asserted, or assessments made, against Verano as a result of any examinations by any taxing authority have been fully paid.

(vii) (A) Verano is not a party to any Action by any taxing authority, and (B) Verano has received no written notice of any pending or threatened Actions by any taxing authority against Verano that have not been resolved.

(viii) There are no material Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of Verano.

(ix) Verano is not a party to, or bound by, any Tax indemnity, Tax sharing, Tax allocation or similar agreement, and Verano does not owe any amount under any such agreement.

(x) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to Verano.

(xi) Other than the consolidated group of which Verano is the parent corporation formed upon the approval of the election filed with the U.S. Internal Revenue Service as described in (i), Verano has not been a member of an affiliated, combined, consolidated or unitary Tax group for Tax purposes. Other than Taxes of the Verano Subsidiaries pursuant to the formation of the consolidated group of which Verano is the parent corporation upon the approval of the election filed with the U.S. Internal Revenue Service as described in (i), Verano has no liability for Taxes of any Person (other than Verano) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or non-U.S. Law), as transferee or successor, by contract or otherwise (other than Taxes of another Person payable by Verano pursuant to contracts entered into in the ordinary course of business).

(xii) Verano has timely and properly collected all material sales, use, value-added and similar Taxes required to be collected, and has remitted on a timely basis such amounts to the appropriate Governmental Entity. Verano has timely and properly requested, received and retained all necessary exemption certificates and other documentation supporting any claimed exemption or waiver of Taxes on sales or similar transaction as to which it would otherwise have been obligated to collect or withhold Taxes.

(xiii) Verano has not filed any amended Tax Return or other claim for a refund as a result of, or in connection with, the carry back of any net operating loss or other attribute to a year prior to the taxable year including the Effective Date under Section 172 of the Code, as amended by Section 2303 of the CARES Act, or any corresponding or similar provision of state, local or non-U.S. Law.

(xiv) Verano has (i) complied in all material respects with applicable Law in order to defer the amount of the employer's share of any "applicable employment taxes" under Section 2302 of the CARES Act, (ii) to the extent applicable, complied in all material respects with applicable Law and duly accounted for any available Tax credits under Sections 7001 through 7005 of the Families First Act, and (iii) has not received or claimed any Tax credits under Section 2301 of the CARES Act.

(xv) For purposes of this section (o) of Schedule "B", Verano shall be deemed to include each Verano Subsidiary or predecessor of Verano, any Person which merged or was liquidated with and into Verano or any Verano Subsidiary or any Person from which Verano or any Verano Subsidiary or Affiliates incurs a liability for Taxes as a result of transferee or successor liability.

(p) *Intellectual Property*. Verano or a Verano Subsidiary, as applicable, owns or possesses sufficient legal rights to all Intellectual Property that is owned or used by Verano or such Verano Subsidiary in the conduct of the Verano Business as now conducted. To Verano's knowledge, no product or service marketed or sold by Verano or any Verano Subsidiary violates any license or infringes any intellectual property rights of any other Person.

(q) *Material Contracts.* The Disclosure Letter lists each Contract that Verano or a Verano Subsidiary is a party to, that is material to Verano and would, to the extent Verano was a "reporting issuer" (as such term is defined pursuant to Canadian Securities Laws), be required to be filed on SEDAR (the "**Verano Material Contracts**"). To the knowledge of Verano, the Verano Material Contracts are enforceable by Verano or such Verano Subsidiary that is a party thereto, as applicable, in accordance with their respective terms, except in as may be set forth in the Disclosure Letter.

(r) *Environmental Matters*. Verano and each Verano Subsidiary has obtained, has complied in all material respects with during the Compliance Period, and is currently in compliance in all material respects with, all material Permits that are required for the occupation of its facilities and the ownership and operation of its business under applicable environmental Laws. No Action has been filed against Verano or any Verano Subsidiary during the Compliance Period, and no written notice has been received by Verano or any Verano Subsidiary during the Compliance Period, alleging any material failure to comply with, or any material liability under, any environmental Laws.

(s) *Affiliate Transactions*. Except as may be set forth in the Disclosure Letter, (i) there are no Contracts pursuant to which payments in excess of US$250,000 are to be paid or received between Verano or any Verano Subsidiary, on the one hand, and any member of Verano, any of Verano's directors or executive officers or to Verano's knowledge, any of the foregoing Person's controlled Affiliates, on the other hand (each, a "**Verano Related Party Contract**"), other than for payment of customary and ordinary course salaries and bonuses for services rendered and reimbursement of customary, ordinary course and reasonable out-of-pocket expenses incurred on behalf of Verano or any Verano Subsidiary, and (ii) each Verano Related Party Contract is on an arms'-length basis and can be terminated by Verano or any Verano Subsidiary without premium or penalty.

(t) *Employee Matters; Employee Benefits.* The Disclosure Letter sets forth each employee benefit plan maintained, established or sponsored by Verano or any Verano Subsidiary, or which Verano or any Verano Subsidiary participates in or contributes to, which is subject to ERISA and is material to Verano and its Subsidiaries taken as a whole.

The representations and warranties of Verano contained in this Schedule "B" shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which the Agreement is terminated in accordance with its terms.

SCHEDULE "C"
REPRESENTATIONS AND WARRANTIES OF PUBCO

Pubco hereby represents and warrants to Verano, BC Newco, and Finco as follows, and acknowledges that such Parties are relying upon such representations and warranties in connection with the entering into of the Agreement:

(a) *Organization and Qualification.* Pubco and Pubco Sub are duly incorporated, validly existing and in good standing under the ABCA and the BCBCA, respectively. Each Pubco Entity has full corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. Each Pubco Entity is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of its business and the nature of its activities as currently conducted, makes such licensing or qualification necessary.

(b) *Authority; Approval.*

(i) Each Pubco Entity has all necessary corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, including the Business Combination. No further act or proceeding on the part of any Pubco Entity, any Pubco Entity Board or the respective shareholders of a Pubco Entity is necessary to authorize the execution, delivery and performance of this Agreement, except for the approval of the Pubco Meeting Matters by the Pubco Shareholders. This Agreement has been duly executed and delivered by each Pubco Entity, and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a legal, valid and binding obligation of each Pubco Entity, enforceable in accordance with its terms and conditions (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general equitable principles.

(ii) Each Pubco Entity Board has unanimously (i) determined that this Agreement and the transactions contemplated hereby, including the Business Combination, are in the best interests of the applicable Pubco Entity; and (ii) approved the execution and delivery of this Agreement and the performance by such Pubco Entity of its obligations under this Agreement, in each case in accordance with the ABCA (in the case of Pubco) and the BCBCA (in the case of Pubco Sub) and the Governing Documents of the applicable Pubco Entity. The Pubco Board has unanimously determined to recommend to the Pubco Shareholders that the Pubco Shareholders vote in favour of each of the Pubco Meeting Matters at the Pubco Meeting.

(c) *No Conflicts*. Neither the execution and the delivery by any Pubco Entity of this Agreement, nor the consummation of the transactions contemplated hereby, including the Business Combination, (i) violates or conflicts with any provisions of the Governing Documents of any Pubco Entity, (ii) violates, conflicts with or results in a violation of, or constitutes a default (whether after the giving of notice, lapse of time or both) under any provision of any Law or Governmental Order to which any Pubco Entity or any of its properties or assets are subject or (iii) violates, conflicts with or results in a breach of any provision of, constitutes a default (or an event which, with notice or lapse of time or both, would constitute a default) under, results in or create in any Person the right to, accelerate, terminate, modify or cancel, require any notice under, or result in the imposition or creation of a Encumbrance upon or with respect to any of the ownership interests or assets of any Pubco Entity, under any Contract.

(d) *Consents.* No consent, approval, Permit, Governmental Order or authorization of, or registration, declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by or on behalf of any Pubco Entity in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for the approval of the CSE to the Business Combination, the Interim Order and the Final Order. As of the date hereof, no Pubco Entity has received any written or oral notice from any Governmental Entity indicating that such Governmental Entity would oppose or not promptly grant or issue its consent or approval, if requested, with respect to the transactions contemplated by this Agreement.

(e) *Legal Proceedings*. (i) There is no Action or series of related Actions pending against either Pubco Entity, or any of its directors or executive officers (in each case in their capacities as such), by or before a Governmental Entity; (ii) neither Pubco Entity is subject to or bound by any settlement or conciliation agreement that remains outstanding; and (iii) there are no Governmental Orders outstanding against a Pubco Entity, or against any director or executive officer of a Pubco Entity.

(f) *Operations.* The only business of Pubco is the carrying on of normal course financings to cover public company operating expenses with a view to negotiating and consummating a reverse takeover or other form of change of control transaction (the "**Pubco Business**"). Since August, 2018, Pubco has engaged in no business other than the Pubco Business. No Pubco Entity holds any Permits. Aside from cash, no Pubco Entity owns, has title to or any leasehold interest in, any property, whether directly or indirectly, tangible or intangible, real or personal, including Intellectual Property.

(g) *Compliance with Laws & Public Company Matters*.

(i) Each Pubco Entity has complied in all material respects during the Compliance Period, and is now complying in all material respects, with all Laws applicable to such Pubco Entity and with its Governing Documents.

(ii) Pubco became a "reporting issuer" (as that term is defined under applicable Securities Laws the province of Alberta) on October 21, 2015, and is a reporting issuer only in Alberta, and is not in default of the requirements of the applicable Securities Laws in Alberta.

(iii) There has not been any reportable event (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) with the present or former auditors of Pubco.

(iv) In respect of the Pubco Shares, there are not less than 30 public holders holding at least a board lot (as such terms are defined in CSE Policy 1 – Interpretation and General Provisions), assuming the Pubco Share Consolidation ratio is equal to 200 pre-consolidation Pubco Shares for every 1 post-consolidation Pubco Share.

(v) Pubco has filed all material documents and information required to be filed by it, whether pursuant to applicable Securities Laws (including, without limitation, all of its disclosure obligations pursuant to National Instrument 51 102 - *Continuous Disclosure Obligations*) or otherwise, with the applicable securities commissions(the "**Disclosure Documents**"), except where non-compliance has not had, and would not reasonably be expected to have, a Pubco Material Adverse Effect, and Pubco has not made any confidential filings with any securities regulatory authorities that as at the date hereof are not publicly available. As of the time the Disclosure Documents were filed with the applicable securities regulatory authorities and on SEDAR (or, if amended or superseded by a filing prior to the date hereof, then on the date of such filing): (i) each of the Disclosure Documents complied in all material respects with the requirements of the applicable Securities Laws in the jurisdictions they were filed; and (ii) none of the Disclosure Documents contained any untrue statement of a material fact regarding Pubco or omitted to state a material fact regarding Pubco required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. There is no "material fact" or "material change" (as those terms are defined in under applicable Securities Laws) in the affairs of Pubco that has not been generally disclosed to the public.

(vi) Since August 17, 2018, no securities of Pubco have been listed or posted for trading on any stock exchange or quotation system.

(vii) Pubco is a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act. Pubco is not registered as an "investment company" pursuant to the *United States Investment Act of 1940*, as amended. None of Pubco or any of its predecessors or subsidiaries has had the registration of a class of securities under the *U.S. Exchange Act* revoked by the U.S. Securities and Exchange Commission pursuant to Section 12(j) of the *U.S. Exchange Act* and any rules or regulations promulgated under the *U.S. Securities Act*.

(h) Financial Statements.

(i) The audited financial statements of Pubco for the years ended December 31, 2019 and December 31, 2018 and the unaudited interim financial statements of Pubco for the period ended September 30, 2020 (together, the "**Pubco Financial Statements**") have been prepared in accordance with IFRS applied on a consistent basis throughout the periods involved, subject to, in the case of the interim Pubco Financial Statements, normal and recurring year-end adjustments (in each case the effect of which will not be materially adverse) and the absence of notes that, if presented, would not differ materially from those presented in the audited Pubco Financial Statements. Each of the Pubco Financial Statements (including in all cases the notes thereto, if any) has been prepared from, and is consistent with, the books and records of Pubco and accurately presents in all material respects the financial condition and results of operations of Pubco as of the times and for the periods referred to therein.

(i) Capitalization.

(i) The authorized share capital of Pubco consists of an unlimited number of Pubco Shares, of which 16,030,051 Pubco Shares are issued and outstanding, an unlimited number of preferred non-voting shares, of which none are issued and outstanding, and no other shares.

(ii) The Pubco Shares were issued in compliance with applicable Laws and were not issued in violation of Pubco's Governing Documents or any other agreement, arrangement or commitment to which Pubco is a party.

(iii) The authorized share capital of Pubco Sub consists of an unlimited number of Pubco Sub Shares, of which 100 Pubco Sub Shares are issued and outstanding and no other shares.

(iv) All issued and outstanding shares in the capital of Pubco Sub are held beneficially and of record by Pubco, free and clear of all Encumbrances. The shares of Pubco Sub were issued in compliance with applicable Laws and were not issued in violation of Pubco Sub's Governing Documents or any other agreement, arrangement or commitment to which Pubco Sub is a party.

(v) No Pubco Entity has any outstanding Derivative Securities other than the following securities of Pubco:

(A) 1,000,000 Pubco Options exercisable into 1,000,000 Pubco Shares at an exercise price of $0.05 per share expiring November 12, 2021;

(B) 1,953,125 Pubco Warrants exercisable into 1,953,125 Pubco Shares at an exercise price of $0.10 per share expiring May 12, 2022; and

(C) the Pubco Convertible Debenture, being a secured, convertible debenture of Pubco dated July 31, 2019 issued to and held by WFE Investments Corp. and bearing interest at a rate of 10% per annum. The Pubco Convertible Debenture has a principal amount outstanding of $85,000 plus accrued interest and is convertible into Pubco Units at a conversion price of $0.05 per unit. Each Pubco Unit is comprised of one Pubco Share and one Pubco Convertible Warrant. Each Pubco Convertible Warrant entitles the holder thereof to acquire one Pubco Share at a price of $0.06 per share at any time up to two years from the date of issue of such Pubco Convertible Warrant.

(vi) All Derivative Securities were issued in compliance with applicable Laws and were not issued in violation of Pubco's Governing Documents or any other agreement, arrangement or commitment to which Pubco is a party.

(vii) No Pubco Entity has any stock appreciation, phantom stock, profit participation or similar rights outstanding, authorized, or in effect. There are no voting trusts, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any pre-emptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lock-up or market standoff agreements) of any Pubco Shares or other securities of any Pubco Entity.

(j) *Subsidiaries*. Other than Pubco Sub (which is a wholly-owned subsidiary of Pubco), no Pubco Entity has any Subsidiary or any indirect interest in any Person.

(k) *Brokers*. No Person has, or will have, any liability to pay any fees, commissions or other compensation to any broker, finder, investment banker, financial advisor, agent or other similar Person with respect to the transactions contemplated by this Agreement on the basis of any act or statement made by or on behalf of any Pubco Entity.

(l) *Absence of Changes. Absence of Changes.* Since September 30, 2020, there has been no Pubco Material Adverse Effect, and neither Pubco Entity has authorized or entered into any Contract or authorized, taken or agreed to take (or fail to take) any action that would result in a Pubco Material Adverse Effect.

(m) *Absence of Undisclosed Liabilities; Indebtedness.* Except as set forth in the Pubco Financial Statements, the Pubco Entities on a consolidated basis have no material liability of a type required to be reflected on a balance sheet prepared in accordance with IFRS, except for those liabilities (i) set forth on the latest balance sheet included in the Pubco Financial Statements, (ii) which have arisen since the date of such balance sheet in the ordinary course of business, or (iii) which have been incurred in connection with the transactions contemplated hereby. No Pubco Entity has any indebtedness, other than indebtedness incurred under this Agreement and under the Pubco Convertible Debenture. Pubco has no secured interests in favour of any Person other than pursuant to the Pubco Terminating Agreements.

(n) *Taxes.*

(i) Pubco Sub has not had any Tax Returns required to be made or prepared by it, has not filed any Tax Return with any Governmental Entity and has not had any liability to pay any Tax.

(ii) All Tax Returns required to be filed by Pubco have been timely filed. Such Tax Returns were true, complete and correct in all material respects. All Taxes due and owing by Pubco (whether or not shown on any Tax Return) have been timely paid. Pubco is not currently the beneficiary of any extension of time within which to file any Tax Return.

(iii) Pubco has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, equity holder or other party of Pubco, and complied with all information reporting and backup withholding provisions of applicable Law.

(iv) Pubco has received no claim in writing from any taxing authority in any jurisdiction where Pubco does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(v) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of Pubco.

(vi) All deficiencies asserted, or assessments made, against Pubco as a result of any examinations by any taxing authority have been fully paid.

(vii) Pubco is not a party to any Action by any taxing authority. Pubco has received no written notice of any pending or threatened Actions by any taxing authority against Pubco.

(viii) There are no material Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of Pubco.

(ix) No advance tax rulings or technical interpretations related to Tax have been requested, entered into or issued by any taxing authority with respect to Pubco.

(x) Pubco has no liability for Taxes of any Person (other than Pubco) as transferee or successor, by contract or otherwise.

(xi) Pubco will not be required to include any item of income in, or exclude any item or deduction from, taxable income for taxable period or portion thereof ending after the Effective Time as a result of any transaction, agreement, event or activity which is outside the ordinary course of business.

(xii) Pubco has timely and properly collected all material sales, use, value-added and similar Taxes required to be collected, and has remitted on a timely basis such amounts to the appropriate Governmental Entity. Pubco has timely and properly requested, received and retained all necessary exemption certificates and other documentation supporting any claimed exemption or waiver of Taxes on sales or similar transaction as to which it would otherwise have been obligated to collect or withhold Taxes.

(o) *Material Contracts.*

(i) Pubco Sub is not a party to any Contract other than this Agreement.

(ii) Pubco is not a party to a Contract, other than this Agreement and the Pubco Agreements (collectively, the "**Pubco Contracts**").

(iii) Each Pubco Contract that is material to Pubco (the "**Pubco Material Contracts**") is valid and binding on Pubco in accordance with its terms and is in full force and effect. Neither Pubco nor, to Pubco's knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Pubco Material Contract. No event has occurred during the Compliance Period or, to Pubco's knowledge, is threatened, which, after the giving of notice, with lapse of time, or otherwise, would constitute any such breach or default by Pubco or any other party under such Pubco Material Contract. Complete and correct copies of the Pubco Material Contracts (including all modifications, amendments, and supplements thereto and waivers thereunder) are filed on SEDAR.

(p) *Environmental Matters*. No Action has been filed against Pubco during the Compliance Period, and no written notice has been received by Pubco during the Compliance Period, alleging any material failure to comply with, or any material liability under, any environmental Laws.

(q) *Affiliate Transactions*. Except as disclosed in the Pubco Financial Statements most recently filed on SEDAR, (i) there are no Contracts between Pubco, on the one hand, and any shareholder of Pubco or any Affiliate of a shareholder of Pubco, or any Pubco directors or officers (each, "**Pubco Related Party Transaction**"), and (ii) each Pubco Related Party Transaction is on an arms'-length basis and can be terminated by Pubco without premium or penalty.

(r) *Books and Records*. The minute books and records of each Pubco Entity, all of which are in the possession of Pubco, are complete and correct in all material respects and have been made available to Verano.

(s) *Employees.* No Pubco Entity has any employees.

(t) *Fairness Opinion*. The Pubco Board has received a final, executed version of the Pubco Fairness Opinion.

The representations and warranties of Pubco contained in this Schedule "C" shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which the Agreement is terminated in accordance with its terms.

SCHEDULE "D"
REPRESENTATIONS AND WARRANTIES OF BC NEWCO

BC Newco hereby represents and warrants to Pubco, Verano, and Finco as follows, and acknowledges that such Parties are relying upon such representations and warranties in connection with the entering into of the Agreement:

(a) *Organization and Qualification.* BC Newco is duly incorporated, validly existing and in good standing under the BCBCA. BC Newco has full corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. BC Newco is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of its business and the nature of its activities as currently conducted, makes such licensing or qualification necessary.

(b) *Authority; Approval.*

(i) BC Newco has all necessary corporate power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby, including the Business Combination. No further act or proceeding on the part of BC Newco, its board of directors or its shareholders is necessary to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by BC Newco, and, assuming due authorization, execution and delivery by the other parties thereto, constitutes legal, valid and binding obligations of BC Newco, enforceable in accordance with its terms and conditions (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general equitable principles).

(ii) The board of directors of BC Newco has (i) determined that this Agreement and the transactions contemplated hereby, including the Business Combination, are in the best interests of BC Newco and its shareholders; and (ii) approved the execution and delivery of this Agreement, and the performance by BC Newco of its obligations hereunder, in each case in accordance with the BCBCA and the Governing Documents of BC Newco.

(c) *No Conflicts*. Neither the execution nor the delivery by BC Newco of this Agreement, nor the consummation of the transactions contemplated hereby, including the Business Combination, (i) violate or conflict with any provisions of the Governing Documents of BC Newco, or (ii) violate, conflict with or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under any provision of any Law or Governmental Order to which BC Newco or any of its properties or assets are subject.

(d) *Consents.* Other than the Interim Order and the Final Order, no consent, approval, Permit, Governmental Order or authorization of, or registration, declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by or on behalf of BC Newco in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

(e) *Legal Proceedings*. (i) There is no Action or series of related Actions pending against BC Newco, or any of its directors or executive officers (in each case in their capacities as such),by or before a Governmental Entity; (ii) BC Newco is not subject to or bound by any settlement or conciliation agreement that remains outstanding; and (iii) there are no Governmental Orders outstanding BC Newco, or against any director or executive officer of BC Newco.

(f) *Business.* BC Newco does not engage in any business in any jurisdiction. BC Newco is not a party to any Contract other than the Agreement and its registered and records office agreement dated November 25, 2020. BC Newco does not and has never had any operations or provided any services.

(g) *Compliance with Laws*. BC Newco has complied in all material respects and is now complying in all material respects, with all Laws applicable to BC Newco and with its Governing Documents.

(h) *Financial Statements.* BC Newco does not have any financial statements.

(i) *Capitalization*.

(i) The authorized share capital of BC Newco consists of an unlimited number of BC Newco Common Shares. As at the date of this Agreement there are 100 BC Newco Common Shares validly issued and outstanding as fully-paid and non-assessable common shares of BC Newco and such BC Newco Common Shares were issued in compliance with applicable Laws and were not issued in violation of BC Newco's Governing Documents.

(ii) BC Newco has no outstanding Derivative Securities. BC Newco does not have outstanding, authorized, or in effect any stock appreciation, phantom stock, profit participation or similar rights. There are no options, warrants, conversion privileges, voting trusts, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any pre-emptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lock-up or market standoff agreements) of any ownership interests or other securities of BC Newco.

(j) *Subsidiaries*. BC Newco does not have Subsidiaries or any direct or indirect interests in any Person.

(k) *Brokers*. No Person has, or will have, any liability to pay any fees, commissions or other compensation to any broker, finder, investment banker, financial advisor, agent or other similar Person with respect to the transactions contemplated by this Agreement on the basis of any act or statement made by or on behalf of BC Newco.

(l) *Absence of Undisclosed Liabilities and Indebtedness*. BC Newco has no liabilities or indebtedness.

(m) *Property*. Aside from cash, BC Newco does not own any property, whether directly or indirectly, tangible or intangible, real or personal, including Intellectual Property.

(n) *Taxes*. BC Newco has not had any Tax Returns required to be made or prepared by it in accordance with applicable Law, or filed with the appropriate Governmental Entity and has not had any liability to pay any Taxes.

(o) *Insurance*. BC Newco does not have any policies of insurance.

(p) *Employee Matters*, BC Newco has no employees.

(q) *Books and Records*. The minute books and records of BC Newco, all of which are in the possession of BC Newco, are complete and correct in all material respects and have been made available to Pubco and Verano.

The representations and warranties of BC Newco contained in this Schedule "D" shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which the Agreement is terminated in accordance with its terms.

SCHEDULE "E"
REPRESENTATIONS AND WARRANTIES OF FINCO

Finco hereby represents and warrants to Pubco, Verano and BC Newco as follows, and acknowledges that such Parties are relying upon such representations and warranties in connection with the entering into of the Agreement:

(a) *Organization and Qualification.* Finco is duly incorporated, validly existing and in good standing under the BCBCA. Finco has full corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. Finco is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of its business and the nature of its activities as currently conducted, makes such licensing or qualification necessary.

(b) *Authority; Approval.*

(i) Finco has all necessary corporate power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby, including the Business Combination. No further act or proceeding on the part of Finco, its board of directors or its shareholders is necessary to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by Finco, and, assuming due authorization, execution and delivery by the other parties thereto, constitutes legal, valid and binding obligations of Finco, enforceable in accordance with its terms and conditions (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general equitable principles).

(ii) The board of directors of Finco has (i) determined that this Agreement and the transactions contemplated hereby, including the Business Combination, are in the best interests of Finco and its shareholders; and (ii) approved the execution and delivery of this Agreement, and the performance by Finco of its obligations hereunder, in each case in accordance with the BCBCA and the Governing Documents of Finco.

(c) *No Conflicts*. Neither the execution nor the delivery by Finco of this Agreement, nor the consummation of the transactions contemplated hereby, including the Business Combination, (i) violate or conflict with any provisions of the Governing Documents of Finco, (ii violate, conflict with or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under any provision of any Law or Governmental Order to which Finco or any of its properties or assets are subject, or (iii) violate, conflict with or result in a breach of any provision of, constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, result in or create in any Person the right to, accelerate, terminate, modify or cancel, require any notice under, or result in the imposition or creation of a Encumbrance upon or with respect to any of the ownership interests or assets of Finco, under any Contract.

(d) *Consents.* Other than the Interim Order and the Final Order, no consent, approval, Permit, Governmental Order or authorization of, or registration, declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by or on behalf of Finco in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

(e) *Legal Proceedings*. (i) There is no Action or series of related Actions pending against Finco, or any of its directors or executive officers (in each case in their capacities as such), by or before a Governmental Entity; (ii) Finco is not subject to or bound by any settlement or conciliation agreement that remains outstanding; and (iii) there are no Governmental Orders outstanding Finco, or against any director or executive officer of Finco.

(f) *Business.* Finco does not engage in any business in any jurisdiction, other than in connection with the Private Placement. Finco is not a party to any Contract other than the Agreement and its registered and records office agreement dated December 1, 2020. Finco does not and has never had any operations or provided any services other than in connection with the Private Placement.

(g) *Compliance with Laws*. Finco has complied in all material respects and is now complying in all material respects, with all Laws applicable to Finco and with its Governing Documents.

(h) *Financial Statements.* Finco does not have any financial statements.

(i) *Capitalization*.

(i) The authorized share capital of Finco consists of an unlimited number of Finco Common Shares. As at the date of this Agreement there are 100 Finco Common Shares validly issued and outstanding as a fully-paid and non-assessable common shares in the capital of Finco and such Finco Common Shares were issued in compliance with applicable Laws and were not issued in violation of Finco's Governing Documents.

(ii) Finco has no outstanding Derivative Securities. Finco does not have outstanding, authorized, or in effect any stock appreciation, phantom stock, profit participation or similar rights. Other than in connection with the Private Placement, there are no options, warrants, conversion privileges, voting trusts, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any pre-emptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lock-up or market standoff agreements) of any ownership interests or other securities of Finco.

(j) *Subsidiaries*. Finco does not have Subsidiaries or any direct or indirect interests in any Person.

(k) *Brokers*. No Person has, or will have, any liability to pay any fees, commissions or other compensation to any broker, finder, investment banker, financial advisor, agent or other similar Person with respect to the transactions contemplated by this Agreement on the basis of any act or statement made by or on behalf of Finco.

(l) *Absence of Undisclosed Liabilities and Indebtedness*. Finco has no liabilities or indebtedness.

(m) *Property*. Aside from cash, Finco does not own any property, whether directly or indirectly, tangible or intangible, real or personal, including Intellectual Property.

(n) *Taxes*. Finco has not had any Tax Returns required to be made or prepared by it in accordance with applicable Law, or filed with the appropriate Governmental Entity and has not had any liability to pay any Taxes.

(o) *Insurance*. Finco does not have any policies of insurance.

(p) *Employee Matters.* Finco has no employees.

(q) *Books and Records*. The minute books and records of Finco, all of which are in the possession of Finco, are complete and correct in all material respects and have been made available to Pubco and Verano.

The representations and warranties of Finco contained in this Schedule "E" shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which the Agreement is terminated in accordance with its terms.

SCHEDULE "F"
SPECIAL RIGHTS AND RESTRICTIONS FOR
RESULTING ISSUER SUBORDINATE VOTING SHARES AND RESULTING ISSUER
PROPORTIONATE VOTING SHARES

SHARE TERMS AND CONDITIONS
VERANO HOLDINGS CORP.
(THE "COMPANY")

PART 26
SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO
SUBORDINATE VOTING SHARES

26.1 Voting

The holders of Class A subordinate voting shares ("**Subordinate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares are entitled to vote. Each Subordinate Voting Share shall entitle the holder thereof to one vote at each such meeting.

26.2 Alteration to Rights of Subordinate Voting Shares

So long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Subordinate Voting Shares expressed by separate special resolution, alter or amend these Articles if the result of such alteration or amendment would:

(a) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares; or

(b) affect the rights or special rights of the holders of Subordinate Voting Shares or Proportionate Voting Shares on a per share basis as provided for herein.

26.3 Dividends

(a) The holders of Subordinate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time. The directors may not declare a dividend payable in cash or property on the Subordinate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on the Proportionate Voting Shares, in an amount per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by 100.

(b) The directors may declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in:

(i) Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the number of Subordinate Voting Shares declared as a dividend per Subordinate Voting Share; or

(ii) Subordinate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share (or a fraction thereof) equal to number of Subordinate Voting Shares declared as a dividend per Subordinate Voting Share, multiplied by 100.

(c) The directors may declare a stock dividend payable in Proportionate Voting Shares on the Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in Proportionate Voting Shares on the Proportionate Voting Shares, in a number of shares per Proportionate Voting Share equal to the number of Proportionate Voting Shares declared as a dividend per Subordinate Voting Share, multiplied by 100.

(d) Holders of fractional Subordinate Voting Shares shall be entitled to receive any dividend declared on the Subordinate Voting Shares in an amount equal to the dividend per Subordinate Voting Share multiplied by the fraction thereof held by such holder.

26.4 Liquidation Rights

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 to its shareholders for the purposes of winding up its affairs, the holders of the Subordinate Voting Shares shall be entitled to participate pari passu with the holders of Proportionate Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to the amount of such distribution per Proportionate Voting Share divided by 100; and each fraction of a Subordinate Voting Share will be entitled to the amount calculated by multiplying such fraction by the amount payable per whole Subordinate Voting Share.

26.5 Subdivision or Consolidation

The Subordinate Voting Shares shall not be consolidated or subdivided unless the Proportionate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

26.6 Conversion of the Shares Upon An Offer

(a) In the event that an offer is made to purchase Proportionate Voting Shares, and such offer is:

(i) required, pursuant to applicable securities legislation or the rules of any stock exchange on which: (i) the Proportionate Voting Shares; or (ii) the Subordinate Voting Shares which may be obtained upon conversion of the Proportionate Voting Shares; may then be listed, to be made to all or substantially all of the holders of Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**"); and

(ii) not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to or greater than $1/100^{th}$ (0.01) of the consideration offered per Proportionate Voting Share;

each Subordinate Voting Share shall become convertible at the option of the holder into Proportionate Voting Shares on the basis of one hundred (100) Subordinate Voting Shares for one (1) Proportionate Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**Subordinate Voting Share Conversion Right**"). For avoidance of doubt, fractions of Proportionate Voting Shares may be issued in respect of any amount of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is exercised which is less than 100.

(b) The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Subordinate Voting Share Conversion Right is exercised, the Company shall procure that the transfer agent for the Subordinate Voting Shares shall deposit under such Offer the Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

(c) To exercise the Subordinate Voting Share Conversion Right, a holder of Subordinate Voting Shares or its, his or her attorney, duly authorized in writing, shall:

(i) give written notice of exercise of the Subordinate Voting Share Conversion Right to the transfer agent for the Subordinate Voting Shares, and of the number of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is being exercised;

(ii) deliver to the transfer agent for the Subordinate Voting Shares any share certificate(s) or direct registration statement(s) representing the Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is being exercised; and

(iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

(d) No certificates or direct registration statements representing Proportionate Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right will be delivered to the holders of Subordinate Voting Shares. If Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such Proportionate Voting Shares, such Proportionate Voting Shares and any fractions thereof issued shall automatically, without further action on the part of the holder thereof, be reconverted into Subordinate Voting Shares on the basis of one (1) Proportionate Voting Share for one hundred (100) Subordinate Voting Shares, and the Company will procure that the transfer agent for the Subordinate Voting Shares shall send to such holder a direct registration statement(s) or certificate(s) representing the Subordinate Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for the Proportionate Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right, the Company shall procure that the transfer agent for the Subordinate Voting Shares shall deliver to the holders of such Proportionate Voting Shares the consideration paid for such Proportionate Voting Shares by such Offeror.

26.7 Voluntary Conversion of Subordinate Voting Shares

Subject to approval by the board of directors of the Company, each Subordinate Voting Share may be converted at the option of the holder into such number of Proportionate Voting Shares as is determined by dividing the number of Subordinate Voting Shares being converted by one hundred (100), provided the directors have approved such conversion.

Before any holder of Subordinate Voting Shares shall convert Subordinate Voting Shares into Proportionate Voting Shares in accordance with this Article 26.7, the holder shall surrender the certificate(s) or direct registration statement(s), if any, representing the Subordinate Voting Shares to be converted at the head office of the Company, or the office of any transfer agent for the Subordinate Voting Shares, and shall give written notice to the Company at its head office of his or her election to convert such Subordinate Voting Shares and shall state therein the name or names in which the certificate(s) or direct registration statement(s) representing the Proportionate Voting Shares are to be issued (a "**Subordinate Voting Shares Conversion Notice**"). Provided that such conversion has been approved by the directors, the Company shall (or shall cause its transfer agent to) as soon as practicable thereafter, issue to such holder or his or her nominee, a certificate or certificates or direct registration statement(s) representing the number of Proportionate Voting Shares to which such holder is entitled upon conversion. Provided that such conversion has been approved by the directors, such conversion shall be deemed to have taken place immediately prior to the close of business on the day on which the certificate(s) or direct registration statement(s) representing the Subordinate Voting Shares to be converted is surrendered and the Subordinate Voting Shares Conversion Notice is delivered, and the person or persons entitled to receive the Proportionate Voting Shares issuable upon such conversion shall be treated for all purposes as the holder or holders of record of such Proportionate Voting Shares as of such date.

PART 27
SPECIAL RIGHTS AND RESTRICTIONS ATTACHED
TO PROPORTIONATE VOTING SHARES

27.1 Voting

The holders of Class B proportionate voting shares ("**Proportionate Voting Shares**") shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Article 27.2, each Proportionate Voting Share shall entitle the holder to 100 votes and each fraction of a Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 100 and rounding the product down to the nearest whole number, at each such meeting.

27.2 Alteration to Rights of Proportionate Voting Shares

(a) So long as any Proportionate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Proportionate Voting Shares expressed by separate special resolution alter or amend these Articles if the result of such alteration or amendment would:

(i) prejudice or interfere with any right or special right attached to the Proportionate Voting Shares; or

(ii) affect the rights or special rights of the holders of Subordinate Voting Shares or Proportionate Voting Shares on a per share basis as provided for herein.

(b) At any meeting of holders of Proportionate Voting Shares called to consider such a separate special resolution, each whole Proportionate Voting Share shall entitle the holder to one (1) vote.

27.3 Dividends

(a) The holders of Proportionate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time. The directors may not declare a dividend payable in cash or property on the Proportionate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Proportionate Voting Share divided by 100.

(b) The directors may declare a stock dividend payable in Proportionate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in:

(i) Proportionate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Proportionate Voting Shares declared as a dividend per Proportionate Voting Share, divided by 100; or

(ii) Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Proportionate Voting Shares declared as a dividend per Proportionate Voting Share.

(c) The directors may declare a stock dividend payable in Subordinate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Subordinate Voting Shares declared as a dividend per Proportionate Voting Share, divided by 100.

(d) Holders of fractional Proportionate Voting Shares shall be entitled to receive any dividend declared on the Proportionate Voting Shares, in an amount equal to the dividend per Proportionate Voting Share multiplied by the fraction thereof held by such holder.

27.4 Liquidation Rights

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 to its shareholders for the purpose of winding up its affairs, the holders of the Proportionate Voting Shares shall be entitled to participate pari passu with the holders of Subordinate Voting Shares, with the amount of such distribution per Proportionate Voting Share equal to the amount of such distribution per Subordinate Voting Share multiplied by 100; and each fraction of a Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Proportionate Voting Share.

27.5 Subdivision or Consolidation

The Proportionate Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

27.6 Voluntary Conversion

Subject the Conversion Limitation set forth in this Article 27.6, holders of Proportionate Voting Shares shall have the following rights of conversion (the "**Share Conversion Right**"):

(a) **Right to Convert Proportionate Voting Shares.** Subject to the limitations set out in this Article 27.6, each Proportionate Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the Share Conversion Right is exercised by 100. Fractions of Proportionate Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 100, rounded down to the nearest whole share.

(b) **Restricted Conversion Period.** For the period (the "**Restricted Conversion Period**") prior to July 1, 2021 (the "**Unrestricted Conversion Date**"), the directors (or a committee thereof) or any officer of the Company designated thereby shall determine whether the Conversion Limitation set forth in this Article 2.6 shall apply.

(c) **Foreign Private Issuer Status.** Subject to the terms hereof, the Company shall not give effect to any voluntary conversion of Proportionate Voting Shares pursuant to this Article 27.6 or otherwise during the Restricted Conversion Period, and the Share Conversion Right will not apply during the Restricted Conversion Period, to the extent that after giving effect to all permitted issuances after such conversion of Proportionate Voting Shares, the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares (calculated on the basis that each Subordinate Voting Share and Proportionate Voting Share is counted once, without regard to the number of votes carried by such share) 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 (the "**Exchange Act**")) ("**U.S. Residents**") would exceed forty percent (40%) (the "**40% Threshold**") of the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares (calculated on the same basis) issued and outstanding (the "**FPI Restriction**"). The directors may by resolution increase the 40% Threshold to a number not to exceed fifty percent (50%), and if any such resolution is adopted, all references to the 40% Threshold herein shall refer instead to the amended percentage threshold set by the directors in such resolution, and the formula in Article 27.6(d) of this Article 27.6 shall be adjusted to give effect to such amended percentage threshold.

(d) **Conversion Limitation.** In order to give effect to the FPI Restriction, the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares upon exercise by such holder of the Share Conversion Right during the Restricted Conversion Period will be subject to the 40% Threshold based on the number of Proportionate Voting Shares held by such holder as of the date of initial issuance of Proportionate Voting Shares to such holder, and thereafter on the last day of each of the Company's subsequent fiscal quarters during the Restricted Conversion Period (the date of initial issuance and the last day of each of the Company's subsequent fiscal quarters each being a "**Determination Date**") calculated as follows:

X = [A x 40% - B] x (C/D)

Where, on the Determination Date:

X = Maximum Number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right.

A = Aggregate number of Subordinate Voting Shares and Proportionate Voting Shares issued and outstanding on such Determination Date.

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

C = Aggregate Number of Proportionate Voting Shares held by such holder on such Determination Date.

D = Aggregate Number of All Proportionate Voting Shares on such Determination Date.

The Company shall determine as of each Determination Date, in its sole discretion, acting reasonably, the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares held of record, directly or indirectly, by U.S. Residents, and the maximum number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right, generally in accordance with the formula set forth immediately above. Upon request by a holder of Proportionate Voting Shares, the Company will provide each holder of Proportionate Voting Shares with notice of such maximum number as at the most recent Determination Date, or a more recent date as may be determined by the Company in its discretion. During the Restricted Conversion Period, to the extent that issuances of Subordinate Voting Shares on exercise of the Share Conversion Right would result in the 40% Threshold being exceeded, the number of Subordinate Voting Shares to be issued will be pro-rated among each holder of Proportionate Voting Shares exercising the Share Conversion Right.

Notwithstanding the provisions of Articles 27.6(c) and 27.6(d), the directors may by resolution waive the application of the Conversion Restriction to any exercise or exercises of the Share Conversion Right to which the Conversion Restriction would otherwise apply, or to future Conversion Restrictions generally, including with respect to a period of time.

(e) **Mechanics of Conversion.** Before any holder of Proportionate Voting Shares shall be entitled to voluntarily convert Proportionate Voting Shares into Subordinate Voting Shares in accordance with Article 27.6(a), the holder shall surrender the certificate(s) or direct registration statement(s), if any, representing the Proportionate Voting Shares to be converted at the head office of the Company, or the office of any transfer agent for the Proportionate Voting Shares, and shall give written notice to the Company at its head office of his or her election to convert such Proportionate Voting Shares and shall state therein the name or names in which the certificate(s) or direct registration statement(s) representing the Subordinate Voting Shares are to be issued (a "**Conversion Notice**"). The Company shall (or shall cause its transfer agent to) as soon as practicable thereafter, issue to such holder or his or her nominee, a certificate(s) or direct registration statement(s) representing the number of Subordinate Voting Shares to which such holder is entitled upon conversion. Such conversion shall be deemed to have taken place immediately prior to the close of business on the day on which the certificate(s) or direct registration statement(s) representing the Proportionate Voting Shares to be converted is surrendered and the Conversion Notice is delivered, and the person or persons entitled to receive the Subordinate Voting Shares issuable upon such conversion shall be treated for all purposes as the holder or holders of record of such Subordinate Voting Shares as of such date.

27.7 Mandatory Conversion

The Company shall have the following rights in respect of conversion of the Proportionate Voting Shares:

(a) **Right to Convert Proportionate Voting Shares.** Notwithstanding anything contained herein to the contrary, the Company shall have the right (the "**Company Share Conversion Right**") to require each holder of Proportionate Voting Shares to convert (the "**PVS Conversion**") all, and not less than all, of the Proportionate Voting Shares held by such holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the Company Share Conversion Right is exercised by 100. Fractions of Proportionate Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 100, rounded down to the nearest whole number and no payment shall be made or consideration provided on account of any such rounding. The Company Share Conversion Right may be exercised by the Company if all the following conditions are either satisfied (and, for certainty, the following conditions continue to be satisfied at the Conversion Time (as defined below)) or waived by special resolution of the holders of Proportionate Voting Shares:

(i) the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act; and

(ii) the Subordinate Voting Shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange including the New York Stock Exchange, the NYSE American Stock Exchange, the NASDAQ Stock Market, the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or Aequitas NEO Exchange (or any other Canadian stock exchange recognized as such by the British Columbia Securities Commission).

(b) **Mechanics of Conversion**

(i) In order to exercise the Company Share Conversion Right, the Company shall issue or cause its transfer agent to issue to each holder of Proportionate Voting Shares of record a notice (the "**PVS Conversion Notice**") at least 10 days prior to the record date of the PVS Conversion (the "**PVS Conversion Date**") which shall specify therein: (i) the number of Subordinate Voting Shares into which the Proportionate Voting Shares are convertible pursuant to the PVS Conversion; and (ii) the PVS Conversion Date;

(ii) At the time of conversion (the "**Conversion Time**") on the PVS Conversion Date, each certificate or direct registration statement representing Proportionate Voting Shares shall be null and void and the former holders of Proportionate Voting Shares shall be entered on the register maintained for the Subordinate Voting Shares as holders of Subordinate Voting Shares and shall be treated for all purposes as the record holder or holders of the number of Subordinate Voting Shares to which each former holder or holders of Proportionate Voting Shares is entitled pursuant to Article 27.7(a); and

(iii) As soon as practicable on or after the PVS Conversion Date, and in any event within ten (10) days of the PVS Conversion Date, the Company will issue or send, or cause its transfer agent to issue or send certificate(s) or direct registration statement(s) (at the sole discretion of the Company) to each former holder of Proportionate Voting Shares representing the number of Subordinate Voting Shares into which the Proportionate Voting Shares have been converted.

(c) **Effect of Conversion**. All Proportionate Voting Shares which shall have been converted pursuant to the PVS Conversion shall no longer be deemed to be outstanding and all rights and special rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive Subordinate Voting Shares in exchange therefor in accordance with this Article 27.7.

SCHEDULE "G"
CAPITALIZATION OF THE RESULTING ISSUER

Securities issuable to former securityholders (directly or indirectly) of the following:	Resulting Issuer Shares on an as converted basis[1] (%)	Subordinate Voting Shares	Proportionate Voting Shares[2]	Convertible Notes (Aggregate Principal Amount)
AME/POR/POR Holdings/RVC	65,197,796 (22.48)%	17,445,383 (13.67)%	477,524 (29.41)%	US$15 million
Verano, Verano Blockercos and Partially-Owned Verano Subsidiaries	214,123,851 (73.84)%	99,499,278 (77.96)%	1,146,246 (70.592)%	Nil
Finco	10,000,000 (3.45)%	10,000,000 (7.84)%	Nil	Nil
Majesta	100,000 (0.03)%	100,000 (0.08)%	Nil	Nil
Other (Financial Advisor Fee)	578,353 (0.20)%	578,353 (0.45)%	Nil	Nil

The above issuances assumes fractional shares (calculated to four decimal places) will be issued under the Plan of Arrangement (other than pursuant to the Pubco Share Consolidation).

Notes:

(1) Assumes Private Placement raises gross proceeds of US$100,000,000 at a price of US$10 per subscription receipt and there will be 290,000,000 Resulting Issuer Subordinate Voting Shares outstanding (assuming full conversion of the Resulting Issuer Proportionate Voting Shares). The foregoing allocations among former securityholders of AME, POR, RVC and Verano are subject to the terms of the AME Agreement and Plan of Merger and adjustments among them as determined by Verano, including with respect to the allocation to each holder of Resulting Issuer Subordinate Voting Shares and Resulting Issuer Proportionate Voting Shares.

(2) Assumes all Canadian members of AME and all members of a Verano Blockerco will enter into an AME Exchange Agreement and Verano Blockerco Exchange Agreement, respectively, and will be a Canadian Elector (as defined in the Plan of Arrangement). Assumes each recipient of Resulting Issuer Shares that was a holder of Pubco Shares immediately prior to the Pubco Share Consolidation, holder of Finco Shares, recipient of the financial advisory fee, and a Canadian Elector receives only Resulting Issuer Subordinate Voting Shares and each other recipient of Resulting Issuer Shares receives 25% Resulting Issuer Subordinate Voting Shares and 75% Resulting Issuer Proportionate Voting Shares. The foregoing is subject to change in the discretion of Verano.

Exhibit 4.2

Execution Version

AMENDMENT TO ARRANGEMENT AGREEMENT

THIS AMENDING AGREEMENT dated January 26, 2021

AMONG:

VERANO HOLDINGS, LLC, a limited liability company existing under the Laws of the State of Delaware ("**Verano**")

- and -

MAJESTA MINERALS INC., a corporation existing under the Laws of the Province of Alberta ("**Pubco**")

- and -

1276268 B.C. LTD., a corporation existing under the Laws of the Province of British Columbia ("**Finco**")

- and -

1277233 B.C. LTD., a corporation existing under the Laws of the Province of British Columbia ("**BC Newco**")

- and -

1278655 B.C. LTD., a corporation existing under the Laws of the Province of British Columbia ("**Pubco Sub**")

RECITALS:

A. On December 14, 2020, the Parties entered into the arrangement agreement (the "**Arrangement Agreement**").

B. The Parties wish to amend the Arrangement Agreement on the terms and conditions contained in this amending agreement (the "**Amending Agreement**").

C. Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Arrangement Agreement.

THIS AMENDING AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

1. In Section 1.1 of the Arrangement Agreement,

   (a) the definition of "Mailing Deadline" is deleted in its entirety and replaced with the following:

   "Mailing Deadline" means January 5, 2021;

(b) the definition of "Meeting Deadline" is deleted in its entirety and replaced with the following:

"*Meeting Deadline" means January 27, 2021;*

2. The form of Plan of Arrangement attached as Schedule "A" of the Arrangement Agreement is deleted in its entirety and replaced with the form of Plan of Arrangement attached as Schedule "A" hereto.

3. Except as otherwise expressly provided herein, the Arrangement Agreement is hereby ratified and confirmed in all respects and shall remain and continue in full force and effect.

4. The Parties hereby agree that on and after the date first referenced above, each reference in the Arrangement Agreement to "this Agreement" shall mean and be a reference to the Arrangement Agreement, as amended by this Amending Agreement.

5. This Amending Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of British Columbia and the Laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under and in relation to this Amending Agreement. EACH PARTY TO THIS AMENDING AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AMENDING AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AMENDING AGREEMENT.

6. Each Party hereto shall, from time to time, and at all times hereafter, at the request of any other Party, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof and the transactions contemplated hereby.

7. This Amending Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile, portable document format or similar executed electronic copy of this Agreement, and such facsimile, portable document format or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF Pubco, Verano, BC Newco, Finco and Pubco Sub have caused this Amending Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

MAJESTA MINERALS INC.

By: *"Michael Stein"*
Name: Michael Stein
Title: CEO & Director

VERANO HOLDINGS, LLC

By: *"George Archos"*
Name: George Archos
Title: CEO

1277233 B.C. LTD.

By: *"George Archos"*
Name: George Archos
Title: Director

1276268 B.C. LTD.

By: *"Darren Weiss"*
Name: Darren Weiss
Title: President

1278655 B.C. LTD.

By: *"Michael Stein"*
Name: Michael Stein
Title: President and Director

SCHEDULE "A"
PLAN OF ARRANGEMENT

See attached.

UNDER SECTION 288 OF THE

***BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)**

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires, capitalized terms used but not defined shall have the meanings ascribed to them below:

"**ABCA**" means the *Business Corporations Act* (Alberta), and the regulations made thereunder, as now in effect and as such act and regulations may be promulgated or amended from time to time;

"**Affected Person**" has the meaning ascribed thereto in Section 5.4 of this Plan of Arrangement;

"**Affected Securities**" has the meaning ascribed thereto in Section 5.8 of this Plan of Arrangement; "**AME**" means Alternative Medical Enterprises, LLC;

"**AME Agreement and Plan of Merger**" means the agreement and plan of merger dated November 6, 2020 among Verano, AME, POR, RVC and a member representative, as amended on December 14, 2020 as it may be further amended and restated from time to time;

"**AME Exchange Agreement**" means an exchange agreement to be entered into among each of the Canadian AME Members and Pubco prior to the effective time of the AME Merger pursuant to which such Canadian AME Members will exchange and transfer their interest in AME to Pubco in exchange for their portion of the Consideration payable to AME Members under the AME Agreement and Plan of Merger and the Arrangement Agreement and in respect of which such Canadian AME Members and the Resulting Issuer will make and file a joint income tax election under Section 85 of the Tax Act;

"**AME Merger**" means the merger of LLC2 with and into AME with AME continuing as the surviving company in accordance with and under the laws of the State of Delaware and the AME Agreement and Plan of Merger;

"**AME Member**" means a member of AME;

"**AME Unit**" means a unit of AME;

"**Arrangement**" means the arrangement of Pubco under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement, Article 6 of this Plan of Arrangement or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement dated December 14, 2020 among Verano, Pubco, BC Newco, Finco and Pubco Subco as the same may be amended, amended and restated or supplemented from time to time;

"**BC Amalgamation**" means the amalgamation of Pubco and BC Newco pursuant to this Plan of Arrangement, with the Resulting Issuer as the successor corporation;

"**BC Newco**" means 1277233 B.C. Ltd., a company existing under the BCBCA;

"**BC Newco Shares**" means the issued and outstanding common shares of BC Newco;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), and the regulations made thereunder, as now in effect and as such act and regulations may be promulgated or amended from time to time;

"**Board Nominees**" means George Archos, R. Michael Smullen, Cristina Nuñez, Matthew Paunen and Edward Brown or such other persons determined by the Transacting Parties and the Companies (as such term is defined in the AME Agreement and Plan of Merger);

"**Broker**" has the meaning ascribed thereto in Subsection 5.4(a) of this Plan of Arrangement;

"**Business Day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in any of Vancouver, British Columbia; Toronto, Ontario; Chicago, Illinois; Phoenix, Arizona; Miami, Florida; and Wilmington, Delaware;

"**Canadian AME Members**" means AME Members who are Canadian Electors;

"**Canadian Elector**" means (a) a person who is a resident of Canada within the meaning of the Tax Act who is not exempt from tax under Part I of the Tax Act, or (b) a "Canadian partnership" within the meaning of the Tax Act, at least one member of which is described in (a), in each case who may make a joint election with Pubco under subsection 85(1) of the Tax Act in respect of the disposition of their Affected Securities to Pubco under the Plan of Arrangement;

"**Cash Consideration**" means the cash consideration payable to certain AME Members pursuant to the AME Agreement and Plan of Merger;

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended;

"**Consideration**" means (in each case as set forth in, and subject to adjustment in accordance with, the Arrangement Agreement or other applicable Transaction Agreement), the consideration to be received by holders of Verano Units, AME Units, POR Units, RVC Units, Pubco Shares, Finco Shares, units of Verano Blockercos, and units of Partially Owned Verano Subsidiaries including Resulting Issuer Subordinate Voting Shares, Resulting Issuer Proportionate Voting Shares, Cash Consideration and Resulting Issuer Convertible Notes;

"**Continuance**" means the continuance of Pubco from the Province of Alberta to the Province of British Columbia pursuant to Sections 302 and 303 of the BCBCA and Section 189 of the ABCA;

"**Conveyance Agreement"** means the agreement conveying all the assets of Finco Amalco to Pubco to be entered into between Pubco and Finco Amalco in connection with the Finco Windup;

"**Court**" means the Supreme Court of British Columbia;

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

"**Depository**" means any one or more Canadian trust companies, banks or other financial institutions determined by Verano for the purpose of, among other things, (i) issuing certificates representing Resulting Issuer Shares and distributing Resulting Issuer Convertible Notes in connection with this Plan of Arrangement; and (ii) exchanging certificates representing Pubco Shares for certificates representing Resulting Issuer Subordinate Voting Shares or Resulting Issuer Proportionate Voting Shares, as applicable;

"**Effective Date**" means the date that Verano determines will be the date upon which the Arrangement becomes effective subject to the satisfaction or, where not prohibited, waiver of those conditions to be satisfied as of the Effective Date by the applicable party as set forth in the Arrangement Agreement excluding conditions that, by their terms, cannot be satisfied until the Effective Date;

"**Effective Time**" means 12:01 a.m. on the Effective Date, or such other time as the Parties agree in writing;

"**Final Order**" means the final order of the Court pursuant to Section 291 of the BCBCA, in a form acceptable to the Transacting Parties, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of the Transacting Parties which consent shall not be unreasonably withheld, conditioned or delayed) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Transacting Parties, each acting reasonably) on appeal;

"**final proscription date**" has the meaning ascribed thereto in Section 5.5 of this Plan of Arrangement;

"**Finco**" means 1276268 B.C. Ltd., a company incorporated under the laws of British Columbia; "**Finco Amalco**" means the company formed upon the Finco Amalgamation;

"**Finco Amalco Windup**" means the conveyance of all of the assets of Finco Amalco to Pubco and the assumption by Pubco of the liabilities of Finco Amalco pursuant to the Conveyance Agreement in connection with the winding up of Finco Amalco, all in accordance with subsection 88(1) of the Tax Act;

"**Finco Amalgamation**" means the amalgamation of Finco and Pubco Subco pursuant to the terms of the Finco Amalgamation Agreement;

"**Finco Amalgamation Agreement"** means the amalgamation agreement to be entered into between Finco, Pubco and Pubco Subco prior to the Effective Time, pursuant to which Pubco shall issue to each holder of Finco Shares a Pubco Subordinate Voting Share on a one for one basis;

"**Finco Share**" means a common share of Finco;

"**Governmental Entity**" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any stock exchange, including the CSE; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any jurisdiction, regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

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

"**Initial BC Newco Shareholder**" means the initial holder of the issued and outstanding BC Newco Shares;

"**Interim Order**" means the interim order of the Court contemplated by Section 2.2 of the Arrangement Agreement and made pursuant to Section 291 of the BCBCA, in a form acceptable to the Transacting Parties, each acting reasonably, providing for, among other things, the calling and holding of the Pubco Meeting and, as the same may be amended by the Court (with the consent of the Transacting Parties, each acting reasonably);

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, rulings, ordinances, Governmental Orders or other requirements, whether domestic or foreign, including but not limited to, all applicable requirements of federal, state, provincial and municipal, city, county or other local government laws, rules and regulations and guidelines regarding regulated medical and adult use cannabis businesses and activities, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the CSE), but excluding provisions of any U.S. federal laws or regulations applicable to cannabis, including the Controlled Substances Act, 21 U.S.C. ch.13 § 801 *et. seq.*, or related federal law that prohibit the cultivation, processing, sale or possession of cannabis and provisions of U.S. federal law that may be violated due to the federal illegality of cannabis including, but not limited to U.S. federal money laundering laws (Title 18 U.S.C. § 1956, 1957), and the term "**applicable**" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities;

"**Letter of Transmittal**" means the letter of transmittal to be forwarded by Pubco to Pubco Shareholders together with Pubco's management information circular prepared in connection with the Pubco Meeting and/or such other equivalent form of letter of transmittal acceptable to Verano acting reasonably as forwarded to the holders of other Affected Securities;

"**Liens**" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"**LLC1**" means a limited liability company formed by Pubco under the laws of Delaware for purposes of the Verano Merger, all of the membership interests of which are held by Pubco immediately prior to the Verano Merger;

"**LLC2**" means a limited liability company formed by Pubco under the laws of Delaware for purposes of the AME Merger, all of the membership interests of which are held by Pubco immediately prior to the AME Merger;

"**LLC3**" means a limited liability company formed by Pubco under the laws of Delaware for purposes of the POR Merger, all of the membership interests of which are held by Pubco immediately prior to the POR Merger;

"**LLC4**" means a limited liability company formed by Pubco under the laws of Delaware for purposes of the RVC Merger, all of the membership interests of which are held by Pubco immediately prior to the RVC Merger;

"**Other POR Owners**" means the holders of membership interests of POR other than AME and POR Holdings;

"**Other Verano Subsidiary Owner**" means a holder of securities of Partially-Owned Verano Subsidiaries other than Verano;

"**Other Verano Unitholders**" means the holders of membership interests of Verano other than the Verano Blockercos;

"**Partially Owned Verano Subsidiaries**" means Saint Chicago Holdings, LLC, Red Med Holdings, LLC, Verano NJ Holdings, LLC and VHGCA Holdings, LLC, each a subsidiary or affiliate of Verano that is partially owned by Persons other than Verano;

"**Parties**" means Pubco, Verano, BC Newco, Finco and Pubco Subco, and "**Party**" means any of them;

"**Permit**" means any license, permit, certificate, consent, grant, approval, agreement, classification, restriction, registration, filing, notification or other authorization of, to, from or required by any Governmental Entity, including, but not limited to, all licenses, permits, and approvals necessary and required by applicable state, provincial and municipal Governmental Entities for the conduct of regulated medical and adult use cannabis businesses and activities;

"**Person**" includes an individual, firm, trust, partnership, association, body corporate, unlimited liability corporation, limited liability company, joint venture, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity or group of Persons, whether or not having legal status;

"**POR**" means Plants of Ruskin GPS LLC, a limited liability company organized under the laws of Delaware;

"**POR Holdings"** means POR Holdings, LLC, a limited liability company organized under the laws of Florida;

"**POR Holdings Exchange Agreement**" means the exchange agreement to be entered into between POR Holdings and Pubco prior to the Effective Time pursuant to which POR Holdings will exchange and transfer all of its interest in POR to Pubco in exchange for its portion of the Consideration payable to POR Members under the AME Agreement and Plan of Merger and the Arrangement Agreement;

"**POR Merger**" means the merger of LLC3 with and into POR with POR continuing as the surviving company in accordance with and under the laws of the State of Delaware and the AME Agreement and Plan of Merger;

"**POR Unit**" means a common unit of POR;

"**Pubco**" means Majesta Minerals Inc., a corporation existing under the ABCA prior to the Continuance and under the BCBCA after the Continuance;

"**Pubco Arrangement Resolution**" means the special resolution of the Pubco Shareholders approving this Plan of Arrangement to be considered at the Pubco Meeting, substantially in the form attached as Schedule B to the management information circular to be sent to Pubco Shareholders in connection with the Pubco Meeting;

"**Pubco Assumption Agreement**" means an agreement between Pubco and Verano pursuant to which Pubco shall assume the rights and obligations of Verano under the AME Agreement and Plan of Merger;

"**Pubco Convertible Notes**" means the promissory notes convertible into Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares to be issued pursuant to the AME Agreement and Plan of Merger;

"**Pubco Dissent Rights**" means the rights of dissent exercisable by the registered Pubco Shareholders in respect of the Arrangement pursuant to Division 2 of Part 8 of the BCBCA, as modified by Article 4 of this Plan of Arrangement, the Interim Order and the Final Order;

"**Pubco Dissenting Shareholder**" means a registered Pubco Shareholder who duly exercises its Pubco Dissent Rights with respect to the Arrangement, and who has not withdrawn or been deemed to have withdrawn such exercise of Pubco Dissent Rights;

"**Pubco Dissenting Shares**" means Pubco Shares held by a Pubco Dissenting Shareholder who has demanded and perfected Pubco Dissent Rights in respect of its Pubco Shares in accordance with Article 4 of this Plan of Arrangement and the Interim Order and who, as of the Effective Time, has not effectively withdrawn or lost such Pubco Dissent Rights;

"**Pubco Meeting**" means the annual and special meeting of Pubco Shareholders, including any adjournment or postponement thereof, to be called and held for the purpose of obtaining the approval of the Pubco Meeting Matters, among other things, in accordance with the Interim Order, as applicable;

"**Pubco Meeting Matters**" means the Pubco Arrangement Resolution, the Resulting Issuer Equity Incentive Plan Resolution and other matters proposed by Verano on which the Pubco Shareholders will vote at the Pubco Meeting, in accordance with the Interim Order, as applicable;

"**Pubco Name Change**" means the change of the name of Pubco from Majesta Minerals Inc. to Verano Holdings Corp. or such other name as is determined by Verano and approved by the Registrar;

"**Pubco Proportionate Voting Shares**" means Class B proportionate voting shares of Pubco which will have substantially the same special rights and restrictions as the Resulting Issuer Proportionate Voting Shares;

"**Pubco Share Amendment**" means the creation of Pubco Proportionate Voting Shares and the alteration of the notice of articles and articles of Pubco to add special rights and restrictions to the "common shares" of Pubco and change the identifying name of the "common shares" of Pubco to "Class A subordinate voting shares";

"**Pubco Share Consolidation**" mean the consolidation of the Pubco Shares on the basis that will result in 100,000 issued and outstanding Pubco Shares upon completion of the consolidation;

"**Pubco Shareholders**" means the holders of Pubco Shares at the applicable time;

"**Pubco Shares**" means the common shares in the capital of Pubco prior to the Pubco Share Amendment and the Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares, after the Pubco Share Amendment;

"**Pubco Subco**" means 1278655 B.C. Ltd., a wholly owned subsidiary of Pubco formed under the laws of British Columbia;

"**Pubco Subordinate Voting Shares**" means Class A subordinate voting shares of Pubco which will have substantially the same special rights and restrictions as the Resulting Issuer Subordinate Voting Shares;

"**Registrar**" means the Registrar of Companies appointed under Section 400 of the BCBCA; "**Resulting Issuer**" has the meaning ascribed thereto in Subsection 3.2(o);

"**Resulting Issuer Convertible Notes**" means the Pubco Convertible Notes which will become the obligations of the Resulting Issuer following the BC Amalgamation;

"**Resulting Issuer Equity Incentive Plan**" means the equity incentive plan of the Resulting Issuer the form of which is to be agreed upon between the Transacting Parties, each acting reasonably, and acceptable to the CSE and which is to be voted on at the Pubco Meeting;

"**Resulting Issuer Proportionate Voting Shares**" means the Class B proportionate voting shares of the Resulting Issuer, with the special rights and restrictions substantially as set forth in Schedule "F" to the Arrangement Agreement;

"**Resulting Issuer Shares**" means, collectively, the Resulting Issuer Subordinate Voting Shares and the Resulting Issuer Proportionate Voting Shares;

"**Resulting Issuer Subordinate Voting Shares**" means the Class A subordinate voting shares of the Resulting Issuer, with the special rights and restrictions substantially as set forth in Schedule "F" to the Arrangement Agreement;

"**RVC**" means RVC 360, LLC, a limited liability company organized under the laws of Delaware;

"**RVC Merger**" means the merger of LLC4 with and into RVC and RVC continuing as the surviving company in accordance with and under the laws of the State of Delaware and the AME Agreement and Plan of Merger;

"**RVC Unit**" means a common unit of RVC;

"**Subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 - *Prospectus Exemptions*;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Transaction Agreements**" means the Arrangement Agreement, the Finco Amalgamation Agreement, the Verano Agreement and Plan of Merger, the Verano Blockerco Exchange Agreements, the Verano Subsidiary Exchange Agreements, the AME Exchange Agreements, the AME Agreement, Plan of Merger or the POR Holdings Exchange Agreement and the Pubco Assumption Agreement;

"**Transacting Parties**" means Verano and Pubco, and "**Transacting Party**" means either of them;

"**Verano**" means Verano Holdings, LLC, a limited liability company existing under the Laws of the State of Delaware;

"**Verano Agreement and Plan of Merger**" means the agreement and plan of merger to be entered into prior to the Effective Time among Verano, Pubco and LLC1;

"**Verano Blockerco**" means a Verano Member that is an entity formed in a state of the United States that is owned by Verano Blockerco Members, that solely holds Verano Units and the Verano

Blockerco Members of which have entered into a Verano Blockerco Exchange Agreement;

"**Verano Blockerco Exchange Agreement**" means an exchange agreement pursuant to which a Verano Blockerco Member shall exchange its ownership interests in a Verano Blockerco for Pubco Subordinate Voting Shares and in respect of which such Verano Blockerco Member and the Resulting Issuer may make and file a joint income tax election under Section 85 of the Tax Act;

"**Verano Blockerco Member**" means a member or a securityholder of a Verano Blockerco who is a Canadian Elector;

"**Verano Members**" means the members of Verano;

"**Verano Merger**" means the merger of LLC1 with and into Verano with Verano continuing as the surviving company in accordance with and under the laws of the State of Delaware and the Verano Agreement and Plan of Merger;

"**Verano Subsidiary Exchange Agreement**" means an exchange agreement pursuant to which an Other Verano Subsidiary Owner shall exchange its securities of a Partially Owned Verano

Subsidiary for Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares;

"**Verano Unit**" means a Class B Unit of Verano; and

"**Withholding Obligation**" shall have the meaning ascribed thereto in Section 5.4 of this Plan of Arrangement.

In addition, words and phrases used herein and defined in the BCBCA and not otherwise defined herein shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.2 Interpretation Not Affected by Headings

For the purposes of this Plan of Arrangement, except as otherwise expressly provided:

(a) "this Plan of Arrangement" means this Plan of Arrangement, including the recitals hereof, and not any particular Article, Section, Subsection or other subdivision or recital hereof, and includes any agreement, document or instrument entered into, made or delivered pursuant to the terms hereof, as the same may, from time to time, be supplemented or amended and in effect;

(b) the words "hereof", "herein", "hereto" and "hereunder" and other word of similar import refer to this Plan of Arrangement as a whole and not to any particular Article, Section, Subsection, or other subdivision or recital hereof;

(c) all references in this Plan of Arrangement to a designated "Article", "Section", "Subsection" or other subdivision or recital hereof are references to the designated Article, Section, Subsections or other subdivision or recital to, this Plan of Arrangement;

(d) the division of this Plan of Arrangement into Articles, Sections, Subsections and other subdivisions or recitals and the insertion of headings and captions are for convenience of reference only and are not intended to interpret, define or limit the scope, extent or intent of this Plan of Arrangement or any provision hereof;

(e) a reference to a statute in this Plan of Arrangement includes all regulations, rules, policies or instruments made thereunder, all amendments to the statute, regulations, rules, policies or instruments in force from time to time, and any statutes, regulations, rules, policies or instruments that supplement or supersede such statute, regulations, rules, policies or instruments;

(f) the word "or" is not exclusive;

(g) the word "including" is not limiting, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto; and

(h) all references to "approval", "authorization" or "consent" in this Plan of Arrangement means written approval, authorization or consent.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder is not a Business Day in the jurisdiction where such action is to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of the United States and "$" refers to United States dollars unless otherwise noted.

1.6 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein are local time in British Columbia, Canada unless otherwise stipulated herein.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

ARTICLE 3
THE BUSINESS COMBINATION

3.1 Binding Effect

This Plan of Arrangement shall, without any further act or formality required on the part of any Person, except as expressly provided herein, become effective at, and be binding at and after, the Effective Time on Pubco, Verano, AME, POR, RVC, BC Newco, Finco, Finco Amalco, the Resulting Issuer, POR Holdings, Canadian AME Members, Verano Blockercos, the Partially Owned Verano Subsidiaries and all registered and beneficial holders of securities of the foregoing Persons and their subsidiaries including Pubco Dissenting Shareholders, the registrar and transfer agent of Pubco and the Resulting Issuer; the Depository; and all other Persons served with notice of the final application to approve this Plan of Arrangement.

3.2 Arrangement

Subject to receipt of the Final Order, on the Effective Date, commencing at the Effective Time, the following events or transactions shall occur and be deemed to occur sequentially, in the following order, without any further act or formality required on the part of any Person, except as expressly provided herein, notwithstanding that certain of the procedures related thereto are not completed until after such time:

(a) each Pubco Dissenting Share held by a Pubco Dissenting Shareholder in respect of which a Pubco Shareholder has validly exercised his, her or its Pubco Dissent Rights shall be deemed to be transferred by such Pubco Dissenting Shareholder to Pubco (free and clear of any Liens of any nature whatsoever) in accordance with and for the consideration set forth in Article 4 hereof, and such Pubco Dissenting Shareholder shall cease to be a holder of such Pubco Share and his, her or its name shall be removed from the central securities register of Pubco as a holder of a Pubco Dissenting Share. Such Pubco Dissenting Shareholder shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer such Pubco Dissenting Shares to Pubco in accordance with this Subsection. Pubco shall be the holder of all of the Pubco Dissenting Shares transferred in accordance with this Subsection and such Pubco Shares will be cancelled and the central securities register of Pubco shall be revised accordingly;

(b) Pubco shall complete the (i) Pubco Share Consolidation, (ii) the Pubco Share Amendment; and (iii) the Pubco Name Change which shall take effect on the date and time that the notice of alteration of Pubco's articles in respect of the Pubco Share Amendment and the Pubco Name Change is filed with the Registrar;

(c) Finco and Pubco Subco shall amalgamate to form Finco Amalco in accordance with and under Section 269 of the BCBCA pursuant to the Finco Amalgamation Agreement and (i) without limiting the generality of the above, the separate legal existence of Finco and Pubco Subco shall cease without Pubco Subco being liquidated or wound up, and Finco and Pubco Subco shall continue as one company, Finco Amalco, under the terms and conditions prescribed in this Plan of Arrangement; (ii) the property, rights and interests of each of Finco and Pubco Subco shall continue to be the property, rights and interests of Finco Amalco; (iii) Finco Amalco shall continue to be liable for the obligations of each of Finco and Pubco Subco; (iv) Finco Amalco shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against either Finco or Pubco Subco before the amalgamation has become effective; (v) a conviction against, or a ruling, order or judgment in favour of or against, either Finco or Pubco Subco may be enforced by or against Finco Amalco; (vi) the notice of articles and articles of Finco Amalco shall be substantially identical to the notice of articles and articles of Finco; (vii) each Finco Share held by a holder thereof will be cancelled and the holder's name shall be removed from the central securities register of Finco, and in consideration therefor, the holder thereof shall receive a fully paid and non-assessable Pubco Subordinate Voting Share on the basis of one Pubco Subordinate Voting Share for each Finco Share and the registered holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such Finco Share in accordance herewith; (viii) each share of Pubco Subco held by Pubco will be cancelled and the holder's name shall be removed from the central securities register of Pubco Subco, and in consideration therefor, the holder thereof shall receive a fully paid and non-assessable shares of Finco Amalco on the basis of one share of Finco Amalco for each share of Pubco Subco and the registered holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such share of Pubco Subco in accordance herewith; (ix) in consideration for Pubco's issuance of Pubco Subordinate Voting Shares, Finco Amalco shall issue to Pubco one Finco Amalco Share for each Pubco Subordinate Voting Share; (x) the registered office of Finco Amalco shall be the registered office of Finco; and (xi) the amount added to the capital of the Pubco Subordinate Voting Shares shall be the amount of the paid-up capital (as that term is used for purposes of the Tax Act) of the Finco Shares immediately prior to the Finco Amalgamation;

(d) the Finco Amalco Windup shall occur pursuant to the terms of the Conveyance Agreement;

(e) the Board Nominees shall be appointed as directors of Pubco;

(f) Pubco shall acquire from each Verano Blockerco Member that has entered into a Verano Blockerco Exchange Agreement the securities of the Verano Blockerco held by such Verano Blockerco Member in consideration for Pubco Subordinate Voting Shares in accordance with the Arrangement Agreement and applicable Verano Blockerco Exchange Agreement, and the name of such Verano Blockerco Member shall be added to the central securities register maintained by or on behalf of Pubco showing such holder as the registered holder of Pubco Subordinate Voting Shares so issued;

(g) Upon the merger of LLC1 with and into Verano in accordance with and under the Delaware Limited Liability Company Act and the Verano Agreement and Plan of Merger, with Verano continuing as the surviving company under the laws of the State of Delaware and in the manner set out in the Verano Agreement and Plan of Merger, each of the following will occur:

(i) Pubco shall issue to each Other Verano Unitholder in consideration for the Verano Units held by such Other Verano Unitholder, Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with the Verano Agreement and Plan of Merger and the Arrangement Agreement and each such Other Verano Unitholder shall be added to the central securities register maintained by or on behalf of Pubco showing such Other Verano Unitholder as the registered holder of the Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares so issued;

(ii) each unit of LLC1, issued and outstanding immediately prior to the Effective Time, shall be converted into and become one validly issued, fully paid and non-assessable Verano Unit after the Verano Merger; and

(iii) in consideration of the issuance of the Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares pursuant to Subsection 3.2(g)(i) above, Verano (as the surviving company in connection with the Verano Merger) will issue one Verano Unit to Pubco for each Pubco Subordinate Voting Share issued and 100 Verano Units for each Pubco Proportionate Voting Share issued and, other than the one Verano Unit issued pursuant to Subsection 3.2(g)(ii) above, such Verano Units shall constitute the only outstanding Verano Units after the Verano Merger;

(h) Pubco shall acquire from each Other Verano Subsidiary Owner the securities of the Partially-Owned Verano Subsidiary held by such Other Verano Subsidiary Owner in consideration for Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with the applicable Verano Subsidiary Exchange Agreement and the name of such Other Verano Subsidiary Owner shall be added to the central securities register maintained by or on behalf of Pubco showing such Other Verano Subsidiary Owner as the registered holder of the Pubco Subordinate Voting Shares and/or Pubco Proportionate Voting Shares so issued;

(i) Pubco shall assume the rights and obligations of Verano under the AME Agreement and Plan of Merger in accordance with the Pubco Assumption Agreement;

(j) Pubco shall acquire from POR Holdings all of the POR Units held thereby in consideration for Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with the POR Holdings Exchange Agreement and POR Holdings shall be added to the central securities register maintained by or on behalf of Pubco showing POR Holdings as the registered holder of the Pubco Subordinate Voting Shares and/or Pubco Proportionate Voting Shares so issued;

(k) The AME Units held by each Canadian AME Member shall be contributed to Pubco pursuant to its AME Exchange Agreement and Pubco shall issue Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with the applicable AME Exchange Agreement and the name of such Canadian AME Member shall be added to the central securities register maintained by or on behalf of Pubco showing such Canadian AME Member as the registered holder of the Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares so issued;

(l) Upon the merger of LLC2 with and into AME in accordance with and under the Delaware Limited Liability Company Act and the AME Agreement and Plan of Merger, with AME continuing as the surviving company in the manner set out in the AME Agreement and Plan of Merger, each of the following will occur:

(i) Pubco shall issue or pay to each AME Member that is not a Canadian AME Member in consideration for each issued and outstanding AME Unit held by each such AME Member Pubco Subordinate Voting Shares, Pubco Proportionate Voting Shares, the Cash Consideration payable on the Effective Date and Pubco Convertible Notes, as applicable, in accordance with AME Agreement and Plan of Merger and the Arrangement Agreement and such AME Member shall be added to the central securities register maintained by or on behalf of Pubco showing such AME Member as the registered holder of the Pubco Subordinate Voting Shares and/or Pubco Proportionate Voting Shares so issued;

(ii) each unit of LLC2, issued and outstanding immediately prior to the Effective Time, shall be converted into and become one validly issued, fully paid and non-assessable AME Unit after the AME Merger; and

(iii) in consideration of the issuance of the Pubco Subordinate Voting Shares, Pubco Proportionate Voting Shares and the Pubco Convertible Notes and the assumption of the obligation to pay the Cash Consideration pursuant to Subsection 3.2(l)(i) above, respectively, AME (as the surviving company in connection with the merger) will issue one AME Unit to Pubco for each Pubco Subordinate Voting Share issued and 100 AME Units for each Pubco Proportionate Voting Share issued and, other than the one AME Unit issued pursuant to Subsection 3.2(l)(ii) above, such AME Units shall constitute the only outstanding AME Units after the AME Merger;

(m) Upon the merger of LLC3 with and into POR, in accordance with and under the Delaware Limited Liability Company Act and the AME Agreement and Plan of Merger, with POR continuing as the surviving company in the manner set out in the AME Agreement and Plan of Merger, each of the following will occur:

(i) Pubco shall issue to each Other POR Owner in consideration for each POR Unit held by each Other POR Owner Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with AME Agreement and Plan of Merger and the Arrangement Agreement and the Other POR Owner shall be added to the central securities register maintained by or on behalf of Pubco showing such Other POR Owner as the registered holder of Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares so issued;

(ii) each unit of LLC3, issued and outstanding immediately prior to the Effective Time, shall be converted into and become one validly issued, fully paid and non-assessable POR Unit after the POR Merger; and

(iii) in consideration of the issuance of the Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares issued pursuant to Subsection 3.2(m)(i) above, POR (as the surviving company in connection with the POR Merger) will issue one POR Unit to Pubco for each Pubco Subordinate Voting Share issued and 100 POR Units for each Pubco Proportionate Voting Share issued and, other than the one POR Unit issued pursuant to Subsection 3.2(m)(ii) above, such POR Units shall constitute the only outstanding POR Units after the POR Merger;

(n) Upon the merger of LLC4 with and into RVC, in accordance with and under the Delaware Limited Liability Company Act and the AME Agreement and Plan of Merger, with RVC continuing as the surviving company in the manner set out in the AME Agreement and Plan of Merger, and each of the following will occur:

(i) Pubco shall issue to each Other RVC Member in consideration for each RVC Unit held by each Other RVC Member Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares in accordance with the AME Agreement and Plan of Merger and the Arrangement Agreement and each Other RVC Member shall be added to the central securities register maintained by or on behalf of Pubco showing such Other RVC Member as the registered holder of Pubco Subordinate Voting Shares and Pubco Proportionate Voting Shares so issued;

(ii) each unit of LLC4, issued and outstanding immediately prior to the Effective Time, shall be converted into and become one validly issued, fully paid and non-assessable RVC Unit after the RVC Merger; and

(iii) in consideration of the issuance of the Pubco Subordinate Voting Shares, Pubco Proportionate Voting Shares issued pursuant to Subsection 3.2(n)(i) above, RVC (as the surviving company in connection with the merger) will issue one RVC Unit to Pubco for each Pubco Subordinate Voting Share issued and 100 RVC Units for each Pubco Proportionate Voting Share issued and, other than the one RVC Unit issued pursuant to Subsection 3.2(n)(ii) above, such RVC Units shall constitute the only outstanding RVC Units after the RVC Merger;

(o) BC Newco and Pubco shall amalgamate to form one corporate entity, with the same effect as if they had amalgamated under Section 269 of the BCBCA except the separate legal existence of Pubco will not cease and Pubco will survive the amalgamation (Pubco, as such surviving entity, may be referred to herein as the "**Resulting Issuer**"). The BC Amalgamation is intended to qualify as an amalgamation as defined in subsection 87(1) of the Tax Act. Upon the BC Amalgamation:

(i) without limiting the generality of the foregoing, BC Newco and Pubco shall amalgamate, the separate legal existence of BC Newco will cease without BC Newco being liquidated or wound-up, and BC Newco and Pubco shall continue as the Resulting Issuer, under the terms and conditions prescribed in this Plan of Arrangement;

(ii) the Resulting Issuer shall become capable immediately of exercising the functions of an incorporated company;

(iii) the Resulting Issuer shall have the name of Pubco;

(iv) the shareholders of the Resulting Issuer shall have the powers and the liability provided in the BCBCA;

(v) the property, rights and interests of each of BC Newco and Pubco shall continue to be the property, rights and interests of the Resulting Issuer, and such amalgamation shall not constitute an assignment by operation of law, an transfer or any other disposition of the property, rights and interests of Pubco to the Resulting Issuer;

(vi) the Resulting Issuer shall continue to be liable for the obligations of BC Newco and Pubco;

(vii) any legal proceedings being prosecuted or pending by or against BC Newco or Pubco may be prosecuted, or their prosecution may be continued as the case may be, by or against the Resulting Issuer;

(viii) a conviction against, or a ruling, order or judgment in favour of or against, either BC Newco and Pubco may be enforced by or against the Resulting Issuer;

(ix) the initial directors of the Resulting Issuer will be the Board Nominees;

(x) the notice of articles and articles of the Resulting Issuer shall be substantially identical to the notice of articles and articles of Pubco immediately prior to the BC Amalgamation, and the registered office of the Resulting Issuer shall be the registered office of Pubco following the Continuance;

(xi) each BC Newco Share held by a holder thereof will be cancelled and the holder's name shall be removed from the register of holders of BC Newco Shares, and in consideration therefor, the holder thereof shall receive a fully paid and non-assessable Resulting Issuer Subordinate Voting Share on the basis of one Resulting Issuer Subordinate Voting Share for each BC Newco Share and the registered holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such BC Newco Share in accordance herewith;

(xii) each Pubco Share will be cancelled and the holder's name shall be removed from the register of holders of such shares, and in consideration therefor, the holder thereof shall receive, in consideration for each Pubco Subordinate Voting Share, one Resulting Issuer Subordinate Voting Share, and in consideration for each Pubco Proportionate Voting Share, one Resulting Issuer Proportionate Voting Share, and the registered holder of the Pubco Shares shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such Pubco Shares in accordance herewith; and

( ) the amounts added to the capital of the Resulting Issuer Subordinate Voting Shares and Resulting Issuer Proportionate Voting Shares shall be amounts equal to the paid-up capital (as that term is used for purposes of the Tax Act) of the corresponding class of Pubco Shares (other than the Pubco Shares held by Pubco Dissenting Shareholders) immediately prior to the Effective Time, and an additional amount equal to the paid-up capital of the BC Newco Shares immediately prior to the Effective Time shall be added to the capital of the Resulting Issuer Subordinate Voting Shares; and

(p) each Resulting Issuer Subordinate Voting Share held by the Initial BC Newco Shareholder shall, without any further action by or on behalf of the Initial BC Newco Shareholder, be, and shall be deemed to be, canceled and the holder's name shall be removed from the central securities register of the Resulting Issuer, and in consideration therefor, the holder thereof shall receive a cash payment for such Resulting Issuer Subordinate Voting Share equal to $1.00.

Notwithstanding the foregoing and anything else in this Plan of Arrangement, none of the foregoing events or transactions shall occur or be deemed to occur unless all of the foregoing events and transactions occur or are deemed to occur.

3.3 Issuance of Additional Resulting Issuer Subordinate Voting Shares and Resulting Issuer Proportionate Voting Shares

(a) Each holder of a Resulting Issuer Convertible Note shall be issued and shall receive, upon the due exercise by such holder of its conversion rights set forth therein, Resulting Issuer Subordinate Voting Shares and Resulting Issuer Proportionate Voting Shares, in accordance with the terms of such Resulting Issuer Convertible Note.

(b) Each holder of Resulting Issuer Proportionate Voting Shares, including holders of Resulting Issuer Convertible Notes that exercise or convert into such shares, shall be issued and shall receive, upon the due conversion or exercise by the holder thereof, in accordance with the special rights and restrictions attached to the Resulting Issuer Proportionate Voting Shares, Resulting Issuer Subordinate Voting Shares.

3.4 Post-Effective Time Procedures

(a) As soon as reasonably practicable following the Effective Time, the Resulting Issuer, shall deliver or arrange to be delivered to the Depository, if required such number of Resulting Issuer Proportionate Voting Shares and Resulting Issuer Subordinate Voting Shares in book-entry form or certificated form, as determined by the Resulting Issuer, required to be issued hereunder.

(b) Subject to the provisions of Article 5 hereof, and upon return of a properly completed and executed Letter of Transmittal, by a registered former Pubco Shareholder, together with certificates, or in the case of shares in book-entry form or uncertificated form, an "agent's message", representing Pubco Shares and such other documents as the Depository may require, the Depository shall deliver to former Pubco Shareholders, Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares, as the case may be, in book-entry form and in accordance with the provisions of this Plan of Arrangement and to which they are entitled.

3.5 Fractional Resulting Issuer Securities

The Consideration to be issued under this Plan of Arrangement by Pubco and the Resulting Issuer may, in accordance with the Arrangement Agreement or applicable Transaction Agreement, include a fraction of a Pubco Subordinate Voting Share, Pubco Proportionate Voting Share, Resulting Issuer Subordinate Voting Share or Resulting Issuer Proportionate Voting Share.

3.6 Canadian Tax Election

Each Verano Blockerco Member and Canadian AME Member shall be entitled to make a tax election, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law). Any Verano Blockerco Member or Canadian AME Member who wants to make such election and otherwise qualifies to make such election may do so by providing to the Resulting Issuer two signed copies of the necessary election forms within 120 days following the Effective Date, duly completed. Thereafter, subject to the election forms complying with the provisions of the Tax Act (or applicable provincial or territorial income tax law), the forms will be signed by the Resulting Issuer and returned to such Verano Blockerco Member or Canadian AME Member by ordinary mail within 30 days after the receipt thereof by the Resulting Issuer for filing with the Canada Revenue Agency (or the applicable provincial or territorial taxing authority). The Resulting Issuer will not be responsible for the proper completion of any election form and, except for the obligation of the Resulting Issuer to so sign and return duly completed election forms which are received by the Resulting Issuer within 120 days of the Effective Date. The Resulting Issuer will not be responsible for any taxes, interest or penalties resulting from the failure by a Verano Blockerco Member or Canadian AME Member to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial or territorial legislation). In its sole discretion, the Resulting Issuer may choose to sign and return an election form received by it more than 120 days following the Effective Date, but the Resulting Issuer will have no obligation to do so.

ARTICLE 4
DISSENT RIGHTS

4.1 Rights of Dissent

(a) Pursuant to the Interim Order, registered holders of Pubco Shares may exercise the Pubco Dissent Rights in connection with the Arrangement pursuant to and in the manner set forth in Division 2 of Part 8 of the BCBCA, as modified by the Interim Order, the Final Order and this Section 4.1, provided that the written notice of dissent to the Pubco Arrangement Resolution contemplated by Section 242 of the BCBCA must be received by Pubco not later than 10:00 a.m. (Toronto time) on the day that is two Business Days immediately preceding the date of the Pubco Meeting (as it may be adjourned or postponed from time to time). Each such Pubco Dissenting Shareholder who duly exercises its Pubco Dissent Rights in accordance with this Section 4.1, and who:

(i) is ultimately determined to be entitled to be paid fair value for its Pubco Dissenting Shares by Pubco (which fair value, notwithstanding anything to the contrary contained in Section 245 of the BCBCA, shall be determined as of the close of business on the day before the Effective Date), shall be deemed to have irrevocably transferred its Pubco Dissenting Shares to Pubco in accordance with Section 3.2(a) in exchange for the right to be paid fair value for such Pubco Dissenting Shares, and Pubco shall thereupon be obligated to pay the amount ultimately determined to be the fair value of such Pubco Dissenting Shares; or

(ii) is ultimately determined not to be entitled to be paid fair value for its Pubco Dissenting Shares by Pubco, for any reason, shall be deemed to have participated in the Arrangement on the same basis as a registered holder of a Pubco Share that has not exercised the Pubco Dissent Rights.

(b) In no circumstances shall the Resulting Issuer, Pubco, Verano, or any other person be required to recognize a person purporting to exercise Pubco Dissent Rights after the completion of the step contemplated by Subsection 3.2(a), and each such Person who has exercised Pubco Dissent Rights will cease to be entitled to the rights of the registered holders of Pubco Shares, respectively, in respect of the shares in relation to which such Person has exercised such dissent rights, and the register for the Pubco Shares, will be amended to reflect that such former holder is no longer the holder of such shares as and from the completion of the step set forth in Subsection 3.2(a).

In addition to any other restrictions under the Interim Order and Division 2 of Part 8 of the BCBCA, and for greater certainty, Pubco Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Pubco Arrangement Resolution shall not be entitled to exercise Pubco Dissent Rights.

ARTICLE 5
DELIVERY OF SHARES

5.1 Delivery of Resulting Issuer Proportionate Voting Shares and Resulting Issuer Subordinate

Voting Shares

Subject to Section 5.4:

(a) Upon surrender to the Depository for cancellation of a certificate, if any, or book-entry form,or an “agent’s message” evidencing the surrender of Affected Securities that immediately before the Effective Time represented one or more outstanding Affected Securities that were exchanged for Resulting Issuer Subordinate Voting Shares or Resulting Issuer Proportionate Voting Shares, as the case may be, pursuant to the Arrangement other than under an AME Exchange Agreement, POR Holdings Exchange Agreement or Verano Blockerco Exchange Agreement, together with the duly completed and executed Letter of Transmittal with respect to such shares and such additional documents and instruments as the Depository may reasonably require, the holder of such surrendered Affected Securities shall be entitled to receive in exchange therefor, and the Depository shall deliver to such holder following the Effective Time, such number of Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Proportionate Voting Shares in book-entry or certificated form, as determined by the Resulting Issuer, that such holder is entitled to receive pursuant to this Plan of Arrangement.

(b) After the effective time of the BC Amalgamation and until surrendered for cancellation as contemplated by Subsection 5.1(a) hereof, each Pubco Share (other than Pubco Shares held immediately prior to such time by Pubco Dissenting Shareholders) and any certificates representing such Pubco Shares shall thenceforth be deemed at all times to represent only the right to receive in exchange therefor the securities of the Resulting Issuer that the holder is entitled to receive in accordance with this Plan of Arrangement.

5.2 Lost Certificates

If any certificate, that immediately prior to the Effective Time represented, or was deemed to represent, one or more outstanding securities to be deposited with the Depository under this Plan of Arrangement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, and the receipt by the Depository of a letter of transmittal, as applicable, the Depository shall deliver in exchange for such lost, stolen or destroyed certificate, the Consideration that such holder is entitled to receive in accordance with this Plan of Arrangement. When authorizing such delivery of the Consideration that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such Consideration is to be delivered shall, as a condition precedent to the delivery of such Consideration give a bond satisfactory to the Resulting Issuer or Pubco, as applicable, and the Depository (acting reasonably) in such amount as the Resulting Issuer or Pubco, as applicable, and the Depository (acting reasonably) may direct, or otherwise indemnify the Resulting Issuer or Pubco, as applicable, and the Depository in a manner satisfactory to such applicable party, and the Depository, acting reasonably, against any claim that may be made against the Resulting Issuer or Pubco or the Depository, as applicable, with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the constating documents of the Resulting Issuer or Pubco as applicable.

5.3 Distributions with Respect to Unsurrendered Shares

No dividend or other distribution declared or made after the Effective Time with respect to the Resulting Issuer with a record date after the Effective Time shall be delivered to any former holder of Affected Securities unless and until the holder shall have complied with the provisions of Section 5.1 or Section 5.2 hereof, as applicable. Subject to applicable Law, at the time of such compliance, there shall, in addition to the delivery of Consideration to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to the Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares net of any amount deducted or withheld therefrom in accordance with Section 5.4 hereof.

5.4 Withholding Rights

The Resulting Issuer, Pubco or the Depository, as applicable, shall deduct and withhold from all distributions or payments otherwise payable to any former Pubco Shareholder or former holder of Affected Securities (each an "**Affected Person**") any amounts required to be deducted and withheld with respect to such payment under the Tax Act, the Code or any provision of any applicable federal, provincial, state, local or foreign Law or treaty, in each case, as amended (a "**Withholding Obligation**"). To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes hereof as having been paid to the Affected Person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxing authority. The Resulting Issuer or Pubco and the Depository shall also have the right to:

(a) withhold and sell, on their own account or through a broker (the "**Broker**"), and on behalf of any Affected Person; or

(b) require the Affected Person to irrevocably direct the sale through a Broker and irrevocably direct the Broker to pay the proceeds of such sale to the Resulting Issuer, Pubco or the Depository as appropriate (and, in the absence of such irrevocable direction, the Affected Person shall be deemed to have provided such irrevocable direction);

such number of Resulting Issuer Proportionate Voting Shares and Resulting Issuer Subordinate Voting Shares, issued or issuable to such Affected Person pursuant to this Plan of Arrangement as is necessary to produce sale proceeds (after deducting commissions payable to the broker and other costs and expenses) sufficient to fund any Withholding Obligations. Any such sale of Resulting Issuer Proportionate Voting Shares or Resulting Issuer Subordinate Voting Shares, as applicable, shall be effected on a public market in accordance with applicable securities Laws, and as soon as practicable following the Effective Date. None of the Resulting Issuer, the Depository or the broker will be liable for any loss arising out of any sale of such Resulting Issuer Shares including any loss relating to the manner or timing of such sales, the prices at which Resulting Issuer Shares are sold or otherwise. The Resulting Issuer and the Depository shall provide prior written notice of any intention to deduct or withhold under applicable Withholding Obligations from any distributions or payments otherwise payable to any Affected Person so as to give each such Affected Person the reasonable opportunity to provide the Resulting Issuer and the Depository with any information or documentation sufficient to reduce or eliminate such Withholding Obligations.

If the Resulting Issuer, Pubco or the Depository deducts or withholds any amount (or any Resulting Issuer Shares, as the case may be) pursuant to this Section 5.4, then:

(a) the Resulting Issuer, Pubco or the Depository, as applicable, shall pay the full amount required to be deducted to the appropriate taxing authority on a timely basis and in accordance with applicable Law; and

(b) as soon as practicable after payment of such amount to the appropriate taxing authority, the Resulting Issuer, Pubco or the Depository, as applicable, shall deliver to the Affected Person the original or certified copy of a receipt issued by such taxing authority evidencing such payment, and a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Affected Person.

5.5 Limitation and Proscription

To the extent that a former Pubco Shareholder or other Affected Person shall not have complied with the provisions of Section 5.1 or Section 5.2 hereof on or before the date that is six (6) years after the Effective Date (the "**final proscription date**"), then the Resulting Issuer Shares and any Resulting Issuer Convertible Note that such former Pubco Shareholder or other Affected Person was entitled to receive shall be automatically cancelled without any repayment of capital or other consideration in respect thereof and the original Resulting Issuer Convertible Note to which such former Pubco Shareholder or other Affected Person was entitled, shall be delivered to the Resulting Issuer by the Depository and certificates representing Resulting Issuer Shares shall be cancelled by the Resulting Issuer, and the interest of the former Pubco Shareholder or other Affected Person, in such Resulting Issuer Shares and any such Resulting Issuer Convertible Note to which it was entitled shall be terminated as of such final proscription date for no consideration.

5.6 No Liens

Any exchange, issuance or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens of any kind.

5.7 No Liability

None of the Resulting Issuer, Pubco, Verano, Finco, AME, POR, RVC, Partially Owned Verano Subsidiaries or the Depository shall be liable to any Person in respect of any payment of Consideration otherwise payable pursuant to this Plan of Arrangement properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. If any certificate, instrument or agreement representing securities shall not have been surrendered, and an affidavit with respect thereto shall not have been delivered pursuant to Section 5.2, immediately prior to the date on which any Consideration to be paid upon surrender of such certificate, instrument or agreement representing securities would otherwise escheat to or become the property of any Governmental Entity, any such Consideration shall, to the extent permitted by applicable Law, become the property of the Resulting Issuer, free and clear of all claims of or interest of any Person previously entitled thereto.

5.8 Paramountcy

From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all Pubco Shares, Pubco Convertible Notes, Finco Shares, Verano Units, AME Units, POR Units, RVC Units, BC Newco Shares, securities of Verano Blockercos and minority interests in Partially Owned Verano Subsidiaries that are exchanged with or contributed to Pubco pursuant to this Plan of Arrangement (the "**Affected Securities**"); (ii) the rights and obligations of the Resulting Issuer, the Depository, the Affected Persons and any transfer agent or other depository in relation thereto, shall be solely as provided for in this Plan of Arrangement; and (iii) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to the Affected Securities shall be deemed to have been exchanged, compromised, released and determined without liability except as set forth herein; provided, however, nothing in this Plan of Arrangement shall have the purpose or effect of compromising or affecting the rights as between 1235 Fund LP on the one hand and SOL Global Investments Corp., SOL Verano Blocker 2 Inc. and SOL Verano Blocker 1 Inc. on the other hand.

ARTICLE 6
AMENDMENTS

6.1 Amendments to Plan of Arrangement

(a) The Parties reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided, however, that each such amendment, modification or supplement must be: (i) set out in writing; (ii) agreed to in writing by each of the Transacting Parties; (iii) filed with the Court and, if made following the Pubco Meeting, approved by the Court; and (iv) communicated to holders or former holders of securities of Pubco if and as required by the Court.

(b) Subject to the provisions of the Interim Order, any amendment, modification or supplement to this Plan of Arrangement may be proposed by a Transacting Party prior to the Pubco Meeting; provided, however, that the Transacting Parties shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by the Pubco Shareholders voting at the Pubco Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Pubco Meeting shall be effective only if: (i) it is consented to in writing by the Transacting Parties; (ii) it is filed with the Court (other than amendments contemplated in Subsection 6.1(d), which shall not require such filing) and (iii) if required by the Court, it is consented to by Pubco Shareholders voting or consenting, as the case may be, in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made by the Parties without the approval of or communication to the Court or the Pubco Shareholders, provided that it concerns a matter which, in the reasonable opinion of the Parties is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any of the Pubco Shareholders, as applicable.

(e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 7
FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out therein.

Exhibit 4.3

Certain confidential information contained in this document, marked by brackets, was omitted because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential. "[***]" indicates where the information has been omitted from this document.

AGREEMENT AND PLAN OF MERGER

by and among

VERANO HOLDINGS, LLC

ALTERNATIVE MEDICAL ENTERPRISES LLC

PLANTS OF RUSKIN GPS, LLC

RVC 360, LLC

and

Member Representative

Dated to be effective as of November 6, 2020

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THIS AGREEMENT IS SUBJECT TO STRICT REQUIREMENTS FOR ONGOING REGULATORY COMPLIANCE BY THE PARTIES HERETO, INCLUDING, WITHOUT LIMITATION, REQUIREMENTS THAT THE PARTIES TAKE NO ACTION IN VIOLATION OF EITHER ANY STATE CANNABIS LAWS (TOGETHER WITH ALL RELATED RULES AND REGULATIONS THEREUNDER, AND ANY AMENDMENT OR REPLACEMENT ACT, RULES, OR REGULATIONS, THE "ACT") OR THE GUIDANCE OR INSTRUCTION OF ANY APPLICABLE STATE REGULATORY BODY (TOGETHER WITH ANY SUCCESSOR OR REGULATOR WITH OVERLAPPING JURISDICTION, THE "REGULATOR"). SECTION 9.17 OF THIS AGREEMENT CONTAINS SPECIFIC REQUIREMENTS AND COMMITMENTS BY THE PARTIES TO MAINTAIN FULLY THEIR RESPECTIVE COMPLIANCE WITH THE ACT AND THE REGULATOR. THE PARTIES HAVE READ AND FULLY UNDERSTAND THE REQUIREMENTS OF SECTION 9.17.

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this **"Agreement"**), dated to be effective as of November 6, 2020, is entered into by and among Verano Holdings, LLC, a Delaware limited liability company (**"Verano"**), Alternative Medical Enterprises LLC, a Florida limited liability company (**"AME"**), Plants of Ruskin GPS, LLC, a Florida limited liability company (**"POR"**), RVC 360, LLC, a Florida limited liability company (**"RVC"**), and John Tipton, solely in the capacity as Member Representative (**"Member Representative"**). AME, POR and RVC may be referred to individually as a **"Company**,**"** and collectively as the **"Companies**.**"** Capitalized terms used herein have the meanings given such terms in **Article I** or in the section of this Agreement cross-referenced therein.

RECITALS

A. Verano, through the Verano Subsidiaries, owns, manages and/or operates marijuana dispensaries, cultivation facilities and manufacturing businesses in the United States of America (the **"Verano Business"**).

B. The Companies, through the Company Subsidiaries, own and operate medical marijuana dispensaries, cultivation facilities and manufacturing businesses in the States of Florida and Arizona (the **"AME Business"**).

C. Verano and the Companies desire to combine the Verano Business and the AME Business under a combined corporate ownership structure (the **"Combination"**), pursuant to which Verano and the Companies will be indirectly held by a British Columbia corporation to be named Verano Holdings Corp. (the **"Resulting Issuer"**), which will result from an amalgamation of Majesta Minerals, Inc., an Alberta corporation (**"PubCo"**), and a British Columbia corporation incorporated for the purpose of effecting such amalgamation **("BC Newco")**, pursuant to a plan of arrangement (the **"Plan of Arrangement"**) in accordance with the laws of British Columbia (the **"Arrangement"**), and the Resulting Issuer will have its subordinate voting shares listed on the Canadian Securities Exchange (the **"CSE"**).

D. In order to consummate the Arrangement and effect the Combination, the parties intend that, among other things, (i) PubCo will create a wholly-owned Delaware limited liability company (**"Merger Sub 1"**), and Merger Sub 1 will merge with and into Verano, with Verano surviving the merger (the **"Verano Merger"**); (ii) PubCo will create a wholly-owned Florida limited liability company (**"Merger Sub 2"**), and Merger Sub 2 will merge with and into AME, with AME surviving the merger (the **"AME Merger"**); (iii) PubCo will create a wholly-owned Florida limited liability company (**"Merger Sub 3"**), and Merger Sub 3 will merge with and into POR, with POR surviving the merger (the **"POR Merger"**); and (iv) PubCo will create a wholly-owned Florida limited liability company (**"Merger Sub 4"**), and Merger Sub 4 will merge with and into RVC, with RVC surviving the merger (the **"RVC Merger**,**"** and the AME Merger, the POR Merger and the RVC Merger, collectively, the **"Company Mergers"**);

E. The board of managers of Verano (the **"Verano Board"**) has (i) determined that this Agreement and the Ancillary Documents to which Verano will be a party and the transactions contemplated hereby and thereby, including, the Verano Merger and the Combination, are in the best interests of Verano and its members; and (ii) approved the execution and delivery of this Agreement and each Ancillary Document to which Verano is a party, and the performance by Verano and the Verano Subsidiaries of their respective obligations under this Agreement and such Ancillary Documents, in each case in accordance with the Delaware Limited Liability Company Act (the **"DLLCA"**) and the Governing Documents of Verano.

F. The board of managers of each Company (collectively, the **"Company Boards"**) has (i) determined that this Agreement and the Ancillary Documents to which such Company will be a party and the transactions contemplated hereby and thereby, including the applicable Company Merger and the Combination, are in the best interests of such Company and its Members; and (ii) approved the execution and delivery of this Agreement and each Ancillary Document to which such Company is a party, and the performance by such Company and its Company Subsidiaries of their respective obligations under this Agreement and such Ancillary Documents (subject to approval of a majority of the Members of each Company). A majority of the Members of each Company have also approved the execution and delivery of this Agreement and each Ancillary Document to which such Company is a party, and the performance by such Company and its respective Company Subsidiaries of their respective obligations under this Agreement and such Ancillary Documents, in each case in accordance with the Florida Revised Limited Liability Company Act (the **"FRLLCA"**) and the Governing Documents of such Company.

G. In accordance with the Plan of Arrangement, all of the shares of capital stock of PubCo, including those issued (i) to members of Verano in the Verano Merger and (ii) to Members of the Companies in the Company Mergers, shall be exchanged for the same number and class of shares of capital stock of the Resulting Issuer.

H. The parties hereto intend that: (i) the Verano Merger will qualify as a tax-deferred reorganization under Section 368 of the Code; (ii) the POR Holdings Reorganization, if effected, will be treated as a single integrated transaction qualifying as a tax-deferred reorganization under Section 368 of the Code; and (iii) the Verano Merger, the Company Mergers, the POR Holdings Reorganization and any other Exchanges, each if effected, will be part of a series of transactions constituting a single integrated transaction qualifying as a tax-deferred transaction under Section 351 of the Code.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

The following terms have the meanings specified or referred to in this **Article I**:

"**280E**" has the meaning set forth in **Section 6.08**.

"**Acquisition Proposal**" has the meaning set forth in **Section 5.03(a)**.

"**Act**" has the meaning set forth in **Section 9.17**.

"**Action**" means any action, assessment, suit, proceeding (including arbitration proceeding), investigation, complaint, examination, subpoena, claim, charge, grievance, order, audit, governmental charge or inquiry.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Agreement**" has the meaning set forth in the Preamble.

"**AME**" has the meaning set forth in the Preamble.

"**AME Business**" has the meaning set forth in the Recitals.

"**AME Merger**" has the meaning set forth in the Recitals.

"**Ancillary Documents**" means the Lock-Up Acknowledgements, the Letters of Transmittal, the Certificates of Merger, the Exchange Agreements and the certificates and statements to be delivered pursuant to **Section 2.03**.

"**Anti-Money Laundering Laws**" has the meaning set forth in **Section 3.05(b)**.

"**Arrangement**" has the meaning set forth in the Recitals.

"**BC Newco**" has the meaning set forth in the Recitals.

"**Broker Fee**" means the amount set forth on **Schedule 3.09** which is payable by the Companies in shares of PubCo, which shares shall reduce the number of shares comprising the Share Consideration.

"**Business Day**" means any day except Saturday, Sunday or any other day on which commercial banks located in any of Florida, Arizona or Illinois are authorized or required by Law to be closed for business.

"Canadian Member" means a Member who is a resident of Canada for purposes of the ITA and not exempt from tax under Part I of the ITA, or a Member that is a "Canadian partnership" as defined in the ITA the majority of the members of which are not exempt from tax under Part I of the ITA.

"**Canadian Securities Laws**" means Canadian securities laws in each applicable jurisdiction, the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, multilateral and national instruments, orders, rulings (including blanket rulings), notices and other regulatory instruments of the securities regulatory authorities in such jurisdictions, but for certainty, not including the CSE Rules or the rules, regulations or policies of any other stock exchange.

"**CARES Act**" has the meaning set forth in **Section 3.15(n)**.

"**Cash**" means cash and cash equivalents determined in accordance with IFRS, applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of such Company's IFRS Financial Statements for the most recent fiscal year end as if such accounts were being prepared and audited as of a fiscal year end.

"**Cash Consideration**" has the meaning set forth in **Section 2.01(c)(i)**.

"**Certificates of Merger**" has the meaning set forth in **Section 2.04**.

"**Circular Information**" has the meaning set forth in **Section 5.05(b)**.

"**Closing**" has the meaning set forth in **Section 2.02**.

"**Closing Consideration**" means (a) $20,000,000 in cash, and (b) an aggregate number of shares of PubCo consisting of both proportionate voting shares, on an as-converted to subordinate voting shares basis, and subordinate voting shares (in such proportions as set forth on the Consideration Spreadsheet) equal to the quotient of (i) the Share Consideration, divided by (ii) the Listing Price (which number of shares are reduced by the shares of PubCo issued as payment for the Broker Fee).

"**Closing Date**" has the meaning set forth in **Section 2.02Section 2.02**.

"**Closing Net Indebtedness**" means for each Company, without duplication of amounts included in Closing Working Capital or Transaction Expenses, the difference (which may be positive or negative) of (a) aggregate Indebtedness of such Company (excluding any amounts outstanding under the Working Capital Loan with respect to such Company, if any), minus (b) the aggregate Cash of such Company, minus (c)(i) only with respect to AME, Permitted Tax Distributions that have been made by AME to its Members, thereby reducing Cash balances, after the date hereof that are in an amount up to but not exceeding $2,000,000 in the aggregate (as such amount may be increased as set forth below), and (ii) only with respect to POR and RVC on a collective basis, Permitted Tax Distributions that have been made by POR and RVC to their respective Members, thereby reducing Cash balances, after the date hereof that are in an aggregate amount for both Companies up to but not exceeding $9,000,000 in the aggregate, in each case of the foregoing clauses (a), (b) and (c), determined as of immediately prior to the Closing without giving effect to purchase accounting or the effects of the transactions. Notwithstanding the foregoing and for the sake of clarity, the amount of any Permitted Tax Distribution made to AME, in its capacity as a Member, that is subsequently paid by AME to its Members as a Permitted Tax Distribution, thereby reducing Cash balances, shall increase the $2,000,000 limit provided for AME in clause (c)(i) above. In no event shall Cash and Permitted Tax Distributions be duplicative in the calculation of Closing Net Indebtedness.

"Closing Per Member Interest Consideration" means the Closing Consideration that is payable for each Member Interest pursuant to this Agreement and also, directly or indirectly, pursuant to the Exchange Agreements, as such amounts are determined as set forth on **Schedule 2.08(b)**.

"Closing Working Capital" means, without duplication of amounts included in Closing Net Indebtedness or Transaction Expenses, with respect to a Company, (a) the Current Assets of such Company, minus (b) the Current Liabilities of such Company, determined as of immediately prior to the Closing without giving effect to purchase accounting or the effects of the transactions.

"Code" means the Internal Revenue Code of 1986, as amended.

"Combination" has the meaning set forth in the Recitals.

"Commercial Arrangement" has the meaning set forth in **Section 5.09(f)**.

"commercially reasonable efforts" means efforts that are fair, moderate, equitable and suitable under the circumstances and appropriate to the end in view to be taken by a Person as promptly as practicable that would be reasonable in the circumstances for similarly situated parties, which efforts do not guarantee an outcome and do not require that Person to (a) engage in conduct that would have a Material Adverse Effect on such Person; (b) take illegal actions; or (c) take any action that would harm its existence or solvency.

"Company" has the meaning set forth in the Preamble.

"Company Bank Accounts" has the meaning set forth in **Section 3.22**.

"Company Benefit Plan" has the meaning set forth in **Section 3.19(c)**.

"Company Boards" has the meaning set forth in the Recitals.

"Company Financial Statements" has the meaning set forth in **Section 3.06(a)**.

"Company FIRPTA Statements" has the meaning set forth in **Section 6.09**.

"**Company Fundamental Representations**" means, with respect to any Company, the representations and warranties of such Company set forth in **Sections 3.01** (Organization and Qualification); **3.02** (Authority; Approval); **3.07** (Capitalization); **3.08** (Subsidiaries); **3.09** (Brokers); **3.25(a)** and **(b)** (Representations With Respect to FC); and **3.28** (Disclaimer of Reliance).

"**Company Intellectual Property**" has the meaning set forth in **Section 3.16**.

"**Company Leases**" has the meaning set forth in **Section 3.14(a)**.

"**Company Material Contracts**" has the meaning set forth in **Section 3.17(a)**.

"**Company Mergers**" has the meaning set forth in the Recitals.

"**Company Permits**" has the meaning set forth in **Section 3.12(a)**.

"**Company Real Property**" has the meaning set forth in **Section 3.14(a)**.

"**Company Related Party Transaction**" has the meaning set forth in **Section 3.21**.

"**Company Subsidiaries**" means the Subsidiaries of any Company.

"**Compliance Period**" means the period of time (a) beginning on, as applicable, (i) January 1, 2018, (ii) with respect to any Verano Subsidiary or any Company Subsidiary, the date on which such Person became a Verano Subsidiary or Company Subsidiary, as applicable, if such date was after January 1, 2018, and (iii) with respect to any properties or assets, the date on which such properties or assets were acquired by Verano, any Verano Subsidiary, any Company or any Company Subsidiary, as applicable, if such date was after January 1, 2018, and (b) ending as of the Closing.

"**Consideration Spreadsheet**" has the meaning set forth in **Section 2.14(a)**.

"**Contracts**" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"**Contractual Representations"** means a representation or warranty made by a Company in **Article III,** by Verano in **Article IV**, and by a Company or Verano, as applicable, in any Ancillary Document, the definitive executed documents of the Financing, or in any information provided by or on behalf of such party in accordance with **Section 5.05** that constitutes Circular Information or Listing Information.

"**Convertible Note**" has the meaning set forth in **Section 2.01(f)**.

"**CSE**" has the meaning set forth in the Recitals.

"**CSE Rules**" means the rules, policies, and notices of the CSE, as may be amended or supplemented from time to time.

"**Current Assets**" means, with respect to any Company, accounts receivable, nonrefundable deposits, inventory and prepaid expenses, but excluding (a) for the sake of clarity, all Cash, (b) any and all biological assets, (c) the portion of any prepaid expense of which such Company or PubCo will not receive the benefit following the Closing, (d) deferred Tax assets, (e) receivables from such Company's Affiliates, managers, directors, employees, officers or Members and any of their respective Affiliates and (f) obsolete, damaged, defective, contaminated or slow-moving items of inventory, in each case determined in accordance with IFRS, applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of such Company's IFRS Financial Statements for the most recent fiscal year end as if such accounts were being prepared and audited as of a fiscal year end.

"**Current Liabilities**" means, with respect to any Company, accounts payable, accrued Taxes, accrued expenses and notes and payables to any Members, officers, managers or employees of such Company or any of their respective Affiliates, but excluding (a) payables to any other Company, (b) deferred Tax liabilities, (c) Transaction Expenses and (d) the current portion of any Indebtedness of such Company, in each case determined in accordance with IFRS, applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of such Company's IFRS Financial Statements for the most recent fiscal year end as if such accounts were being prepared and audited as of a fiscal year end.

"**Derivative Securities**" means, with respect to any Person, (a) equity awards under any employee benefit plan and (b) warrants, convertible securities or other rights, Contracts, arrangements or commitments of any character relating to the capital stock or other ownership interests of such Person or obligating such Person to issue or sell any shares of capital stock or other ownership interests such Person.

"**Disclosing Party**" has the meaning set forth in **Section 5.06(a)**.

"**Disclosure Schedules**" means individually and collectively, the disclosure schedules to this Agreement delivered by the Companies and the disclosure schedules to this Agreement delivered by Verano, in each case concurrently with the execution and delivery of this Agreement, as such disclosure schedules may be updated and supplemented as provided in **Section 5.06**.

"**DLLCA**" has the meaning set forth in the Recitals.

"**Dollars or $**" means the lawful currency of the United States.

"**Effective Time**" has the meaning set forth in **Section 2.04**.

"**Encumbrance**" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"**Exchange Agent**" has the meaning set forth in **Section 2.09(b)**.

"**Exchange Agreements**" has the meaning set forth in **Section 2.01(b)**.

"**Exchanges**" has the meaning set forth in **Section 2.01(b)**.

"**FC**" has the meaning set forth in **Section 3.25(a)**.

"**FC Permits**" has the meaning set forth in **Section 3.25(c)**.

"**Federal Cannabis Laws**" means any U.S. federal laws, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing.

"**Financing**" has the meaning set forth in **Section 5.04(a)**.

"**Fraud**" means common law fraud under Delaware law with a specific intent to deceive, by Verano or a Company based on a Contractual Representation of such party; *provided that* at the time such representation was made (a) such representation was materially inaccurate, (b) such party (inclusive of its "Knowledge" parties) had actual knowledge (and not imputed or constructive knowledge) of the material inaccuracy of such representation, (c) such party had the specific intent to deceive another Person with such representation, and (d) the other Person acted in reliance on such inaccurate representation and suffered financial injury as a result of such material inaccuracy. For the avoidance of doubt, "Fraud" does not include any claim for equitable fraud, promissory fraud, unfair dealings fraud, or any torts (including a claim for fraud) based on negligence or recklessness.

"**FRLLCA**" has the meaning set forth in the Recitals.

"**GAAP**" means United States generally accepted accounting principles in effect from time to time.

"**Governing Documents**" means, with respect to any Person, such Person's articles of incorporation, certificate of formation, charter, bylaws, operating agreement, partnership agreement, stockholders or membership agreement, or equivalent organizational or governing documents, as applicable.

"**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

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

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

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

"**IFRS Financial Statements**" has the meaning set forth in **Section 5.05(d)(ii)**.

"**Indebtedness**" means, without duplication and with respect to any Person, such Person together with its Subsidiaries, the aggregate of both the current and long term portions of: (a) the principal, accrued and unpaid interest, prepayment premiums or penalties (if any) in respect of (i) indebtedness for borrowed money, whether current, short-term or long-term and whether secured or unsecured, and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment; (b) all obligations for the deferred purchase price of property or services, under conditional sales contracts, any title retention agreement or under any asset or equity purchase agreement; (c) all reimbursement obligations of such Person on any letter of credit or banker's acceptance; (d) all obligations of the type referred to in clauses (a) through (c) for the payment of which such Person is liable as borrower, obligor, guarantor, or surety, including guarantees of such obligations (including under any "keep well" or similar arrangement), or such obligations that are secured by any Encumbrance upon any property or asset owned by such Person; (e) all amounts borrowed under any revolving credit card accounts; (f) any off balance sheet financing (but excluding all leases properly recorded under IFRS as operating leases); (g) the net cost of unwinding or terminating any interest rate, currency or other hedging agreements; (h) any earnout or other such similar contingent payment liabilities; (i) any liabilities or obligations to current or former holders of equity securities in respect of dividends or other distributions; (j) all amounts due under any future derivative, hedge, swap, collar, put, call, forward purchase or sale transaction, fixed price contract or similar arrangement; (k) any past due accounts payable; (l) negative cash and all outstanding checks and issued but uncleared drafts; (m) any amounts paid by third-parties to such Person and required to be paid to customers, whether or not due; (n) any amounts earned by or accrued with respect to employees, whether or not due, including with respect to benefits, severance or compensation, including incentive compensation (including any portion of employee or payroll Taxes associated with such amounts) but excluding any severance or other compensation due to managers or officers who are required to resign pursuant to **Section 5.07**; and (o) any accrued and unpaid interest on, and any prepayment premiums, penalties, prepayment penalties, expenses, fees or similar contractual charges in respect of, any of the foregoing obligations. Notwithstanding the foregoing, the term "Indebtedness," when used to determine Closing Consideration, shall not include (i) any Current Liabilities, or (ii) any Transaction Expenses.

"**Independent Accountant**" means an impartial nationally recognized firm of independent certified public accountants mutually agreed to by Verano and Member Representative.

"**Intellectual Property**" means any and all of the following in any jurisdiction throughout the world: (a) trademarks and service marks, including all applications and registrations and the goodwill connected with the use of and symbolized by the foregoing; (b) copyrights, including all applications and registrations related to the foregoing; (c) trade secrets and confidential know-how; (d) patents and patent applications; (e) internet domain name registrations; and (f) other intellectual property and related proprietary rights, interests and protections.

"**Intended U.S. Tax Treatment**" has the meaning set forth in **Section 2.15**.

"ITA" means the *Income Tax Act, R.S.C. 1985, c. 1 (5th Supplement)*.

"**Key Employee**" has the meaning set forth in **Section 5.01(d)**.

"**Knowledge**" means, (a) when used with respect to Verano, the actual knowledge of any of George Archos, Sam Dorf, Brian Ward or Darren Weiss, (b) when used with respect to AME, the actual knowledge of any of Michael Smullen, Tom Deschamps or Bill Petron, and (c) when used with respect to POR and RVC, the actual knowledge of any of John Tipton or Dave Proffitt.

"**Latest Balance Sheet**" means (a) with respect to AME, the unaudited consolidated balance sheet of AME as of September 30, 2020, (b) with respect to POR and RVC, the unaudited combined and consolidated balance sheet of such Companies as of September 30, 2020, and (c) with respect to Verano, the unaudited consolidated and consolidating balance sheet of Verano as of September 30, 2020.

"**Law**" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

"**Letter of Transmittal**" has the meaning set forth in **Section 2.09(c)**.

"**Listing Application Documents**" means all forms and other documents (other than the Listing Statement) required to be submitted to the CSE in connection with the listing of the subordinate voting shares of the Resulting Issuer on the CSE.

"**Listing Information**" has the meaning set forth in **Section 5.05(b)**.

"**Listing Price**" means the price ascribed to the subordinate voting shares of the Resulting Issuer in the Financing, converted from Canadian dollars to U.S. dollars (if applicable) using the exchange rate as of such time as published by the Bank of Canada.

"**Listing Statement**" means Form 2A: Listing Statement of the CSE, as such document may be amended or supplemented from time to time.

"**Lock-Up Acknowledgements**" has the meaning set forth in **Section 2.03(a)(i)**.

"Locked-Up Shares" has the meaning set forth in **Section 5.15(a)**.

"Majority Members" has the meaning set forth in **Section 9.02(b)**.

"Material Adverse Effect" means, with respect to Verano, any Company or solely with respect to **Section 5.15**, PubCo, as applicable, any effect, change, event or circumstance that, individually or together with any other effects, changes events or circumstances, is, has been, or could reasonably be expected to be materially adverse to the Verano Business, the AME Business or solely with respect to **Section 5.15**, the combined Verano Business and AME Business, as applicable, or the assets and properties, condition (financial or otherwise), liabilities, operating results, operations or business of such Person and its Subsidiaries, taken a whole; *provided*, *howeve*r, that any effect resulting or arising from any of the following will not be considered when determining whether a Material Adverse Effect has occurred: (a) any fact, event, series of events, change, effect or circumstance resulting from or relating to changes in U.S. economic or financial conditions generally; (b) any fact, event, series of events, change, effect or circumstance that affects the industry of such Person in its states of operations, generally; (c) any national or international political or social conditions, pandemics (including the global pandemic caused by COVID-19), including the engagement by the United States in hostilities or the escalation thereof, whether or not pursuant to the declaration of a national emergency or war, or the occurrence or the escalation of any military or terrorist attack upon the United States or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States; (d) any action required or permitted by this Agreement (*provided that* this clause (d) shall not exclude the effect of any action taken (or omitted to be taken) in the ordinary course of business) or any action taken (or omitted to be taken) with the written consent of or at the written request of Verano, with respect to any Company, and any Company, with respect to Verano; (e) any changes after the date of this Agreement in applicable Laws or accounting rules, including GAAP or IFRS; or (f) the public announcement or disclosure of the transactions contemplated by this Agreement and the Ancillary Documents (but solely as such announcement or disclosure relates to (i) with respect to any Company, the identity of Verano, PubCo or any of their Affiliates, and (ii) with respect to Verano, the identity of any Company or any of their Affiliates); *provided*, *however*, in the case of each of the foregoing clauses (a), (b), (c) and (e), that such event (1) does not disproportionately affect such Person relative to other Persons (excluding, with respect to any Company, any other Company) engaged in the same industry, and (2) does not prevent or materially delay, and cannot reasonably be expected to prevent or materially delay, the consummation of the transactions contemplated hereby.

"Member" means a holder of Member Interests.

"Member Interest" means a member interest in any Company.

"Member Representative" has the meaning set forth in the Preamble.

"Merger Consideration" has the meaning set forth in **Section 2.01(c)**.

"Merger Consideration Statement" has the meaning set forth in **Section 2.13(a)**.

"Merger Sub 1" has the meaning set forth in the Recitals.

"Merger Sub 2" has the meaning set forth in the Recitals.

"**Merger Sub 3**" has the meaning set forth in the Recitals.

"**Merger Sub 4**" has the meaning set forth in the Recitals.

"New Member Interests" has the meaning set forth in **Section 2.09(a)**.

"**Outside Date**" means March 15, 2021; *provided*, *however*, that if there is a "second request" under the HSR Act, such date automatically shall be extended to allow for the expiration or termination of the applicable waiting periods, or the receipt of required authorizations, as applicable, under the HSR Act, and to permit the Closing to occur within a reasonable period of time thereafter, subject to the terms and conditions of this Agreement.

"**Partnership Tax Audit Rules**" means Code Sections 6221 through 6241, as amended by the *U.S. Bipartisan Budget Act of 2015*, together with any guidance issued thereunder or successor provisions and any similar provision of state or local Tax Laws.

"**Payment Due Date**" has the meaning set forth in **Section 2.01(e)(iii)**.

"**Permits**" has the meaning set forth in **Section 3.12(a).**

"**Permitted Encumbrances**" means, with respect to Verano, any Verano Subsidiary, any Company or any Company Subsidiary, each of the following: (a) Encumbrances for taxes not yet due and payable or being contested in good faith by appropriate procedures; (b) mechanics, carriers', workmen's, repairmen's or other like Encumbrances arising or incurred in the ordinary course of business; (c) easements, rights of way, zoning ordinances and other similar encumbrances affecting real property; and (d) other imperfections of title or encumbrance, if any, that do not and would not reasonably be expected to, interfere with the ownership or use (including pursuant to any right to use) of the relevant title, right or property; provided in all events the term "Permitted Encumbrances" shall not include any Encumbrance that secures the payment of any money, including all mechanics' Encumbrances, mortgages, deeds of trust, and judgment Encumbrances.

"**Permitted Tax Distributions**" has the meaning set forth in **Section 6.06**.

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"**Plan of Arrangement**" has the meaning set forth in the Recitals. "**POR**" has the meaning set forth in the Preamble.

"**POR Holdings**" means POR Holdings, LLC, a limited liability company organized under the laws of Florida which has elected for U.S. federal income tax purposes to be classified as a "small business corporation" or "S corporation" within the meaning of Code Section 1361(a)(1).

"POR Holdings Reorganization" has the meaning set forth in **Section 2.15**.

"**POR Merger**" has the meaning set forth in the Recitals.

"**Post-Closing Tax Period**" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

"**Pre-Closing Tax Period**" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

"**Pre-Closing Taxes**" means Taxes of any Company for any Pre-Closing Tax Period.

"**Pro Rata Share**" means, with respect to any Member, such Person's percentage ownership interest (represented by Member Interests as of immediately prior to the Effective Time) in each of the Companies, as set forth on **Schedule 3.07(a)** and the Consideration Spreadsheet.

"**PubCo**" has the meaning set forth in the Recitals.

"**PubCo Circular**" means the notice of the meeting of PubCo to be held to consider the approval of, among other matters, the Plan of Arrangement and the transactions contemplated thereby, including the Arrangement, the Verano Merger and the Combination, and the accompanying management information circular, together with any amendments thereto or supplements thereof.

"**Receiving Party**" has the meaning set forth in **Section 5.06(a)**.

"**Regulator**" has the meaning set forth in **Section 9.17**.

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

"**Representative Losses**" has the meaning set forth in **Section 9.02(c)**.

"**Resulting Issuer**" has the meaning set forth in the Recitals.

"**Rolled Shares**" has the meaning set forth in **Section 2.01(b)**.

"**Rollover Securities**" has the meaning set forth in **Section 2.01(b)**.

"**RVC**" has the meaning set forth in the Preamble.

"**RVC Merger**" has the meaning set forth in the Recitals.

"**Share Consideration**" has the meaning set forth in **Section 2.01(c)(ii).**

"**Straddle Period**" has the meaning set forth in **Section 6.03(a)Section 6.03(b)**.

"**Subsidiary**" or "**Subsidiaries**" means, with respect to any Person, a corporation, partnership, limited liability company, or other business entity of which (a) a majority of the voting equity securities is beneficially owned by such Person, (b) the management of which is otherwise controlled, directly or indirectly, by such Person or (c) a purchase option with respect to a majority of the voting equity securities or all or substantially all of the assets is held by such Person.

"**Surviving Entity**" has the meaning set forth in **Section 2.01(a)**.

"**Target Working Capital**" means (a) with respect to AME, $1,193,383, (b) with respect to POR, $32,381,612, and (c) with respect to RVC, ($8,290), a negative number.

"**Tax Return**" means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"**Taxes**" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"**Transaction Expenses**" means, for each Company and to the extent unpaid, all fees and expenses incurred by such Company and any of its Affiliates (other than another Company) at or prior to the Closing in connection with the preparation, negotiation and execution of this Agreement and the Ancillary Documents, and the performance and consummation of the Company Mergers and the other transactions contemplated hereby and thereby, but excluding the Broker Fees.

"**Transfer Consent**" has the meaning set forth in **Section 5.09(f).**

"**U.S.**" means the United States of America and its territories.

"**Verano**" has the meaning set forth in the Preamble.

"**Verano Bank Accounts**" has the meaning set forth in **Section 4.22**.

"**Verano Benefit Plan**" has the meaning set forth in **Section 4.19(c)**.

"**Verano Board**" has the meaning set forth in the Recitals.

"**Verano Business**" has the meaning set forth in the Recitals.

"**Verano Exchanges**" means, individually and collectively, (a) with respect to Verano Subsidiaries that are not wholly-owned by Verano, the transfer and assignment to PubCo of the ownership interests therein that are not owned by Verano in exchange for proportionate voting shares and subordinate voting shares of PubCo, and (b) with respect to members of Verano that are entities formed in a state of the United States and owned by Persons who are not residents of the United States, the transfer and assignment to PubCo of the ownership interests of such members of Verano in exchange for subordinate voting shares, which Verano Exchanges shall occur prior to the effectiveness of the Verano Merger and will be part of the Combination.

"**Verano Financial Statements**" has the meaning set forth in **Section 4.06(a)**.

"**Verano FIRPTA Statements**" has the meaning set forth in **Section 6.09**.

"**Verano Fundamental Representations**" means the representations and warranties of Verano set forth in **Sections 4.01** (Organization and Qualification); **4.02** (Authority; Approval); **4.07** (Capitalization); **4.08** (Subsidiaries); **4.09** (Brokers); and **4.26** (Disclaimer of Reliance).

"**Verano Intellectual Property**" has the meaning set forth in **Section 4.16**.

"**Verano Leases**" has the meaning set forth in **Section 4.14(a)**.

"**Verano Material Contracts**" has the meaning set forth in **Section 4.17(a)**.

"**Verano Merger**" has the meaning set forth in the Recitals.

"**Verano Merger Shares**" means the aggregate number of shares of PubCo consisting of proportionate voting shares, on an as-converted to subordinate voting share basis, and subordinate voting shares (a) issued to members of Verano in the Verano Merger, (b) issued in the Verano Exchanges, and (c) issued to sellers in acquisitions described on **Schedule I** that will be consummated by Verano or a Verano Subsidiary.

"**Verano Permits**" has the meaning set forth in **Section 4.12(a)**.

"**Verano Real Property**" has the meaning set forth in **Section 4.14(a)**.

"**Verano Related Party Transaction**" has the meaning set forth in **Section 4.21**.

"**Verano Subsidiaries**" means the Subsidiaries of Verano prior to the Closing Date.

"**Verano Tax Election**" has the meaning set forth in **Section 4.15(a)**.

"**Working Capital Adjustment**" means for each Company, (a) if the Closing Working Capital is in excess of the Target Working Capital, such excess amount; *provided, however*, that if such Closing Working Capital is less than or equal to 125% of the Target Working Capital, the Working Capital Adjustment shall be deemed to be $0; (b) if the Closing Working Capital is less than the Target Working Capital, the absolute value of such deficiency; *provided, however*, that if such Closing Working Capital is greater than or equal to 75% of the Target Working Capital, the Working Capital Adjustment shall be deemed to be $0; or (c) if the Closing Working Capital is equal to the Target Working Capital, $0.

"**Working Capital Loan**" has the meaning set forth in **Section 5.11**.

ARTICLE II
THE MERGERS

Section 2.01 The Mergers.

(a) On the terms and subject to the conditions set forth in this Agreement:

(i) On the Closing Date but prior to the Effective Time of any Company Merger, Merger Sub 1 will merge with and into Verano, and the separate corporate existence of Merger Sub 1 will cease and Verano will continue its existence under the DLLCA as the surviving entity in the Verano Merger;

(ii) On the Closing Date after the effectiveness of the Verano Merger, Merger Sub 2 will merge with and into AME, and the separate corporate existence of Merger Sub 2 will cease and AME will continue its existence under the FRLLCA as the surviving entity in the AME Merger;

(iii) On the Closing Date after the effectiveness of the AME Merger, Merger Sub 3 will merge with and into POR, and the separate corporate existence of Merger Sub 3 will cease and POR will continue its existence under the FRLLCA as the surviving entity in the POR Merger; and

(iv) On the Closing Date after the effectiveness of the POR Merger, Merger Sub 4 will merge with and into RVC, and the separate corporate existence of Merger Sub 4 will cease and RVC will continue its existence under the FRLLCA as the surviving entity in the RVC Merger.

As used in this Agreement, each of AME, POR and RVC may be referred to as the "**Surviving Entity**" as such Company continues its existence after giving effect to its respective Company Merger as set forth above.

(b) Prior to the Closing Date, (i) each of the Canadian Members of AME set forth on **Schedule 2.01(b)** may, at their option, enter into exchange agreements with PubCo and AME pursuant to which such Canadian Members agree to exchange and transfer their Member Interests in AME, free and clear of all Encumbrances, to PubCo in exchange for a portion of the Merger Consideration as set forth on **Schedule 2.01(b)** and the Consideration Spreadsheet; and (ii) POR Holdings may, at its option, enter into an exchange agreement with PubCo and POR pursuant to which POR Holdings agrees to exchange and transfer its Member Interests in POR, free and clear of all Encumbrances, to PubCo in exchange for a portion of the Merger Consideration as set forth on **Schedule 2.01(b)** and the Consideration Spreadsheet. Such exchange agreements between PubCo and such Members (collectively, the "**Exchange Agreements**") shall contain representations, warranties and covenants consistent with the scope and content of the applicable terms and conditions of this Agreement, and shall provide that the Member Interests being sold by a Member pursuant to an Exchange Agreement (the "**Rolled Shares**") are being sold and exchanged in part in return for the issuance by PubCo of the Merger Consideration consisting of shares in the capital stock of PubCo (the "**Rollover Securities**") and that, if desired by such Member who is a Canadian Member and if applicable, section 85 of the ITA and the equivalent or corresponding provisions of any applicable provincial or territorial statute shall apply to the exchange of such Rolled Shares for the Rollover Securities. Verano shall use commercially reasonable efforts to facilitate the timely preparation and execution of the Exchange Agreements and to cooperate with the parties thereto. The consummation of such equity exchanges and transfers pursuant to the Exchange Agreements (the "**Exchanges**") must occur prior to the Effective Time of the AME Merger and the POR Merger, as applicable, otherwise such Exchange Agreements shall be null and void and the applicable Member Interests of AME shall be included in and be part of the AME Merger and the applicable Member Interests of POR shall be included in and be part of the POR Merger. No party to an Exchange Agreement may amend, modify or waive any provision thereof without the prior written consent of Verano, which consent shall not be unreasonably withheld, conditioned or delayed. At the request of each such Canadian Member entering into an Exchange Agreement that desires that section 85 of the ITA be so applicable, PubCo and such Canadian Member shall covenant and agree, as applicable, to execute and deliver in a timely manner an election and any amended election pursuant to section 85 of the ITA and the equivalent or corresponding provisions of any applicable provincial or territorial statute in respect of the transfers contemplated by the Exchange Agreement at such elected amount requested by such Canadian Member, subject to the limitations set forth in the ITA and the equivalent or corresponding provisions of any applicable provincial or territorial statute, and to otherwise cooperate in such regard with the intention that the election will result in the disposition of such Rolled Shares on a wholly or partially tax-deferred basis to such Canadian Member.

(c) The consideration to be paid for all of the Member Interests to be acquired pursuant to the Company Mergers and the Exchanges shall consist of an aggregate amount equal to (the "**Merger Consideration**"):

(i) $35,000,000 in cash (the "**Cash Consideration**"); and

(ii) the number of proportionate voting shares of PubCo, on an as-converted to subordinate voting share basis, and subordinate voting shares of PubCo (in such proportions as provided for herein and as set forth on the Consideration Spreadsheet) having an aggregate dollar value equal to (such aggregate dollar value of PubCo shares, the "**Share Consideration**"):

(1) the difference between (A) the quotient of the value of the Verano Merger Shares (calculated by multiplying the number of such shares by the Listing Price) divided by 0.770495, minus (B) the value of the Verano Merger Shares (calculated by multiplying the number of such shares by the Listing Price),

(2) plus (in the case of an excess) or minus (in the case of a deficiency) the aggregate amount of the Working Capital Adjustments for all Companies,

(3) minus (in the case of a positive amount) or plus (in the case of a negative amount) the aggregate amount of Closing Net Indebtedness for all Companies,

(4) minus the aggregate amount of Transaction Expenses for all Companies.

(d) The Share Consideration shall be comprised of an aggregate number of PubCo shares (on an as-converted to subordinate voting share basis) equal to the quotient of (i) the Share Consideration, divided by (ii) the Listing Price. Such shares of PubCo comprising the Share Consideration shall consist of both proportionate voting shares, calculated on an as converted to subordinate voting share basis, and subordinate voting shares, each in such class amounts as are in parity with the proportionate voting shares, calculated on an as converted to subordinate voting share basis, and subordinate voting shares of PubCo that are issued in the Verano Merger. The shares of PubCo to be issued in consideration of the Broker Fees shall be issued to the Persons set forth on **Schedule 3.09** and shall reduce the amount of shares of PubCo comprising the Share Consideration otherwise issuable in the Company Mergers and the Exchange, and will be reflected on the Consideration Spreadsheet. Such shares of PubCo issued in satisfaction of the Broker Fee shall not be deemed part of the Share Consideration issued in the Company Mergers or the Exchanges.

(e) All payments of the Cash Consideration shall be made by wire transfer of immediately available funds to the Exchange Agent, for distribution in accordance with the Consideration Spreadsheet, as follows:

(i) $20,000,000 of the Cash Consideration shall be payable on the Closing Date;

(ii) $10,000,000 of the Cash Consideration shall be payable on the six-month anniversary of the Closing Date; and

(iii) $5,000,000 of the Cash Consideration shall be payable on the 12-month anniversary of the Closing Date (each such six-month and 12-month anniversary date, a "**Payment Due Date**").

(f) At the Closing, Verano shall cause PubCo to issue to each Member entitled to receive Cash Consideration an unsecured, interest free, convertible promissory note with a principal amount equal to the portion of the Cash Consideration payable to such Member after the Closing, which shall be payable on the Payment Due Dates in the proportionate amounts set forth on **Schedule 2.08(b)** (each, a "**Convertible Note**"). Each Convertible Note shall provide that, at the option of the holder thereof, if all or any portion of the principal amount thereof that is due on a Payment Due Date is not timely paid, then such past due principal amount may be converted into subordinate voting shares and proportionate voting shares, based on an as-converted basis to subordinate voting shares, in the same proportion as the subordinate voting shares and proportionate voting shares of PubCo issued to Members at the Closing as set forth in the Consideration Spreadsheet; *provided that* the holder of the Convertible Note must exercise such conversion option in writing as provided in the Convertible Note no later than three Business Days after the applicable Payment Due Date. The number of shares issued upon conversion of such unpaid principal amount of a Convertible Note shall be based on the closing price of the subordinate voting shares of PubCo at the close of trading on the CSE on the trading day immediately preceding the date of the share issuances, which share issuances shall occur within three Business Days after receipt of such conversion notice. At the time of the conversion exercise, the holder must deliver a Lock-Up Acknowledgment with respect to such proportionate voting shares and subordinate voting shares issued pursuant to its Convertible Note.

(g) The parties hereto acknowledge and agree that, in accordance with the Plan of Arrangement, all of the shares of capital stock of PubCo, including those issued to Members in the Company Mergers and to Members in the Exchanges as set forth on **Schedule 2.08(b)**, shall be exchanged for the same number and class of shares of capital stock of the Resulting Issuer. For purposes of this Agreement, references to PubCo in the context of any point in time following the completion of the amalgamation of PubCo with BC Newco pursuant to the Arrangement and effectiveness of the Combination shall be deemed to refer to the Resulting Issuer.

Section 2.02 Closing. Subject to the terms and conditions of this Agreement, the consummation of the Company Mergers (the "**Closing**") shall take place on the same Business Day as the effective date of the Arrangement and the Combination and after the last of the conditions to Closing set forth in **Article VII** have been satisfied or waived (other than conditions which, by their nature, are to be satisfied at the Closing), and at the time and place as the Companies and Verano may mutually agree upon in writing (the day on which the Closing takes place being the "**Closing Date**").

Section 2.03 Closing Deliverables.

(a) At or prior to the Closing, the Companies shall deliver (or cause to be delivered as may be specified herein) to Verano the following:

(i) lock-up acknowledgements, each substantially in the form attached as **Exhibit A** (each, a "**Lock-Up Acknowledgement**"), that cover at least 75% of all of the Share Consideration to be issued in the Company Mergers and the Exchanges, duly executed by the Persons receiving such Share Consideration;

(ii) resignations of certain managers and officers of each Company pursuant to **Section 5.07**;

(iii) a certificate, dated as of the Closing Date and signed by duly authorized officers of each Company, that each of the conditions set forth in **Section 7.02(a)** and **Section 7.02(b)** have been satisfied;

(iv) a certificate of the Secretary (or equivalent officer) of each Company certifying (1) that attached thereto are true and complete copies of all resolutions adopted by the applicable Company Board approving the execution and delivery of this Agreement and each Ancillary Document to which such Company is a party, and the performance by such Company and its Company Subsidiaries of their respective obligations under this Agreement and such Ancillary Documents (subject to approval of a majority of the Members of each Company), (2) that attached thereto are true and complete copies of resolutions adopted by a majority of the Members of each Company approving the execution and delivery of this Agreement and each Ancillary Document to which such Company is a party, and the performance by such Company and its Company Subsidiaries of their respective obligations under this Agreement and such Ancillary Documents, (3) that all such resolutions referenced in clauses (1) and (2) are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby, and (4) the names and signatures of the officers of such Company authorized to sign this Agreement, the Ancillary Documents and the other documents to be delivered hereunder and thereunder to which such Company is a party;

(v) a good standing certificate (or its equivalent) for each Company from the secretary of state or similar Governmental Authority of the jurisdiction under the Laws in which such Company is formed;

(vi) the Company FIRPTA Statements; and

(vii) such other documents or instruments as Verano reasonably requests prior to the Closing Date and that are reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) At the Closing, Verano shall deliver (or cause to be delivered by PubCo or such other Person as may be specified herein) to the Companies (or such other Person as may be specified herein) the following:

(i) to the Exchange Agent, the aggregate Closing Consideration payable and issuable in the Company Mergers and in the Exchanges;

(ii) Convertible Notes duly executed and payable to the Members as set forth in the Consideration Spreadsheet;

(iii) payment to third parties by wire transfer of immediately available funds that amount of money due and owing from the Companies to such third parties as Transaction Expenses, as set forth on the Merger Consideration Statement;

(iv) payment to holders of outstanding Indebtedness , if any, by wire transfer of immediately available funds, that amount of money due and owing from any Company to such holder of outstanding Indebtedness, as set forth on the Merger Consideration Statement;

(v) the issuance of shares of PubCo as payment for the Broker Fees as set forth on **Schedule 3.09** and the Consideration Spreadsheet;

(vi) a certificate, dated as of the Closing Date and signed by duly authorized officers of Verano, that each of the conditions set forth in **Section 7.03(a)** and **Section 7.03(b)** have been satisfied;

(vii) a certificate of the Secretary (or equivalent officer) of Verano certifying (1) that attached thereto are true and complete copies of all resolutions adopted by the Verano Board approving the execution and delivery of this Agreement and each Ancillary Document to which Verano is a party, and the performance by Verano and the Verano Subsidiaries of their respective obligations under this Agreement and such Ancillary Documents, (2) that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated by this Agreement, and (3) the names and signatures of the officers of Verano authorized to sign this Agreement, the Ancillary Documents and the other documents to be delivered hereunder and thereunder;

(viii) the Verano FIRPTA Statements;

(ix) lock-up agreements duly executed by or on behalf of the Persons receiving Verano Merger Shares containing the same transfer restrictions as set forth in the Lock-Up Acknowledgment and that cover at least a number of Verano Merger Shares equal to (1) 75% of all of the Verano Merger Shares, minus (2) all Verano Merger Shares subject to existing lock-up restrictions, in all cases as in effect on the date of this Agreement and that have been disclosed to Member Representative prior to the date hereof; and

(x) such other documents or instruments as the Companies reasonably request prior to the Closing Date that are reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 2.04 Effective Time. Subject to the provisions of this Agreement, on the Closing Date, each Company and Verano shall cause a certificate of merger for such Company's respective Company Merger (a "**Certificate of Merger**") to be executed, acknowledged and filed with the Secretary of State of the State of Florida in accordance with the relevant provisions of the FRLLCA and shall make all other filings or recordings required under the FRLLCA. Each Company Merger shall become effective at such time as the Certificate of Merger for such Company Merger has been duly filed with the Secretary of State of the State of Florida or at such later date or time as may be agreed by such Company and Verano in writing and specified in such Company's Certificate of Merger in accordance with the FRLLCA (the effective time of an applicable Company Merger being hereinafter referred to as the "**Effective Time**").

Section 2.05 Effects of the Company Mergers. The Company Mergers shall have the effects set forth herein and in the applicable provisions of the FRLLCA. Without limiting the generality of the foregoing, and subject thereto, from and after the Effective Time, (a) all property, rights, privileges, immunities, powers, franchises, licenses and authority of AME and Merger Sub 2 shall vest in AME as the Surviving Entity, and all debts, liabilities, obligations, restrictions and duties of AME and Merger Sub 2 shall become the debts, liabilities, obligations, restrictions and duties of AME as the Surviving Entity; (b) all property, rights, privileges, immunities, powers, franchises, licenses and authority of POR and Merger Sub 3 shall vest in POR as the Surviving Entity, and all debts, liabilities, obligations, restrictions and duties of POR and Merger Sub 3 shall become the debts, liabilities, obligations, restrictions and duties of POR as the Surviving Entity; and (c) all property, rights, privileges, immunities, powers, franchises, licenses and authority of RVC and Merger Sub 4 shall vest in RVC as the Surviving Entity, and all debts, liabilities, obligations, restrictions and duties of RVC and Merger Sub 4 shall become the debts, liabilities, obligations, restrictions and duties of RVC as the Surviving Entity.

Section 2.06 Governing Documents. At the Effective Time, (a) the articles of organization and limited liability company operating agreement of Merger Sub 2 as in effect immediately prior to the Effective Time shall be the articles and organization and limited liability company operating agreement, respectively, of AME as the Surviving Entity until thereafter amended in accordance with the terms thereof or as provided by applicable Law; (b) the articles of organization and limited liability company operating agreement of Merger Sub 3 as in effect immediately prior to the Effective Time shall be the articles and organization and limited liability company operating agreement, respectively, of POR as the Surviving Entity until thereafter amended in accordance with the terms thereof or as provided by applicable Law; and (c) the articles of organization and limited liability company operating agreement of Merger Sub 4 as in effect immediately prior to the Effective Time shall be the articles and organization and limited liability company operating agreement, respectively, of RVC as the Surviving Entity until thereafter amended in accordance with the terms thereof or as provided by applicable Law.

Section 2.07 Managers and Officers. The managers and officers of each of AME, POR and RVC, as the Surviving Entities, shall, from and after the Effective Time, be the managers and officers as set forth on **Schedule 2.07** until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Governing Documents of such Surviving Entity.

Section 2.08 Effect of the Company Mergers on Member Interests. At the Effective Time for each Company Merger, and as a result of such Company Merger, without any action on the part of Verano, such Company, any of its Members or any other Person:

(a) Exclusion of Certain Member Interests. Member Interests that are owned by Verano, PubCo or any Company or any of their respective direct or indirect wholly owned subsidiaries (other than Merger Sub 2, Merger Sub 3 or Merger Sub 4) immediately prior to the Effective Time of each respective Company Merger shall remain outstanding and be unaffected by the Company Merger, and no Merger Consideration shall be delivered in exchange therefor.

(b) Conversion of Member Interests. Each Member Interest issued and outstanding immediately prior to the Effective Time (other than Member Interests to be excluded and remain outstanding in accordance with **Section 2.08(a)**) shall be converted into the right to receive the Closing Per Member Interest Consideration, at the respective times and subject to the contingencies specified herein, as set forth on **Schedule 2.08(b)**.

(c) Conversion of Merger Subs' Member Interests. Each member interest of Merger Sub 2 issued and outstanding immediately prior to the Effective Time shall be converted into and become a newly issued member interest of AME, as the Surviving Entity. Each member interest of Merger Sub 3 issued and outstanding immediately prior to the Effective Time shall be converted into and become a newly issued member interest of POR, as the Surviving Entity. Each member interest of Merger Sub 4 issued and outstanding immediately prior to the Effective Time shall be converted into and become a newly issued member interest of RVC, as the Surviving Entity.

Section 2.09 Issuance of New Member Interests; Exchange and Payment.

(a) As a condition to the consummation of the Combination, PubCo must assume and take assignment from Verano of all obligations of Verano hereunder, including the payment of the Cash Consideration and issuance of the Share Consideration. In consideration for PubCo assuming and becoming obligated to pay the Cash Consideration and issue the Share Consideration, at the Effective Time each Surviving Entity and Verano will issue member interests (the "**New Member Interests**") to PubCo in consideration for PubCo assuming and becoming obligated to pay the Cash Consideration and issue the Share Consideration. The number of New Member Interests issued to PubCo by Verano will be equal to the number of PubCo shares issued as Share Consideration in connection with the corresponding Company Merger or Exchange. The fair market value of the Share Consideration issued by PubCo to acquire the Member Interests will be an amount equal to the fair market value of the New Member Interests (that is, an amount equal to the aggregate fair market value of all of the Member Interests outstanding immediately before the applicable Effective Times) less the amount of the Cash Consideration.

(b) Prior to the Effective Time, Verano shall appoint an exchange agent reasonably acceptable to each Company (the "**Exchange Agent**") to act as the exchange agent in the Company Mergers and the Exchange Agreements.

(c) As promptly as practicable prior to the Closing Date and in any event not later than three Business Days prior thereto, the Exchange Agent shall send to each Member a letter of transmittal (a "**Letter of Transmittal**") and instructions for use in effecting the exchange of Member Interests in each Company for the applicable portion of Merger Consideration pursuant to **Section 2.08(b)**. The Letter of Transmittal shall be in customary form used by the Exchange Agent in similar transactions and shall contain "accredited investor" (as defined by United States federal securities laws) and other customary representations and releases by the Member party thereto and shall otherwise be in form and substance mutually agreed to by the parties hereto and the Exchange Agent. The Exchange Agent shall, no later than the later of (i) one Business Day after the Closing Date or (ii) three Business Days after receipt of a Letter of Transmittal duly completed and validly executed in accordance with the instructions thereto, and any other customary documents that the Exchange Agent may reasonably require in connection therewith, pay to the applicable Member a portion of the Merger Consideration as provided in **Section 2.08(b)**. Unless otherwise provided herein, no interest shall be paid or shall accrue on the Merger Consideration, including the Cash Consideration or any portion thereof.

(d) If any portion of the Merger Consideration is to be paid to a Person other than the Person who is recorded on the applicable Company's books and record as the owner of the Member Interests, including in an Exchange, it shall be a condition to such payment that (i) such Member Interests shall be properly transferred in accordance with such Company's Governing Documents, and (ii) the Person requesting such payment shall pay to the Exchange Agent any transfer or other Tax required as a result of such payment to a Person other than the recorded owner of such Member Interests, or establish to the reasonable satisfaction of the Exchange Agent that such Tax has been paid or is not payable.

Section 2.10 No Further Ownership Rights in Member Interests. All Merger Consideration paid or payable upon the exchange of Member Interests in any Company in accordance with the terms of this Agreement or an Exchange Agreement shall be deemed to have been paid or payable in full satisfaction of all rights pertaining to such Member Interests. From and after the Effective Time, there shall be no further registration of transfers of Member Interests on the transfer books of any Surviving Entity.

Section 2.11 Changes in Member Interests. Without limiting the other provisions of this Agreement, if at any time during the period between the date of this Agreement and the Effective Time, any change in the outstanding Member Interests of any Company shall occur as allowed by this Agreement or otherwise consented to by Verano in its sole discretion, including by reason of any reclassification, recapitalization, split (including reverse split) or combination, exchange or readjustment, or any dividend or distribution paid in Member Interests, the Merger Consideration and any other amounts payable pursuant to this Agreement shall be appropriately adjusted to reflect such change, and the Companies shall deliver promptly (or cause to be delivered) to Verano an updated **Schedule 2.08(b)** adjusted to reflect such change.

Section 2.12 Withholding Rights. Each of the Exchange Agent, Merger Sub 1, Merger Sub 2, Merger Sub 3, Merger Sub 4 and PubCo and any of their respective Affiliates shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this **Article II** such amounts as may be required to be deducted and withheld with respect to the making of such payment under any provision of Tax Law; *provided that* any amounts which may be deducted and withheld from the consideration otherwise payable to any Person pursuant to this **Section 2.12** shall first be deducted and withheld from any Cash Consideration payable to such Person before any such amounts are deducted and withheld from any Share Consideration payable to such Person. To the extent that amounts are so deducted and withheld by the Exchange Agent, Merger Sub 1, Merger Sub 2, Merger Sub 3, Merger Sub 4 or PubCo or any of their respective Affiliates, as the case may be, such amounts shall be treated for all purposes of this Agreement and the Exchange Agreements as having been paid to the Person in respect of which the Exchange Agent, Merger Sub 1, Merger Sub 2, Merger Sub 3, Merger Sub 4 or PubCo or any of their respective Affiliates, as the case may be, made such deduction and withholding. The parties hereto shall reasonably cooperate, including the provision of information and any additionally necessary certificates or statements, to reduce or eliminate any applicable Tax withholding to the extent permitted by applicable Law.

Section 2.13 Adjustments to Merger Consideration.

(a) At least ten Business Days before the Closing Date, each Company shall prepare and deliver to Verano a statement, certified by the Chief Financial Officer and Chief Executive Officer of such Company, setting forth in reasonable detail (1) the Working Capital Adjustment for such Company, (2) the amount of Closing Net Indebtedness for such Company, including the Persons to whom such amounts are payable, (3) the amount of Transaction Expenses for such Company, including the Persons to whom such amounts are payable; and (4) such Company's calculation of the Cash Consideration and Share Consideration payable with respect to such Company's Members (and in respect of the Broker Fees) resulting therefrom, which statement shall contain an estimated balance sheet of such Company as of the Closing Date without giving effect to the transactions contemplated herein (each such statement, a "**Merger Consideration Statement**"). The Merger Consideration Statement shall contain the certification of the Chief Financial Officer and Chief Executive Officer of each such Company certifying that (i) the outside accountants of the Company participated in the preparation of, and reviewed, the Merger Consideration Statement, and (ii) the Merger Consideration Statement was prepared in accordance with IFRS, applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the IFRS Financial Statements of such Company for the most recent fiscal year end as if such Merger Consideration Statement was being prepared as of a fiscal year end.

(b) After receipt, Verano shall review the Merger Consideration Statements and Verano and its accountants shall have full access to the books and records of the Companies and the personnel of, and work papers prepared by, each Company or its accountants to the extent they relate to the Merger Consideration Statements and any historical information relating to such Merger Consideration Statements as Verano may reasonably request; *provided that* such access shall be in a manner that does not interfere with the normal business operations of such Company. Prior to four Business Days before the Closing Date, Verano may object to any Merger Consideration Statement by delivering to Member Representative a written statement setting forth its objections in reasonable detail, indicating each disputed item or amount and the basis for its disagreement therewith. If Verano timely delivers such an objection, Verano and Member Representative shall negotiate in good faith to resolve such objections prior to the Closing Date. If Verano and Member Representative fail to reach an agreement with respect to all of the matters set forth in the Merger Consideration Statements before the scheduled Closing Date, then the Closing Date may be delayed by either Verano or Member Representative until such time as the amounts remaining in dispute are resolved. If not objected to and accepted by Verano or when any disputed items therein are resolved, such Merger Consideration Statements, with such changes as may have been previously agreed in writing by Verano and Member Representative, shall be final and binding on the parties hereto and shall be used in determining the Share Consideration.

Section 2.14 Consideration Spreadsheet.

(a) Upon the finalization of the Merger Consideration Spreadsheets, Verano and Member Representative jointly shall prepare a spreadsheet (the "**Consideration Spreadsheet**"), which shall set forth, as of the Closing, the following:

(i) the names and addresses of all Members of the Companies and the number of Member Interests held by such Persons, including any Members participating in an Exchange;

(ii) detailed calculations of the Closing Consideration and Closing Per Member Interest Consideration;

(iii) the number and proportion of proportionate voting shares of PubCo (including on an as-converted to subordinate voting shares basis), and subordinate voting shares of PubCo to be issued in each Company Merger and in each Exchange;

(iv) each Person's share (both as a percentage interest and the interest in dollar terms) of the Merger Consideration, the Cash Consideration and the Share Consideration (in proportionate voting shares of PubCo and subordinate voting shares of PubCo), including with respect to payment of the Broker Fee; and

(v) for the Members receiving Cash Consideration, the principal amount of each such Member's Convertible Note.

(b) The parties agree that Verano and PubCo shall be entitled to conclusively rely on the Consideration Spreadsheet in making payments under **Article II**, and neither Verano nor PubCo shall be responsible for the calculations or the determinations regarding such calculations in such Consideration Spreadsheet.

Section 2.15 U.S. Tax Treatment. The parties hereto intend, and the Exchange Agreements shall provide, (a) that PubCo will be treated as a U.S. domestic corporation under Section 7874 of the Code; (b) that the Verano Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and the Treasury Regulations thereunder; (c) that the transfer by POR Holdings of its Member Interests of POR to PubCo in exchange for its portion of the Merger Consideration as set forth on **Schedule 2.01(b)** and the Consideration Spreadsheet and the liquidation of POR Holdings thereafter (together, the "**POR Holdings Reorganization**"), if effected, be treated as single integrated transaction qualifying as a reorganization within the meaning of Section 368(a) of the Code and the Treasury Regulations thereunder; (d) that the Verano Merger, and the Company Mergers, and, the POR Holdings Reorganization and any other Exchanges, each if effected, will be part of a series of transactions constituting a single integrated transaction qualifying as a tax-deferred transaction under Section 351 of the Code; and (d) this Agreement to be, and this Agreement is adopted as, a "plan of reorganization" under Section 368 of the Code and the Treasury Regulations thereunder (collectively, the "**Intended U.S. Tax Treatment**"). Each party hereto agrees not to take any position on any Tax Return or otherwise take any Tax reporting position inconsistent with the Intended U.S. Tax Treatment set forth in this **Section 2.15**, unless otherwise required by a "determination" within the meaning of Section 1313 of the Code that such treatment is not correct. Each party hereto agrees to act in a manner that is consistent with the Intended U.S. Tax Treatment. In the event the parties determine that the foregoing transactions may not qualify for the Intended U.S. Tax Treatment, the parties hereto will cooperate in restructuring such transactions to the extent reasonably possible, to cause such transactions to so qualify. Notwithstanding the foregoing, the parties hereto do not make any representation, warranty or covenant to the any other party hereto or to their equityholders (and, including without limitation, holders of any options, warrants, debt instruments or other similar rights or instruments) regarding the U.S. tax treatment of the Verano Merger, the Company Mergers, the Arrangement or any other transactions contemplated by this Agreement or ancillary to the Arrangement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE COMPANIES

Except as set forth in the correspondingly numbered Disclosure Schedule, each Company, severally and not jointly, represents and warrants to Verano that the statements contained in this **Article III** are true and correct with respect to such Company.

Section 3.01 Organization and Qualification. Such Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Florida. Such Company has all necessary limited liability company power and authority to own, lease and operate its properties, and to carry on its business as now conducted, except under Federal Cannabis Laws. Such Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of the AME Business as currently conducted, makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Material Adverse Effect.

Section 3.02 Authority; Approval.

(a) Such Company has all necessary limited liability company power and authority to execute and deliver this Agreement and the Ancillary Documents to which it is a party, and to consummate the transactions contemplated hereby and thereby, including the Combination and the applicable Company Merger, except under Federal Cannabis Laws. No further act or proceeding on the part of such Company, its Company Board or its Members is necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Documents to which such Company is a party. This Agreement and the Ancillary Documents to which such Company is a party have been (or will be at the Closing, as applicable) duly executed and delivered by such Company, and, assuming due authorization, execution and delivery by the other parties thereto, constitute (or will constitute at the Closing, as applicable) legal, valid and binding obligations of such Company, enforceable in accordance with their respective terms and conditions (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general equitable principles and Federal Cannabis Laws).

(b) Such Company's Company Board has (i) determined that this Agreement and the Ancillary Documents and the transactions contemplated hereby and thereby, including the Arrangement, the applicable Company Merger and the Combination, are in the best interests of such Company and its Members; and (ii) approved the execution and delivery of this Agreement and each Ancillary Document to which such Company is a party, and the performance by such Company and its Company Subsidiaries of their respective obligations under this Agreement and such Ancillary Documents (subject to approval of a majority of the Members of each Company), in each case in accordance with the FRLLCA and the Governing Documents of such Company. A majority of the Members of each Company have approved the execution and delivery of this Agreement and each Ancillary Document to which such Company is a party, and the performance by such Company and its respective Company Subsidiaries of their respective obligations under this Agreement and such Ancillary Documents, in accordance with the FRLLCA and the Governing Documents of such Company. With respect to each Company, no further approval of its Members or Company Board is required in connection with the execution, delivery and performance by such Company and its Subsidiaries of their obligations under this Agreement or the Ancillary Agreements of such Company.

Section 3.03 No Conflicts; Consents. Except as set forth on **Schedule 3.03**, neither the execution and the delivery by such Company of this Agreement and the Ancillary Documents to which it is a party, nor the consummation of the transactions contemplated hereby or thereby, including the Combination and the applicable Company Merger, (a) violate or conflict with any provisions of the Governing Documents of such Company or any of its Company Subsidiaries, (b) violate, conflict with or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under any provision of any Law or Governmental Order to which such Company or Company Subsidiary or any of their properties or assets are subject, except for Federal Cannabis Laws or (c) violate, conflict with or result in a breach of any provision of, constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, result in or create in any Person the right to, accelerate, terminate, modify or cancel, require any notice under, or result in the imposition or creation of a Encumbrance upon or with respect to any of the Member Interests or assets of such Company or Company Subsidiary, under any Contract, except, in the case of clauses (b) and (c), as would not have a Material Adverse Effect. Except as set forth on **Schedule 3.03**, no consent, approval, Permit, Governmental Order or authorization of, or registration, declaration or filing with, any Governmental Authority or other Person is required to be obtained or made by or on behalf of such Company or any of its Company Subsidiaries in connection with the execution and delivery of this Agreement and the Ancillary Documents to which it is a party or the consummation of the transactions contemplated hereby or thereby, except where the failure to obtain or make any of the foregoing would not have a Material Adverse Effect. Neither such Company nor any of its Company Subsidiaries has received any written or oral notice from any Governmental Authority indicating that such Governmental Authority would oppose or not promptly grant or issue its consent or approval, if requested, with respect to the transactions contemplated by this Agreement and the Ancillary Documents.

Section 3.04 Legal Proceedings. Except as set forth on **Schedule 3.04**, there is no Action or series of related Actions, whether written or oral, pending or, to such Company's Knowledge, threatened against, related to or affecting such Company or any of its Company Subsidiaries, or any of their managers, directors or officers (in each case in their capacities as such), at law or in equity by or before a third Person or a Governmental Authority (a) with respect to the transactions contemplated by this Agreement and the Ancillary Documents or (b) otherwise, except in the case of clause (b), as would not result in monetary damages in excess of $100,000 or have a Material Adverse Effect. Except as set forth on **Schedule 3.04**, such Company and each of its Company Subsidiaries has not received any notice of any accident, happening or event which is or has been caused or allegedly caused by, or otherwise involves, any services performed in connection with or on behalf of such Company or Company Subsidiary, in each case that is reasonably likely to result in or serve as a basis for a future Action or loss. Except as set forth on **Schedule 3.04**, such Company and each of its Company Subsidiaries is not subject to or bound by any settlement or conciliation agreement entered into during the Compliance Period. There are no Governmental Orders outstanding against or affecting such Company or any of its Company Subsidiaries, or against or affecting any manager, director, officer, employee, partner or equityholder of such Company or such Company Subsidiary.

Section 3.05 Compliance with Laws.

(a) Except for the Federal Cannabis Laws, such Company and each of its Company Subsidiaries has complied in all material respects during the Compliance Period, and is now complying in all material respects, with all Laws applicable to the AME Business or the properties or assets of such Company or Company Subsidiaries.

(b) The operations of such Company and each of its Company Subsidiaries are, and have been conducted during the Compliance Period, in compliance in all material respects with all financial recordkeeping and reporting requirements, the applicable anti-money laundering statutes of all jurisdictions where such Company or Company Subsidiary conducts business, the rules and regulations thereunder and any related or similar rules, regulations, or guidelines issued, administered, or enforced by any Governmental Authority (collectively, "**Anti-Money Laundering Laws**"). No Action involving such Company or any of its Company Subsidiaries with respect to Anti-Money Laundering Laws is pending or, to such Company's Knowledge, threatened.

(c) To such Company's Knowledge, no equityholder, manager, officer, agent, employee, Affiliate, or other Person associated with or acting on behalf of such Company or any of its Company Subsidiaries has (i) used any funds of such Company or Company Subsidiary for any unlawful contribution, gift, entertainment, or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic Governmental Authority or regulatory official or employee; (iii) made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment; or (iv) violated any provision of (1) the United States Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, or (2) any other anti-bribery or anti-corruption statute or regulation.

(d) Such Company and each of its Company Subsidiaries is in compliance in all material respects with all applicable state and local Laws, and Laws and regulatory systems controlling the cultivation, harvesting, production, handling, storage, distribution, sale, and possession of cannabis or medical marijuana. Such Company and each of its Company Subsidiaries does not import or export cannabis products, from or to, any foreign country.

Section 3.06 Financial Statements.

(a) **Schedule 3.06(a)** contains true and complete copies of the following financial statements of the Companies (collectively, the "**Company Financial Statements**"):

(i) with respect to AME, (1) the audited consolidated and consolidating balance sheets of AME for the fiscal years ended December 31, 2018 and December 31, 2019 and the related audited consolidated and consolidating statements of income, cash flows and the capital accounts of the members of AME for the fiscal years ended December 31, 2018 and December 31, 2019, and (2) the unaudited consolidated and consolidating balance sheet of AME as of September 30, 2020 and the related unaudited consolidated and consolidating statements of income, cash flows and the capital accounts of the members of AME for the nine-month period then ended; and

(ii) with respect to POR and RVC, (1) the audited combined, consolidated and consolidating balance sheets of such Company for the fiscal years ended December 31, 2018 and December 31, 2019 and the related audited combined, consolidated and consolidating statements of income, cash flows and the capital accounts of the members of such Company for the fiscal years ended December 31, 2018 and December 31, 2019, and (2) the unaudited combined, consolidated and consolidating balance sheet of such Company as of September 30, 2020 and the related unaudited combined, consolidated and consolidating statements of income, cash flows and the capital accounts of the members of such Company for the nine-month period then ended.

(b) The Company Financial Statements of such Company have been prepared in accordance with GAAP or IFRS, as noted therein, applied on a consistent basis throughout the periods involved, subject to, in the case of the interim Company Financial Statements, normal and recurring year-end adjustments (in each case the effect of which will not be materially adverse) and the absence of notes that, if presented, would not differ materially from those presented in the audited Company Financial Statements of such Company. Each of the Company Financial Statements of such Company (including in all cases the notes thereto, if any) has been prepared from, and is consistent with, the books and records of such Company and accurately presents in all material respects the financial condition and results of operations of such Company as of the times and for the periods referred to therein.

Section 3.07 Capitalization.

(a) **Schedule 3.07(a)** sets forth all issued and outstanding ownership interests of such Company and the Members who hold such interests and their respective Pro Rata Shares. All issued and outstanding ownership interests of such Company, which consist solely of Member Interests, are held beneficially and of record by Members of such Company set forth on **Schedule 3.07(a)**, free and clear of all Encumbrances. The Member Interests of such Company were issued in compliance with applicable Laws and were not issued in violation of such Company's Governing Documents or any other agreement, arrangement or commitment to which such Company is a party.

(b) Except as set forth on **Schedule 3.07(b)**, (i) such Company has no outstanding Derivative Securities, (ii) such Company does not have outstanding, authorized, or in effect any stock appreciation, phantom stock, profit participation or similar rights, and (iii) there are no voting trusts, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any preemptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lockup or market standoff agreements) of any ownership interests or other securities of such Company.

Section 3.08 Subsidiaries.

(a) Schedule 3.08(a) sets forth (i) each Company Subsidiary of such Company, (ii) such Company's direct or indirect ownership interest in such Company Subsidiary (and the nature of such ownership, if indirect) and (iii) the ownership interests of any other Person in such Company Subsidiary. Other than its Company Subsidiaries set forth on **Schedule 3.08(a)**, such Company does not, directly or indirectly, own, control or have any ownership interests in any other Person.

(b) Each Company Subsidiary of such Company is duly organized, validly existing and in good standing under the Laws of the state of its formation. Each Company Subsidiary of such Company has all necessary power (limited liability company or corporate, as applicable) and authority to own, lease and operate its properties, and to carry on its business as now conducted. Each Company Subsidiary of such Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of the AME Business as currently conducted, makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Material Adverse Effect.

(c) Except as set forth on **Schedule 3.08(c)**, with respect to each Company Subsidiary of such Company, (i) such Company Subsidiary has no Derivative Securities, (ii) such Company Subsidiary does not have outstanding, authorized, or in effect any stock appreciation, phantom stock, profit participation or similar rights, and (iii) there are no voting trusts, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any preemptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lock-up or market standoff agreements) of any ownership interests or other securities of such Company Subsidiary.

Section 3.09 Brokers. Except as set forth on **Schedule 3.09**, no Person has, or will have, any liability to pay any fees, commissions or other compensation to any broker, finder, investment banker, financial advisor, agent or other similar Person with respect to the transactions contemplated by this Agreement or the Ancillary Documents on the basis of any act or statement made or alleged to have been made by or on behalf of such Company, its Members or any Affiliates of any of the foregoing, or any banker, financial advisor, other representative or other Person retained by or acting for or on behalf of any of them.

Section 3.10 Absence of Changes. Since December 31, 2019, there has been no Material Adverse Effect with respect to such Company. Without limiting the foregoing, since such date, except as set forth on **Schedule 3.10**, or as expressly contemplated by this Agreement (including as permitted under **Section 5.01(k)**), such Company and each of its Company Subsidiaries has not:

(a) entered into, or caused or suffered any acceleration, amendment, termination (partial or complete), modification or cancellation of, or granted any waiver or given any consent or release with respect to, any Contract (or series of related Contracts) providing for the payment of more than $100,000 in the aggregate in any 12-month period;

(b) (i) issued any note, bond or other debt security, (ii) created, incurred, assumed or guaranteed, or (iii) made any voluntary purchase, cancellation, prepayment or complete or partial discharge in advance of a scheduled payment date with respect to, or granted any waiver of any right of such Company or Company Subsidiary, in each case with respect to any indebtedness involving, individually or in the aggregate, more than $100,000;

(c) adopted, amended, modified or terminated any Company Benefit Plan;

(d) made any loans or advances (other than expense advancements in the ordinary course of business) in excess of $10,000 in the aggregate to any of its Members, managers, officers or employees, or any Affiliates thereof;

(e) authorized or effected any amendment or change in its Governing Documents;

(f) authorized or effected any split, combination or reclassification of any of its Member Interests;

(g) authorized or effected any declaration or payment of any distributions on or in respect of any Member Interests in such Company or ownership interests in such Company Subsidiary, other than for tax distributions to Members of such Company in accordance with its current operating agreement;

(h) excluding the preparation and delivery of the IFRS Financial Statements, made any change in any method of accounting or accounting practices of such Company or Company Subsidiary, except as required by GAAP or as disclosed in the Company Financial Statements;

(i) transferred, assigned or granted any license or sublicense of any rights under or with respect to any Company Intellectual Property;

(j) made any capital investment in, or any loan to, any other Person, in each case in excess of $50,000 in the aggregate;

(k) made any capital expenditures in excess of $100,000 in the aggregate;

(l) except in the ordinary course of business, (i) granted any bonuses, whether monetary or otherwise, or increased any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, managers, independent contractors or consultants, other than as provided for in any written agreements or required by applicable Law, (ii) changed the terms of employment for, or terminated, any officer, manager, key employee or group of employees, or (iii) acted to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, manager, independent contractor or consultant;

(m) except in the ordinary course of business, adopted, modified or terminated any (i) employment, severance, retention or other agreement with any current or former employee, officer, manager, independent contractor or consultant or (ii) Company Benefit Plan;

(n) adopted any plan of merger, consolidation, reorganization, liquidation or dissolution or filed a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consented to the filing of any bankruptcy petition against it under any similar Law;

(o) purchased, leased or otherwise acquired the right to own, use or lease any property or assets for an amount in excess of $20,000, individually (in the case of a lease, per annum), or $100,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business;

(p) entered into any Contracts with another Person to purchase a majority interest in or substantially all of the assets of another entity (or to acquire an option to purchase a majority interest in or substantially all of the assets of another entity); or

(q) authorized or entered into any Contract to do any of the foregoing or authorized, taken or agreed to take (or fail to take) any action with respect to the foregoing.

Section 3.11 Absence of Undisclosed Liabilities. Except as set forth on **Schedule 3.11**, such Company and each of its Company Subsidiaries has no liability of a type required to be reflected on a balance sheet prepared in accordance with IFRS, except for those liabilities (a) set forth on the Latest Balance Sheet and (b) which have arisen since the date of the Latest Balance Sheet in the ordinary course of business (none of which exceeds $100,000).

Section 3.12 Permits and Licenses.

(a) Such Company and each of its Company Subsidiaries owns, manages, holds or possesses, and has complied during the Compliance Period in all material respects with, and is in compliance in all material respects with, all permits, licenses, franchises, approvals, registrations, findings of suitability, certificates of occupancy, franchises, variances, authorizations, consents, and similar rights obtained, or required to be obtained, from Governmental Authorities (collectively, "**Permits**") which are required for the operation and ownership of such Company or Company Subsidiary (collectively, "**Company Permits**"). **Schedule 3.12(a)** sets forth a complete and correct list and brief description of all Company Permits, and all Company Permits are valid and in full force and effect.

(b) Such Company and each of its Company Subsidiaries has fulfilled and performed in all material respects its obligations under each Company Permit during the Compliance Period, and is not in breach or default under any Company Permit, and no written notice of cancellation, default or dispute concerning any Company Permit, or of any event, condition or state of facts described in the preceding clause, has been received by such Company or Company Subsidiary in connection with the consummation of the transactions contemplated by this Agreement or otherwise. Except as set forth on **Schedule 3.12(b)**, all Company Permits will remain owned, held or possessed, as applicable, and otherwise available for use by the applicable Surviving Entity immediately after the Closing. During the Compliance Period, such Company and each of its Company Subsidiaries has not been a party to or subject to any Action seeking to revoke, suspend or otherwise limit any Company Permit.

Section 3.13 Title to Properties. Such Company or one of its Company Subsidiaries is in possession of, and has title to or a valid leasehold interest in, free and clear of all Encumbrances other than Permitted Encumbrances and those Encumbrances set forth on **Schedule 3.13**, all of the properties and assets reflected on the face of the Latest Balance Sheet or acquired after the date of the Latest Balance Sheet, in each case other than such properties or assets sold or otherwise disposed of in the ordinary course of business after the date of the Latest Balance Sheet.

Section 3.14 Real Property.

(a) Schedule 3.14(a) sets forth and briefly describes all real property owned, leased, subleased, licensed to or otherwise used or occupied by such Company or any of its Company Subsidiaries (the "**Company Real Property**"), including with respect to each parcel of Company Real Property (i) the street address or legal description, (ii) the name of the landlord, sublandlord, licensor or grantor, as applicable, and (iii) all leases, subleases, licenses, occupancy agreements and other similar agreements (collectively hereinafter referred to as the "**Company Leases**"). Such Company or Company Subsidiary, as applicable, has good and marketable fee simple title to all owned Company Real Property and a good and valid leasehold interest in all leased Company Real Property.

(b) All Company Real Property (including leasehold interests) is free and clear of Encumbrances, except for Permitted Encumbrances and those Encumbrances set forth on **Schedule 3.14(b)**.

(c) Such Company has made available to Verano correct and complete copies, or, if oral, a reasonably complete and accurate written description, of the Company Leases. Each Company Lease is legal, valid, binding, enforceable and in full force and effect with respect to such Company or Company Subsidiary, as applicable, and, to such Company's Knowledge, with respect to each other parties thereto. To such Company's Knowledge, such Company and each of its Company Subsidiaries is not in default under any Company Lease, and there are no facts or circumstances currently existing which, if known by any the other party or parties to a Company Lease, with or without the giving of notice, passage of time or both, would constitute a default by such Company or Company Subsidiary under any Company Lease. To such Company's Knowledge, no other party to any Company Lease is in default under any such Company Lease, and there are no facts or circumstances currently existing which, if known by such Company or any of its Company Subsidiaries, with or without the giving of notice, passage of time or both, would constitute a default by such other party under such Company Lease.

(d) With respect to each parcel of Company Real Property, to such Company's Knowledge, (i) such Company or one of its Company Subsidiaries is now in possession of such Company Real Property, (ii) such Company or Company Subsidiary has not received written notice that any condemnation or eminent domain action against such Company Real Property is pending or threatened, (iii) there are no subleases, licenses, or other third party use or occupancy rights with respect to such Company Real Property, except as set forth in **Schedule 3.14(d)** or where such rights are a recorded encumbrance on title, and (iv) there are no outstanding amounts payable by such Company or Company Subsidiary with respect to any Company Lease, other than the rental payments that are not past-due and expressly set forth in the applicable Lease (subject to ordinary course rental adjustments that may have taken place from time to time, as contemplated in the applicable Company Lease).

(e) Except as set forth in **Schedule 3.14(e)**, to such Company's Knowledge, all of the building, structures and improvements located on the Company Real Property are, taken as a whole, suitable for the purposes for which they are currently used with respect to the AME Business and in good operating condition and repair, reasonable wear and tear excepted. The Company Real Property constitutes all real property currently used by such Company or any of its Company Subsidiaries with respect to the AME Business.

(f) Except as set forth in **Schedule 3.14(f)**, such Company and each of its Company Subsidiaries does not own or have any option to acquire any real property.

Section 3.15 Taxes.

(a) Such Company is, and at all times since its inception has been, properly classified as a partnership for U.S. federal and applicable state and local income tax purposes. Except as set forth on **Schedule 3.15(a)**, each of the Company Subsidiaries of such Company is, and has been during the Compliance Period, properly classified, for federal and applicable state and local income tax purposes, as a disregarded entity separate from such Company or as a partnership.

(b) (i) All income Tax Returns and other Tax Returns required to be filed by such Company have been timely filed, including applicable extensions; (ii) such Tax Returns were true, complete and correct in all material respects; and (iii) all Taxes due and owing by such Company (whether or not shown on any Tax Return) have been timely paid. Such Company is not currently the beneficiary of any extension of time within which to file any Tax Return.

(c) Such Company has withheld and paid each material Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, equityholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(d) Such Company has received no claim in writing from any taxing authority in any jurisdiction where such Company does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(e) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of such Company.

(f) All deficiencies asserted, or assessments made, against such Company as a result of any examinations by any taxing authority have been fully paid.

(g) Such Company is not a party to any Action by any taxing authority. Such Company has received no written notice of any pending or threatened Actions by any taxing authority against such Company.

(h) There are no material Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of such Company.

(i) Such Company is not a party to, or bound by, any Tax indemnity, Tax sharing, Tax allocation or similar agreement, and such Company does not owe any amount under any such agreement.

(j) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to such Company.

(k) Such Company has not been a member of an affiliated, combined, consolidated or unitary Tax group for Tax purposes. Such Company has no liability for Taxes of any Person (other than such Company) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or non-U.S. Law), as transferee or successor, by contract or otherwise (other than Taxes of another Person payable by such Company pursuant to contracts entered into in the ordinary course of business).

(l) Such Company will not be required to include any item of income in, or exclude any item or deduction from, taxable income for taxable period or portion thereof ending after the Closing Date as a result of any transaction, agreement, event or activity which is outside the ordinary course of business.

(m) Such Company has timely and properly collected all material sales, use, value-added and similar Taxes required to be collected, and has remitted on a timely basis such amounts to the appropriate Governmental Authority. Such Company has timely and properly requested, received and retained all necessary exemption certificates and other documentation supporting any claimed exemption or waiver of Taxes on sales or similar transaction as to which it would otherwise have been obligated to collect or withhold Taxes.

(n) Such Company has not filed any amended Tax Return or other claim for a refund as a result of, or in connection with, the carry back of any net operating loss or other attribute to a year prior to the taxable year including the Closing Date under Section 172 of the Code, as amended by Section 2303 of the Coronavirus Aid, Relief and Economic Security Act, as signed into law by the President of the United States on March 27, 2020 (the "**CARES Act**"), or any corresponding or similar provision of state, local or non-U.S. Law.

(o) Such Company has (i) complied in all material respects with applicable Law in order to defer the amount of the employer's share of any "applicable employment taxes" under Section 2302 of the CARES Act, (ii) to the extent applicable, complied in all material respects with applicable Law and duly accounted for any available Tax credits under Sections 7001 through 7005 of the Families First Act, and (iii) has not received or claimed any Tax credits under Section 2301 of the CARES Act.

For purposes of this **Section 3.15**, such Company shall be deemed to include any Company Subsidiary or predecessor of such Company, any Person which merged or was liquidated with and into such Company or any of its Company Subsidiaries or any Person from which such Company or any of its Company Subsidiaries or Affiliates incurs a liability for Taxes as a result of transferee or successor liability.

Section 3.16 Intellectual Property. Such Company or one of its Company Subsidiaries, as applicable, own or possess sufficient legal rights to all Intellectual Property that is owned or used by such Company or Company Subsidiary in the conduct of the AME Business as now conducted and as presently proposed to be conducted (the "**Company Intellectual Property**"), without any known conflict with, or infringement of, the rights of others. To such Company's Knowledge, no product or service marketed or sold (or proposed to be marketed or sold) by such Company of any of its Company Subsidiaries violates (or will violate) any license or infringes (or will infringe) any intellectual property rights of any other Person. Such Company and each of its Company Subsidiaries has not received any communications alleging that such Company or Company Subsidiary has violated, or by conducting the AME Business, would violate any of the Intellectual Property of any other Person. Such Company and each of its Company Subsidiaries has obtained and possesses valid licenses to use all of the software programs present on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with the AME Business.

Section 3.17 Material Contracts.

(a) **Schedule 3.17(a)** lists each Contract that is material to such Company (such Contracts, together with all Contracts concerning the occupancy, management, or operation of any Company Real Property and all Company Benefit Plans of such Company or any of its Company Subsidiaries, being the "**Company Material Contracts**"), including the following Contracts with respect to such Company or any of its Company Subsidiaries:

(i) all Contracts of such Company or Company Subsidiary involving aggregate consideration in excess of $100,000 and which, in each case, cannot be cancelled by such Company or Company Subsidiary without penalty or without more than 30 days' notice;

(ii) all Contracts that provide for the indemnification by such Company or Company Subsidiary of any Person or the assumption of any Tax, environmental, or other liability of any Person, in each case outside the ordinary course of business;

(iii) all Contracts relating to Company Intellectual Property (other than "shrink-wrap" and other generally-available end-user licenses or permissions);

(iv) all Contracts relating to Indebtedness in excess of $100,000;

(v) all Contracts that limit or purport to limit the ability of such Company or Company Subsidiary or any of their officers, managers or directors to compete in any line of business or with any Person or in any geographic area or during any period of time;

(vi) any Contract that grants any "most-favored nation" or other preferential pricing in relation to any services, products or territory or that requires such Company or Company Subsidiary to purchase a minimum quantity of goods or services or contains a right of first refusal option or similar right;

(vii) any Contract whereby such Company or Company Subsidiary grants exclusivity (limited or otherwise) to another Person, including with respect to products, markets, territories, or customers;

(viii) any Contract with an operating partner or concerning a partnership or joint venture, or any other Contract that involves a sharing of revenues, profits, losses, costs, Taxes or liabilities by or of such Company or Company Subsidiary with any other Person;

(ix) all employment-related Contracts, all consulting agreements and all Contracts for the payment of commissions or bonuses to any Person, in each case involving aggregate compensation or other payments in excess of $100,000;

(x) any consignment, distributor, dealer, manufacturer's representative, and sales agency Contracts, in each case involving aggregate compensation or other payments in excess of $100,000;

(xi) any written or unwritten communications or projections made with dispensaries or other potential customers for future supply of cannabis and related products, in each case which contemplates aggregate revenues or expenditures in excess of $100,000;

(xii) any Contract whereby any Company provides or receives management, consulting or similar administrative services that involves aggregate compensation or other payments in excess of $100,000; and

(xiii) any settlement agreement or other similar agreement in respect of any past or present proceeding during the Compliance Period involving payments in excess of $100,000.

(b) Each Company Material Contract is valid and binding on such Company or Company Subsidiary, as applicable, in accordance with its terms and is in full force and effect. Neither such Company nor such Company Subsidiary, as applicable, nor, to such Company's Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Company Material Contract. No event has occurred during the Compliance Period or, to such Company's Knowledge, is threatened, which, after the giving of notice, with lapse of time, or otherwise, would constitute any such breach or default by such Company or Company Subsidiary or any other party under such Company Material Contract. Complete and correct copies of each Company Material Contract (including all modifications, amendments, and supplements thereto and waivers thereunder) have been made available to Verano.

Section 3.18 Insurance. Schedule 3.18 sets forth, a true and complete list of all insurance policies with respect to such Company, each of its Company Subsidiaries and the AME Businesses. To the Company's Knowledge, there are no claims related to such Company, such Company Subsidiary or the AME Business pending under any such insurance policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. During the Compliance Period, such Company and each of its Company Subsidiaries has not received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, such insurance policies. No premium payments are delinquent with respect to such insurance policies.

Section 3.19 Employee Matters; Employee Benefits.

(a) To such Company's Knowledge, no employees of such Company or any of its Company Subsidiaries are obligated under any Contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any Governmental Order, that would interfere in any material respect with such employee's ability to promote the interest of such Company or Company Subsidiary or that would conflict with the AME Business.

(b) Such Company and each of its Company Subsidiaries is not delinquent in payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it to the date hereof or amounts required to be reimbursed to such employees, consultants or independent contractors. Such Company and each of its Company Subsidiaries has complied during the Compliance Period, and is complying, in all material respects with all applicable state and federal equal employment opportunity Laws and with other Laws related to employment, including those related to wages, hours, worker classification and collective bargaining. Such Company and each of its Company Subsidiaries has withheld and paid to the appropriate Governmental Authority during the Compliance Period, or is holding for payment not yet due to such Governmental Authority, all amounts required to be withheld from employees of such Company or Company Subsidiary and is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing.

(c) Schedule 3.19(c) sets forth each employee benefit plan maintained, established or sponsored by such Company or any of its Company Subsidiaries, or which such Company or Company Subsidiary participates in or contributes to, which is subject to ERISA (each, a "**Company Benefit Plan**"). Such Company and each of its Company Subsidiaries has made all required contributions during the Compliance Period, and has no liability, to any Company Benefit Plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and during the Compliance Period has complied in all material respects with all Laws applicable to the Company Benefit Plans.

(d) No officer, manager, key employee, or group of employees of such Company or any of its Company Subsidiaries has notified such Company or Company Subsidiary of such Person's or group's intent to terminate employment with such Company or Company Subsidiary. There are no pending or, to such Company's Knowledge, threatened Actions between such Company or Company Subsidiary, on the one hand, and any employee, former employee, consultant or other independent contractor of such Company or Company Subsidiary or any labor union or similar labor organization, on the other hand. Such Company and each of its Company Subsidiaries is not party to any collective bargaining agreement or collective bargaining relationship with any labor union or similar labor organization. During the Compliance Period, such Company and each of its Company Subsidiaries has complied in all material respects with all Laws relating to the employment of labor. To such Company's Knowledge, all independent contractors of or to such Company or any of its Company Subsidiaries are properly classified as such under applicable Law.

Section 3.20 Environmental Matters. Such Company and each of its Company Subsidiaries has obtained, has complied in all material respects with during the Compliance Period, and is in material compliance with, all Permits that are required for the occupation of its facilities and the ownership and operation of its business under all applicable environmental Laws. Such Company and each of its Company Subsidiaries has not treated, stored, handled, transported, released or disposed of any substance, arranged for or permitted the disposal of any substance, exposed any Person to any substance or condition, or owned or operated the AME Business or any property or facility (and no such property or facility is contaminated by any substance) so as to give rise to any liability to such Company or Company Subsidiary, including any corrective or remedial obligation under any environmental Laws. Such Company and each of its Company Subsidiaries has complied in all material respects with during the Compliance Period, and is in material compliance with, all environmental Laws. No Action has been filed or commenced against such Company or Company Subsidiary during the Compliance Period, and no notice, report or other information has been received by such Company or Company Subsidiary, alleging any failure to comply with, or any liability under, any environmental Laws.

Section 3.21 Affiliate Transactions. Except as set forth on **Schedule 3.21**, (i) there are no Contracts between such Company or any Company Subsidiary, on the one hand, and any Member or any Affiliate of a Member, or any of such Company's or Company Subsidiary's managers, directors, officers or employees, on the other hand (each, a "**Company Related Party Transaction**"), other than (a) for payment of customary and ordinary course salaries and bonuses for services rendered in accordance with such Company's or Company Subsidiary's Company Benefit Plans and (b) reimbursement of customary, ordinary course and reasonable out-of-pocket expenses incurred on behalf of such Company or Company Subsidiary, (ii) each Company Related Party Transaction is on an arms'-length basis and can be terminated by such Company or Company Subsidiary without premium, penalty or prior notice, (iii) such Company or Company Subsidiary does not provide, or cause to be provided, any material assets, services or facilities to any counterparty to a Company Related Party Transaction, (iv) no counterparty to a Company Related Party Transaction provides, or causes to be provided, any material assets, services or facilities to such Company or Company Subsidiary, and (v) such Company or Company Subsidiary does not beneficially own, directly or indirectly, any interests or investment assets of any counterparty to a Company Related Party Transaction.

Section 3.22 Bank Accounts; Powers of Attorney. Set forth on **Schedule 3.22** is a list of (a) each bank, trust company and stock or other broker with which such Company or any of its Company Subsidiaries has an account, credit lien or safe deposit box or vault, or otherwise maintains a relationship, including a listing of account numbers with each such institution (collectively, the "**Company Bank Accounts**"), (b) all Persons authorized to draw on, or to have access to, each of the Company Bank Accounts and (c) all Persons authorized by proxies, powers of attorney or other like instruments to act on behalf of such Company or Company Subsidiary.

Section 3.23 Accredited Investor Status. Except as set forth on **Schedule 3.23**, to the Knowledge of such Company, each of its Members is an "accredited investor" within the meaning of Rule 501 promulgated under the United States Securities Act of 1933, as amended.

Section 3.24 Books and Records. The minute books and records of such Company and its Company Subsidiaries, all of which are in the possession of such Company, are complete and correct in all material respects and have been made available to Verano.

Section 3.25 Representations With Respect to FC. AME represents and warrants to Verano that the statements contained in this **Section 3.25** are true and correct.

(a) Fort Consulting, LLC ("**FC**") is a nonprofit company duly organized, validly existing and in good standing under the Laws of the State of Arizona. FC has all necessary corporate power and authority to own, lease and operate its properties, and to carry on its business as now conducted, except under Federal Cannabis Laws. FC is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of its business as currently conducted, makes such licensing or qualification necessary. The Governing Documents and minute books and records of FC are complete and correct and have been made available to Verano.

(b) FC has no authorized, issued or outstanding ownership interests or Derivative Securities. FC does not, directly or indirectly, hold any ownership interests or Derivative Securities in any Person.

(c) FC owns, manages, holds or possesses, and has complied in all material respects with, and is in compliance in all material respects with, all Permits which are required for the operation of FC (collectively, "**FC Permits**"). **Schedule 3.25(c)** sets forth a complete and correct list and brief description of all FC Permits, and all FC Permits are valid and in full force and effect.

(d) FC has fulfilled and performed in all material respects its obligations under each FC Permit, and is not in material breach or default under any FC Permit, and no written notice of cancellation, default or dispute concerning any FC Permit, or of any event, condition or state of facts described in the preceding clause, has been received by FC in connection with the consummation of the transactions contemplated by this Agreement or otherwise. Except as set forth on **Schedule 3.25(d)**, all FC Permits will remain owned, held or possessed, as applicable, and otherwise available for use by FC immediately after the Closing. FC has not been a party to or subject to any Action seeking to revoke, suspend or otherwise limit any FC Permit.

Section 3.26 Inventory. The inventories of raw materials, ingredients or finished goods held for sale or consumption by such Company and each of its Company Subsidiaries in connection with the AME Business on hand (a) consist of good and saleable items of a quality usable or saleable consistent with good and accepted practices in the cannabis industry and in the ordinary course of business consistent with past practice; (b) are of quantities usable or saleable consistent with good and accepted practices in the cannabis industry and in the ordinary course of business consistent with past practice; (c) are not spoiled, damaged or contaminated, except for items that have been written off or written down to fair market value or for which adequate reserves have been established on such Company's Latest Balance Sheet; (d) to the Knowledge of the Company, were cultivated, harvested, produced, tested, handled and delivered in accordance with all applicable Laws (except for the Federal Cannabis Laws) in all material respects; and (e) do not contain any prohibited pesticides, contaminants or any other substance prohibited by any Law. No recalls or withdrawals of products developed, produced, distributed or sold by any Company or any of the Company Subsidiaries have been required or suggested by any Governmental Authority with respect to the products supplied by any Company or any of the Company Subsidiaries.

Section 3.27 Indebtedness. The Companies have no Indebtedness, other than Indebtedness incurred under this Agreement, and except as set forth on **Schedule 3.27.**

Section 3.28 Disclaimer of Reliance. Notwithstanding anything contained in this Agreement to the contrary, each Company acknowledges and agrees that none of Verano, any Verano Subsidiary or any other Person has made, or is making, and such Company expressly disclaims reliance upon, any representations, warranties or statements or information relating to Verano or any Verano Subsidiary, whether express or implied (including any implied representation or warranty as to the accuracy or completeness of any information regarding Verano or any Verano Subsidiary furnished or made available to such Company or any of its Representatives), other than Verano's Contractual Representations. Notwithstanding the foregoing and without limiting the generality of the foregoing, each Company acknowledges that, other than any such Contractual Representations by Verano, no representations or warranties or statements are made, will be made or deemed made, with respect to any projections, estimates, budgets of future revenues, future results of operations, future cash flows, or future financial condition (or any component of any of the foregoing) of Verano or any Verano Subsidiary, including any information made available in the electronic data room maintained by Verano for purposes of the transactions contemplated by this Agreement, marketing materials, consulting reports or materials, confidential information memoranda, management presentations, functional "break-out" discussions, responses to questions submitted to Verano, or in any other form in connection with the transactions contemplated by this Agreement, including the Financing.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF VERANO

Except as set forth in the correspondingly numbered Disclosure Schedule, Verano represents and warrants to the Companies that the statements contained in this **Article IV** are true and correct.

Section 4.01 Organization and Qualification. Verano is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. Verano has all necessary limited liability company power and authority to own, lease and operate its properties, to carry on the Verano Business as now conducted, except under Federal Cannabis Laws. Verano is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of the Verano Business as currently conducted, makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Material Adverse Effect.

Section 4.02 Authority; Approval.

(a) Verano has all necessary limited liability company power and authority to execute and deliver this Agreement and the Ancillary Documents to which it is a party, and to consummate the transactions contemplated hereby and thereby, including the Combination and the Verano Merger, except under Federal Cannabis Laws. No further act or proceeding on the part of Verano, the Verano Board or its members is necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Documents to which Verano is a party. This Agreement and the Ancillary Documents to which Verano is a party have been (or will be at the Closing, as applicable) duly executed and delivered by Verano, and, assuming due authorization, execution and delivery by the other parties thereto, constitute (or will constitute at the Closing, as applicable) legal, valid and binding obligations of Verano, enforceable in accordance with their respective terms and conditions (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general equitable principles and Federal Cannabis Laws).

(b) The Verano Board has (i) determined that this Agreement and the Ancillary Documents and the transactions contemplated hereby and thereby, including the Arrangement, the Verano Merger and the Combination, are in the best interests of Verano and its members; and (ii) approved the execution and delivery of this Agreement and each Ancillary Document to which Verano is a party, and the performance by Verano and the Verano Subsidiaries of their respective obligations under this Agreement and such Ancillary Documents, in each case in accordance with the DLLCA and the Governing Documents of Verano.

Section 4.03 No Conflicts; Consents. Except as set forth on **Schedule 4.03**, neither the execution and the delivery by Verano of this Agreement and the Ancillary Documents to which it is a party, nor the consummation of the transactions contemplated hereby or thereby, including the Combination and the Verano Merger, (a) violate or conflict with any provisions of the Governing Documents of Verano or any Verano Subsidiary, (b) violate, conflict with or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under any provision of any Law or Governmental Order to which Verano or any Verano Subsidiary or any of their properties or assets are subject, except for Federal Cannabis Laws or (c) violate, conflict with or result in a breach of any provision of, constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, result in or create in any Person the right to, accelerate, terminate, modify or cancel, require any notice under, or result in the imposition or creation of a Encumbrance upon or with respect to any of the ownership interests or assets of Verano or any Verano Subsidiary, under any Contract, except, in the case of clauses (b) and (c), as would not have a Material Adverse Effect. Except as set forth on **Schedule 4.03**, no consent, approval, Permit, Governmental Order or authorization of, or registration, declaration or filing with, any Governmental Authority or other Person is required to be obtained or made by or on behalf of Verano or any Verano Subsidiary in connection with the execution and delivery of this Agreement and the Ancillary Documents to which it is a party or the consummation of the transactions contemplated hereby or thereby, except where the failure to obtain or make any of the foregoing would not have a Material Adverse Effect. Neither Verano nor any Verano Subsidiary has received any written or oral notice from any Governmental Authority indicating that such Governmental Authority would oppose or not promptly grant or issue its consent or approval, if requested, with respect to the transactions contemplated by this Agreement and the Ancillary Documents.

Section 4.04 Legal Proceedings. Except as set forth on **Schedule 4.04**, there is no Action or series of related Actions, whether written or oral, pending or, to Verano's Knowledge, threatened against, related to or affecting Verano or any Verano Subsidiary, or any of their managers, directors or officers (in each case in their capacities as such), at law or in equity by or before a third Person or a Governmental Authority (a) with respect to the transactions contemplated by this Agreement and the Ancillary Documents or (b) otherwise, except in the case of clause (b), as would not result in monetary damages in excess of $300,000 or have a Material Adverse Effect. Except as set forth on **Schedule 4.04**, Verano and each Verano Subsidiary has not received any notice of any accident, happening or event which is or has been caused or allegedly caused by, or otherwise involves, any services performed in connection with or on behalf of Verano or such Verano Subsidiary, in each case that is reasonably likely to result in or serve as a basis for a future Action or loss. Except as set forth on **Schedule 4.04**, Verano and each Verano Subsidiary is not subject to or bound by any settlement or conciliation agreement entered into during the Compliance Period. There are no Governmental Orders outstanding against or affecting Verano or any Verano Subsidiary, or against or affecting any manager, director, officer, employee, partner or equityholder of Verano or such Verano Subsidiary.

Section 4.05 Compliance with Laws.

(a) Except for the Federal Cannabis Laws, Verano and each Verano Subsidiary has complied in all material respects during the Compliance Period, and is now complying in all material respects, with all Laws applicable to the Verano Business or the properties or assets of Verano or the Verano Subsidiaries.

(b) The operations of Verano and each Verano Subsidiary are, and have been conducted during the Compliance Period, in compliance in all material respects with all financial recordkeeping and reporting requirements and applicable Anti-Money Laundering Laws. No Action involving Verano or any Verano Subsidiary with respect to Anti-Money Laundering Laws is pending or, to Verano's Knowledge, threatened.

(c) To Verano's Knowledge, no equityholder, manager, officer, agent, employee, Affiliate, or other Person associated with or acting on behalf of Verano or any Verano Subsidiary has (i) used any funds of Verano or such Verano Subsidiary for any unlawful contribution, gift, entertainment, or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic Governmental Authority or regulatory official or employee; (iii) made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment; or (iv) violated any provision of (1) the United States Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, or (2) any other anti-bribery or anti-corruption statute or regulation.

(d) Verano and each Verano Subsidiary is in compliance in all material respects with all applicable state and local Laws, and Laws and regulatory systems controlling the cultivation, harvesting, production, handling, storage, distribution, sale, and possession of cannabis or medical marijuana. Verano and each Verano Subsidiary does not import or export cannabis products, from or to, any foreign country.

Section 4.06 Financial Statements.

(a) Schedule 4.06 contains true and complete copies of the following financial statements of Verano (collectively, the "**Verano Financial Statements**"): (a) the audited consolidated and consolidating balance sheets of Verano for the fiscal years ended December 31, 2018 and December 31, 2019 and the related audited consolidated and consolidating statements of income, cash flows and the capital accounts of the members of Verano for the fiscal years ended December 31, 2018 and December 31, 2019, and (b) the unaudited consolidated and consolidating balance sheet of Verano as of September 30, 2020 and the related unaudited consolidated and consolidating statements of income, cash flows and the capital accounts of the members of Verano for the nine-month period then ended.

(b) The Verano Financial Statements have been prepared in accordance with IFRS applied on a consistent basis throughout the periods involved, subject to, in the case of the interim Verano Financial Statements, normal and recurring year-end adjustments (in each case the effect of which will not be materially adverse) and the absence of notes that, if presented, would not differ materially from those presented in the audited Verano Financial Statements. Each of the Verano Financial Statements (including in all cases the notes thereto, if any) has been prepared from, and is consistent with, the books and records of Verano and accurately presents in all material respects the financial condition and results of operations of Verano as of the times and for the periods referred to therein.

Section 4.07 Capitalization.

(a) Schedule 4.07(a) sets forth all issued and outstanding ownership interests of Verano and the members of Verano who hold such interests. All issued and outstanding ownership interests of Verano are held beneficially and of record by the members of Verano set forth on **Schedule 4.07(a)**, free and clear of all Encumbrances. The ownership interests of Verano were issued in compliance with applicable Laws and were not issued in violation of Verano's Governing Documents or any other agreement, arrangement or commitment to which Verano is a party.

(b) Except as set forth on **Schedule 4.07(b)**, (i) Verano has no outstanding Derivative Securities, (ii) Verano does not have outstanding, authorized, or in effect any stock appreciation, phantom stock, profit participation or similar rights, and (iii) there are no voting trusts, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any preemptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lock-up or market standoff agreements) of any ownership interests or other securities of Verano.

Section 4.08 Subsidiaries.

(a) Schedule 4.08(a) sets forth (i) each Verano Subsidiary (other than Verano Subsidiaries that are dormant and hold no assets and have no liabilities and Verano Subsidiaries that hold only *di minimis* assets and liabilities and are immaterial), (ii) Verano's direct or indirect ownership interest in such Verano Subsidiary (and the nature of such ownership, if indirect) and (iii) the ownership interests of any other Person in such Verano Subsidiary. Other than the Verano Subsidiaries set forth on **Schedule 4.08(a)**, Verano does not, directly or indirectly, own, control or have any ownership interests in any other Person.

(b) Each Verano Subsidiary is duly organized, validly existing and in good standing under the Laws of the state of its formation. Each Verano Subsidiary has all necessary power (limited liability company or corporate, as applicable) and authority to own, lease and operate its properties, and to carry on its business as now conducted. Each Verano Subsidiary is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of the Verano Business as currently conducted, makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Material Adverse Effect.

(c) Except as set forth on **Schedule 4.08(c)**, with respect to each Verano Subsidiary, (i) such Verano Subsidiary has no Derivative Securities, (ii) such Verano Subsidiary does not have outstanding, authorized, or in effect any stock appreciation, phantom stock, profit participation or similar rights, and (iii) there are no voting trusts, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any preemptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lock-up or market standoff agreements) of any ownership interests or other securities of such Verano Subsidiary.

Section 4.09 Brokers. Except as set forth on **Schedule 4.09**, no Person has, or will have, any liability to pay any fees, commissions or other compensation to any broker, finder, investment banker, financial advisor, agent or other similar Person with respect to the transactions contemplated by this Agreement or the Ancillary Documents on the basis of any act or statement made or alleged to have been made by or on behalf of Verano, its members or any Affiliates of any of the foregoing, or any banker, financial advisor, other representative or other Person retained by or acting for or on behalf of any of them. The fees and expenses of any Person set forth on **Schedule 4.09** will be paid by or at the direction of the Verano at Closing, without any continuing liability to Verano, any Company or any of their Affiliates.

Section 4.10 Absence of Changes. Since December 31, 2019, there has been no Material Adverse Effect with respect to Verano. Without limiting the foregoing, since such date, except as set forth on **Schedule 4.10**, or as expressly contemplated by this Agreement (including as permitted under **Section 5.01(l)**), Verano and each Verano Subsidiary has not:

(a) entered into, or caused or suffered any acceleration, amendment, termination (partial or complete), modification or cancellation of, or granted any waiver or given any consent or release with respect to, any Contract (or series of related Contracts) providing for the payment of more than $300,000 in the aggregate in any 12-month period;

(b) (i) issued any note, bond or other debt security, (ii) created, incurred, assumed or guaranteed, or (iii) made any voluntary purchase, cancellation, prepayment or complete or partial discharge in advance of a scheduled payment date with respect to, or granted any waiver of any right of Verano or such Verano Subsidiary, in each case with respect to any Indebtedness involving, individually or in the aggregate, more than $300,000;

(c) adopted, amended, modified or terminated any Verano Benefit Plan;

(d) made any loans or advances (other than expense advancements in the ordinary course of business) in excess of $30,000 in the aggregate to any of its members, managers, officers or employees, or any Affiliates thereof;

(e) authorized or effected any amendment or change in its Governing Documents, except for such amendments that facilitate the consummation of the Combination, including the transactions contemplated hereby; or

(f) authorized or effected any split, combination or reclassification of any of its ownership interests;

(g) authorized or effected any declaration or payment of any distributions on or in respect of any ownership interests in Verano or such Verano Subsidiary, other than for tax distributions to members of Verano in accordance with its current operating agreement;

(h) made any change in any method of accounting or accounting practices of Verano or such Verano Subsidiary, except as required by IFRS or as disclosed in the Verano Financial Statements;

(i) transferred, assigned or granted any license or sublicense of any rights under or with respect to any Verano Intellectual Property;

(j) made any capital investment in, or any loan to, any other Person, in each case in excess of $150,000 in the aggregate.

(k) made any capital expenditures in excess of $300,000 in the aggregate;

(l) except in the ordinary course of business, (i) granted any bonuses, whether monetary or otherwise, or increased any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, managers, independent contractors or consultants, other than as provided for in any written agreements or required by applicable Law, (ii) changed the terms of employment for, or terminated, any officer, manager, key employee or group of employees, or (iii) acted to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, manager, independent contractor or consultant;

(m) except in the ordinary course of business, adopted, modified or terminated any (i) employment, severance, retention or other agreement with any current or former employee, officer, manager, independent contractor or consultant or (ii) Verano Benefit Plan;

(n) adopted any plan of merger, consolidation, reorganization, liquidation or dissolution or filed a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consented to the filing of any bankruptcy petition against it under any similar Law;

(o) purchased, leased or otherwise acquired the right to own, use or lease any property or assets for an amount in excess of $60,000, individually (in the case of a lease, per annum), or $300,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business;

(p) entered into any Contracts with another Person to purchase a majority interest in or substantially all of the assets of another entity (or to acquire an option to purchase a majority interest in or substantially all of the assets of another entity); or

(q) authorized or entered into any Contract to do any of the foregoing or authorized, taken or agreed to take (or fail to take) any action with respect to the foregoing.

Section 4.11 Absence of Undisclosed Liabilities. Except as set forth on **Schedule 4.11**, Verano and each Verano Subsidiary has no liability of a type required to be reflected on a balance sheet prepared in accordance with IFRS, except for those liabilities (a) set forth on the Latest Balance Sheet and (b) which have arisen since the date of the Latest Balance Sheet in the ordinary course of business (none of which exceeds $300,000).

Section 4.12 Permits and Licenses.

(a) Verano and each Verano Subsidiary owns, manages, holds or possesses, and has complied during the Compliance Period in all material respects with, and is in compliance in all material respects with, all Permits which are required for the operation and ownership of Verano or such Verano Subsidiary (collectively, "**Verano Permits**"). **Schedule 4.12(a)** sets forth a complete and correct list and brief description of all Verano Permits, and all Verano Permits are valid and in full force and effect.

(b) Verano and each Verano Subsidiary has fulfilled and performed in all material respects its obligations under each Verano Permit during the Compliance Period, and is not in breach or default under any Verano Permit, and no written notice of cancellation, default or dispute concerning any Verano Permit, or of any event, condition or state of facts described in the preceding clause, has been received by Verano or such Verano Subsidiary in connection with the consummation of the transactions contemplated by this Agreement or otherwise. Except as set forth on **Schedule 4.12(b)**, all Verano Permits will remain owned, held or possessed, as applicable, and otherwise available for use by the applicable Surviving Entity immediately after the consummation of the Combination. During the Compliance Period, Verano and each Verano Subsidiary has not been a party to or subject to any Action seeking to revoke, suspend or otherwise limit any Verano Permit.

Section 4.13 Title to Properties. Verano or a Verano Subsidiary is in possession of, and has title to or a valid leasehold interest in, free and clear of all Encumbrances other than Permitted Encumbrances and those Encumbrances set forth on **Schedule 4.13**, all of the properties and assets reflected on the face of the Latest Balance Sheet or acquired after the date of the Latest Balance Sheet, in each case other than such properties or assets sold or otherwise disposed of in the ordinary course of business after the date of the Latest Balance Sheet.

Section 4.14 Real Property.

(a) Schedule 4.14(a) sets forth and briefly describes all real property owned, leased, subleased, licensed to or otherwise used or occupied by Verano or any Verano Subsidiary (the "**Verano Real Property**"), including with respect to each parcel of Verano Real Property (i) the street address or legal description, (ii) the name of the landlord, sublandlord, licensor or grantor, as applicable, and (iii) all leases, subleases, licenses, occupancy agreements and other similar agreements (collectively hereinafter referred to as the "**Verano Leases**"). Verano or a Verano Subsidiary, as applicable, has good and marketable fee simple title to all owned Verano Real Property and a good and valid leasehold interest in all leased Verano Real Property.

(b) All Verano Real Property (including leasehold interests) is free and clear of Encumbrances, except for Permitted Encumbrances and those Encumbrances set forth on **Schedule 4.14(b)**.

(c) Verano has made available to the Companies correct and complete copies, or, if oral, a reasonably complete and accurate written description, of the Verano Leases. Each Verano Lease is legal, valid, binding, enforceable and in full force and effect with respect to Verano or a Verano Subsidiary, as applicable, and, to Verano's Knowledge, with respect to each other parties thereto. To Verano's Knowledge, Verano and each Verano Subsidiary is not in default under any Verano Lease, and there are no facts or circumstances currently existing which, if known by any the other party or parties to a Verano Lease, with or without the giving of notice, passage of time or both, would constitute a default by Verano or such Verano Subsidiary under any Verano Lease. To Verano's Knowledge, no other party to any Verano Lease is in default under any Verano Lease, and there are no facts or circumstances currently existing which, if known by Verano or any Verano Subsidiary, with or without the giving of notice, passage of time or both, would constitute a default by such other party under Verano Lease.

(d) With respect to each parcel of Verano Real Property, to Verano's Knowledge, (i) Verano or a Verano Subsidiary is now in possession of such Verano Real Property, (ii) Verano or a Verano Subsidiary has not received written notice that any condemnation or eminent domain action against such Verano Real Property is pending or threatened, (iii) there are no subleases, licenses, or other third party use or occupancy rights with respect to such Verano Real Property, except as set forth in **Schedule 4.14(d)** or where such rights are a recorded encumbrance on title, and (iv) there are no outstanding amounts payable by Verano or any Verano Subsidiary with respect to any Verano Lease, other than the rental payments that are not past-due and expressly set forth in the applicable Lease (subject to ordinary course rental adjustments that may have taken place from time to time, as contemplated in the applicable Verano Lease).

(e) Except as set forth in **Schedule 4.14(e)**, to Verano's Knowledge, all of the building, structures and improvements located on the Verano Real Property are, taken as a whole, suitable for the purposes for which they are currently used with respect to the Verano Business and in good operating condition and repair, reasonable wear and tear excepted. The Verano Real Property constitutes all real property currently used by Verano or any Verano Subsidiary with respect to the Verano Business.

(f) Except as set forth in **Schedule 4.14(f)**, Verano and each Verano Subsidiary does not own or have any option to acquire any real property.

Section 4.15 Taxes.

(a) Verano has filed an election with the U.S. Internal Revenue Service effective as of January 1, 2019 to be classified as an "association" taxable as a corporation for U.S. federal income tax purposes (the "**Verano Tax Election**"). At all times prior to the effectiveness of such election, Verano was properly classified as a partnership for U.S. federal and applicable state and local income tax purposes. Except as set forth on **Schedule Section 4.15(a)**, each of the Verano Subsidiaries is, and has been during the Compliance Period, properly classified, for federal and applicable state and local income tax purposes, as a disregarded entity separate from Verano or as a partnership.

(b) Assuming the approval of the Verano Tax Election as filed: (i) all income Tax Returns and other Tax Returns required to be filed by Verano have been timely filed, including applicable extensions; (ii) **s**uch Tax Returns were true, complete and correct in all material respects; and (iii) all Taxes due and owing by Verano (whether or not shown on any Tax Return) have been timely paid. Verano is not currently the beneficiary of any extension of time within which to file any Tax Return.

(c) Verano has withheld and paid each material Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, equityholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(d) Verano has received no claim in writing from any taxing authority in any jurisdiction where Verano does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(e) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of Verano.

(f) All deficiencies asserted, or assessments made, against Verano as a result of any examinations by any taxing authority have been fully paid.

(g) Except as set forth on **Schedule 4.15(g)**, Verano is not a party to any Action by any taxing authority. Except as set forth on **Schedule 4.15(g)**,Verano has received no written notice of any pending or threatened Actions by any taxing authority against Verano that have not been resolved.

(h) There are no material Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of Verano.

(i) Verano is not a party to, or bound by, any Tax indemnity, Tax sharing, Tax allocation or similar agreement, and Verano does not owe any amount under any such agreement.

(j) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to Verano.

(k) Other than the consolidated group of which Verano is the parent corporation formed upon the approval of the election filed with the U.S. Internal Revenue Service as described in **Section 4.15(a)**, Verano has not been a member of an affiliated, combined, consolidated or unitary Tax group for Tax purposes. Other than Taxes of the Verano Subsidiaries pursuant to the formation of the consolidated group of which Verano is the parent corporation upon the approval of the election filed with the U.S. Internal Revenue Service as described in **Section 4.15(a)**, Verano has no liability for Taxes of any Person (other than Verano) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or non-U.S. Law), as transferee or successor, by contract or otherwise (other than Taxes of another Person payable by Verano pursuant to contracts entered into in the ordinary course of business).

(l) Verano will not be required to include any item of income in, or exclude any item or deduction from, taxable income for taxable period or portion thereof ending after the Closing Date as a result of any transaction, agreement, event or activity which is outside the ordinary course of business.

(m) Verano has timely and properly collected all material sales, use, value-added and similar Taxes required to be collected, and has remitted on a timely basis such amounts to the appropriate Governmental Authority. Verano has timely and properly requested, received and retained all necessary exemption certificates and other documentation supporting any claimed exemption or waiver of Taxes on sales or similar transaction as to which it would otherwise have been obligated to collect or withhold Taxes.

(n) Verano has not filed any amended Tax Return or other claim for a refund as a result of, or in connection with, the carry back of any net operating loss or other attribute to a year prior to the taxable year including the Closing Date under Section 172 of the Code, as amended by Section 2303 of the CARES Act, or any corresponding or similar provision of state, local or non-U.S. Law.

(o) Verano has (i) complied in all material respects with applicable Law in order to defer the amount of the employer's share of any "applicable employment taxes" under Section 2302 of the CARES Act, (ii) to the extent applicable, complied in all material respects with applicable Law and duly accounted for any available Tax credits under Sections 7001 through 7005 of the Families First Act, and (iii) has not received or claimed any Tax credits under Section 2301 of the CARES Act.

For purposes of this **Section 4.15**, Verano shall be deemed to include each Verano Subsidiary or predecessor of Verano, any Person which merged or was liquidated with and into Verano or any Verano Subsidiary or any Person from which Verano or any Verano Subsidiary or Affiliates incurs a liability for Taxes as a result of transferee or successor liability.

Section 4.16 Intellectual Property. Verano or a Verano Subsidiary, as applicable, owns or possesses sufficient legal rights to all Intellectual Property that is owned or used by Verano or such Verano Subsidiary in the conduct of the Verano Business as now conducted and as presently proposed to be conducted (the "**Verano Intellectual Property**"), without any known conflict with, or infringement of, the rights of others. To Verano's Knowledge, no product or service marketed or sold (or proposed to be marketed or sold) by Verano of any Verano Subsidiary violates (or will violate) any license or infringes (or will infringe) any intellectual property rights of any other Person. Verano and each Verano Subsidiary has not received any communications alleging that Verano or such Verano Subsidiary has violated, or by conducting the Verano Business, would violate any of the Intellectual Property of any other Person. Verano and each Verano Subsidiary has obtained and possesses valid licenses to use all of the software programs present on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with the Verano Business.

Section 4.17 Material Contracts.

(a) **Schedule 4.17(a)** lists each Contract that is material to Verano (such Contracts, together with all Contracts concerning the occupancy, management, or operation of any Verano Real Property and all Verano Benefit Plans of Verano or any Verano Subsidiary, being the "**Verano Material Contracts**"), including the following Contracts with respect to Verano or any Verano Subsidiary:

(i) all Contracts of Verano or any Verano Subsidiary involving aggregate consideration in excess of $300,000 and which, in each case, cannot be cancelled by Verano or such Verano Subsidiary without penalty or without more than 30 days' notice;

(ii) all Contracts that provide for the indemnification by Verano or any Verano Subsidiary of any Person or the assumption of any Tax, environmental, or other liability of any Person, in each case outside the ordinary course of business;

(iii) all Contracts relating to Verano Intellectual Property (other than "shrink-wrap" and other generally-available end-user licenses or permissions);

(iv) all Contracts relating to Indebtedness in excess of $300,000;

(v) all Contracts that limit or purport to limit the ability of Verano or any Verano Subsidiary or any of their officers, managers or directors to compete in any line of business or with any Person or in any geographic area or during any period of time;

(vi) any Contract that grants any "most-favored nation" or other preferential pricing in relation to any services, products or territory or that requires Verano or any Verano Subsidiary to purchase a minimum quantity of goods or services or contains a right of first refusal option or similar right;

(vii) any Contract whereby Verano or any Verano Subsidiary grants exclusivity (limited or otherwise) to another Person, including with respect to products, markets, territories, or customers;

(viii) any Contract with an operating partner or concerning a partnership or joint venture, or any other Contract that involves a sharing of revenues, profits, losses, costs, Taxes or liabilities by or of Verano or any Verano Subsidiary with any other Person;

(ix) all employment-related Contracts, all consulting agreements and all Contracts for the payment of commissions or bonuses to any Person, in each case involving aggregate compensation or other payments in excess of $300,000;

(x) any consignment, distributor, dealer, manufacturer's representative, and sales agency Contracts, in each case involving aggregate compensation or other payments in excess of $300,000;

(xi) any written or unwritten communications or projections made with dispensaries or other potential customers for future supply of cannabis and related products, in each case which contemplates aggregate revenues or expenditures in excess of $300,000;

(xii) any Contract whereby Verano provides or receives management, consulting or similar administrative services that involves aggregate compensation or other payments in excess of $300,000; and

(xiii) any settlement agreement or other similar agreement in respect of any past or present proceeding during the Compliance Period involving payments in excess of $300,000.

(b) Each Verano Material Contract is valid and binding on Verano or a Verano Subsidiary, as applicable, in accordance with its terms and is in full force and effect. Neither Verano nor such Verano Subsidiary, as applicable, nor, to Verano's Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Verano Material Contract. No event has occurred during the Compliance Period or, to Verano's Knowledge, is threatened, which, after the giving of notice, with lapse of time, or otherwise, would constitute any such breach or default by Verano or any Verano Subsidiary or any other party under such Verano Material Contract. Complete and correct copies of each Verano Material Contract (including all modifications, amendments, and supplements thereto and waivers thereunder) have been made available to the Companies.

Section 4.18 Insurance. Schedule 4.18 sets forth, a true and complete list of all insurance policies with respect to Verano, each Verano Subsidiary and the Verano Business. To Verano's Knowledge, there are no claims related to Verano, any Verano Subsidiary or the Verano Business pending under any such insurance policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. During the Compliance Period, Verano and each Verano Subsidiary has not received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, such insurance policies. No premium payments are delinquent with respect to such insurance policies.

Section 4.19 Employee Matters; Employee Benefits.

(a) To Verano's Knowledge, no employees of Verano or any Verano Subsidiary are obligated under any Contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any Governmental Order, that would interfere in any material respect with such employee's ability to promote the interest of Verano or such Verano Subsidiary or that would conflict with the Verano Business.

(b) Verano and each Verano Subsidiary is not delinquent in payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it to the date hereof or amounts required to be reimbursed to such employees, consultants or independent contractors. Verano and each Verano Subsidiary has complied during the Compliance Period, and is complying, in all material respects with all applicable state and federal equal employment opportunity Laws and with other Laws related to employment, including those related to wages, hours, worker classification and collective bargaining. Verano and each Verano Subsidiary has withheld and paid to the appropriate Governmental Authority during the Compliance Period, or is holding for payment not yet due to such Governmental Authority, all amounts required to be withheld from employees of Verano or such Verano Subsidiary and is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing.

(c) Schedule 4.19(c) sets forth each employee benefit plan maintained, established or sponsored by Verano or any Verano Subsidiary, or which Verano or any Verano Subsidiary participates in or contributes to, which is subject to ERISA (each, a "**Verano Benefit Plan**"). Verano and each Verano Subsidiary has made all required contributions during the Compliance Period, and has no liability, to any Verano Benefit Plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and during the Compliance Period has complied in all material respects with all Laws applicable to the Verano Benefit Plans.

(d) No officer, manager, key employee, or group of employees of Verano or any Verano Subsidiary has notified Verano or any Verano Subsidiary of such Person's or group's intent to terminate employment with Verano or any Verano Subsidiary. There are no pending or, to Verano's Knowledge, threatened Actions between Verano or any Verano Subsidiary, on the one hand, and any employee, former employee, consultant or other independent contractor of Verano or such Verano Subsidiary or any labor union or similar labor organization, on the other hand. Verano and each Verano Subsidiary is not party to any collective bargaining agreement or collective bargaining relationship with any labor union or similar labor organization. During the Compliance Period, Verano and each Verano Subsidiary has complied in all material respects with all Laws relating to the employment of labor. To Verano's Knowledge, all independent contractors of or to Verano or any Verano Subsidiary are properly classified as such under applicable Law.

Section 4.20 Environmental Matters. Verano and each Verano Subsidiary has obtained, has complied in all material respects with during the Compliance Period, and is in material compliance with, all Permits that are required for the occupation of its facilities and the ownership and operation of its business under all applicable environmental Laws. Verano and each Verano Subsidiary has not treated, stored, handled, transported, released or disposed of any substance, arranged for or permitted the disposal of any substance, exposed any Person to any substance or condition, or owned or operated the Verano Business or any property or facility (and no such property or facility is contaminated by any substance) so as to give rise to any liability to Verano or any Verano Subsidiary, including any corrective or remedial obligation under any environmental Laws. Verano and each Verano Subsidiary has complied in all material respects with during the Compliance Period, and is in material compliance with, all environmental Laws. No Action has been filed or commenced against Verano or any Verano Subsidiary during the Compliance Period, and no notice, report or other information has been received by Verano or any Verano Subsidiary, alleging any failure to comply with, or any liability under, any environmental Laws.

Section 4.21 Affiliate Transactions. Except as set forth on **Schedule 4.21**, (i) there are no Contracts between Verano or any Verano Subsidiary, on the one hand, and any member of Verano or any Affiliate of a member of Verano, or any of Verano's or any Verano Subsidiary's managers, directors, officers or employees, on the other hand (each, a "**Verano Related Party Transaction**"), other than (a) for payment of customary and ordinary course salaries and bonuses for services rendered in accordance with Verano's or any Verano Subsidiary's Verano Benefit Plans and (b) reimbursement of customary, ordinary course and reasonable out-of-pocket expenses incurred on behalf of Verano or any Verano Subsidiary. Each Verano Related Party Transaction is on an arms'-length basis and can be terminated by Verano or any Verano Subsidiary without premium, penalty or prior notice. Verano or any Verano Subsidiary does not provide, or cause to be provided, any material assets, services or facilities to any counterparty to a Verano Related Party Transaction. No counterparty to a Verano Related Party Transaction provides, or causes to be provided, any material assets, services or facilities to Verano or any Verano Subsidiary. Verano or any Verano Subsidiary does not beneficially own, directly or indirectly, any interests or investment assets of any counterparty to a Verano Related Party Transaction.

Section 4.22 Bank Accounts; Powers of Attorney. Set forth on **Schedule 4.22** is a list of (a) each bank, trust company and stock or other broker with which Verano or any Verano Subsidiary has an account, credit lien or safe deposit box or vault, or otherwise maintains a relationship, including a listing of account numbers with each such institution (collectively, the "**Verano Bank Accounts**"), (b) all Persons authorized to draw on, or to have access to, each of the Verano Bank Accounts and (c) all Persons authorized by proxies, powers of attorney or other like instruments to act on behalf of Verano or any Verano Subsidiary.

Section 4.23 Books and Records. The minute books and records of Verano and its Verano Subsidiaries, all of which are in the possession of Verano, are complete and correct in all material respects and have been made available to the Companies.

Section 4.24 Inventory. The inventories of raw materials, ingredients or finished goods held for sale or consumption by Verano and each of the Verano Subsidiaries in connection with the Verano Business on hand (a) consist of good and saleable items of a quality usable or saleable consistent with good and accepted practices in the cannabis industry and in the ordinary course of business consistent with past practice; (b) are of quantities usable or saleable consistent with good and accepted practices in the cannabis industry and in the ordinary course of business consistent with past practice; (c) are not spoiled, damaged or contaminated, except for items that have been written off or written down to fair market value or for which adequate reserves have been established on Verano's Latest Balance Sheet; (d) to the Knowledge of Verano, were cultivated, harvested, produced, tested, handled and delivered in accordance with all applicable Laws (except for the Federal Cannabis Laws) in all material respects; and (e) do not contain any prohibited pesticides, contaminants or any other substance prohibited by any Law. Except as set forth on **Schedule 4.24**, no recalls or withdrawals of products developed, produced, distributed or sold by Verano or any of the Verano Subsidiaries have been required or suggested by any Governmental Authority with respect to the products supplied by Verano or any of the Verano Subsidiaries.

Section 4.25 Indebtedness. Verano has no Indebtedness, other than Indebtedness incurred under this Agreement (including any Indebtedness incurred in connection with the Financing) and except as set forth on **Schedule 4.25**.

Section 4.26 Disclaimer of Reliance. Notwithstanding anything contained in this Agreement to the contrary, Verano acknowledges and agrees that none of any Company, any Company Subsidiary or any other Person has made, or is making, and Verano expressly disclaims reliance upon, any representations, warranties or statements or information relating to any Company or any Company Subsidiary, whether express or implied (including any implied representation or warranty as to the accuracy or completeness of any information regarding a Company or any Company Subsidiary furnished or made available to Verano or any of its Representatives), other than such Company's Contractual Representations. Notwithstanding the foregoing and without limiting the generality of the foregoing, Verano acknowledges that, other than any such Contractual Representations by such Company, no representations or warranties or statements are made, will be made or deemed made, with respect to any projections, estimates, budgets of future revenues, future results of operations, future cash flows, or future financial condition (or any component of any of the foregoing) of any Company or any Company Subsidiary, including any information made available in the electronic data room maintained by the Companies for purposes of the transactions contemplated by this Agreement, marketing materials, consulting reports or materials, confidential information memoranda, management presentations, functional "break-out" discussions, responses to questions submitted to a Company, or in any other form in connection with the transactions contemplated by this Agreement, including the Financing.

ARTICLE V
COVENANTS

Section 5.01 Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or with respect to any Company, as consented to in writing by Verano, or with respect to Verano, as consented to in writing by Member Representative, (which in either case, such consent shall not be unreasonably withheld or delayed), Verano and the Companies shall (i) conduct the Verano Business and AME Business, as applicable, in the ordinary course of business consistent with past practice; and (ii) use commercially reasonable efforts to maintain and preserve intact the current organization, business and franchise of such Person and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with such Person. Without limiting the foregoing, from the date hereof until the Closing Date, without the foregoing consent of either Verano or the Member Representative, as applicable, Verano and the Companies shall:

(a) preserve and maintain all of its Permits;

(b) pay its debts, Taxes and other obligations when due;

(c) maintain the properties and assets owned, operated or used by it in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(d) with respect to each Company, use commercially reasonable efforts to continue to employ the key employees of such Company, which employees are set forth on **Schedule 5.01(d)** (each, a "**Key Employee**");

(e) continue in full force and effect without modification all insurance policies, except as required by applicable Law;

(f) defend and protect its properties and assets from infringement or usurpation;

(g) perform all of its obligations under all Contracts relating to or affecting its properties, assets or business;

(h) maintain its books and records in accordance with past practice;

(i) comply in all material respects with all applicable Laws;

(j) not take any action that may reasonably be expected to prevent the Company Mergers and the Arrangement from qualifying for the Intended U.S. Tax Treatment;

(k) with respect to the Companies, not take or permit any action that would cause any of the changes, events or conditions described in **Section 3.10** to occur, other than one or more Companies or Company Subsidiaries entering into or consummating business transactions involving, or having a value of, $2,000,000 individually or $10,000,000 in the aggregate for all Companies and Company Subsidiaries, and that have been previously disclosed in writing to Verano; and

(l) with respect to Verano, not take or permit any action that would cause any of the changes, events or conditions described in **Section 4.10** to occur, other than Verano or Verano Subsidiaries entering into or consummating business transactions involving, or having a value of, $10,000,000 individually or $30,000,000 in the aggregate for Verano and the Verano Subsidiaries, and that have been previously disclosed in writing to Member Representative.

Section 5.02 Access to Information; Confidentiality.

(a) From the date hereof until the Closing, the Companies, on the one hand, and Verano, on the other hand, shall (a) afford such other party and its Representatives full and free access to and the right to inspect all of the properties (real or personal), assets, premises, books and records, Contracts and other documents and data related to such party; (b) furnish such other party and its Representatives with such financial, operating and other data and information related to such party as reasonably requested by such other party or its Representatives; and (c) instruct the Representatives of such party to cooperate with such other party in its investigation. Any investigation pursuant to this **Section 5.02** shall be conducted in such manner as not to interfere unreasonably with the conduct of the AME Business or the Verano Business, as applicable. No investigation by, or information received by, any party to this Agreement shall operate as a waiver of, or otherwise affect, the representations, warranty or agreement given or made by any other party in this Agreement.

(b) Verano and the Companies shall comply with, and shall cause their respective Affiliates and their respective Members and Representatives to comply with, all of their respective obligations under the Non-Disclosure Agreements, dated August 10, 2020, between Verano and the Companies, which shall survive the termination of this Agreement in accordance with the terms set forth therein.

Section 5.03 No Solicitation of Other Bids.

(a) No Company shall, and no Company shall authorize or permit any of its Affiliates or any of its or their respective Members and Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Each Company shall immediately cease and cause to be terminated, and shall cause its Affiliates and all of its and their respective Members and Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "**Acquisition Proposal**" shall mean any inquiry, proposal or offer from any Person (other than Verano or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving any Company; (ii) the issuance or acquisition of shares of capital stock or other equity securities of any Company; or (iii) the sale, lease, exchange or other disposition of any significant portion of any Company's properties or assets.

(b) In addition to the other obligations under this **Section 5.03**, each Company shall promptly (and in any event within three Business Days after receipt thereof by such Company or its Representatives) advise Verano orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) Each Company agrees that the rights and remedies for noncompliance with this **Section 5.03** shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Verano and that money damages would not provide an adequate remedy to Verano.

Section 5.04 Financing.

(a) Verano shall use commercially reasonable efforts to arrange and cause to be obtained the Financing no later than the Closing Date. In connection therewith, Verano shall provide Member Representative with (x) true and complete copies of the draft agency agreement and form of subscription agreement relating to the Financing, which Member Representative shall have at least three Business Days after receipt to review and provide comments on the form and substance thereof prior to Verano's entry into such definitive agreements and (y) prompt notice of (but in any event no later than two Business Days after) (i) Verano's entry into any definitive agency agreement relating to the Financing to the extent entered into prior to the Closing; (ii) any breach of, or default under, any such definitive agency agreement or a subscription agreement to which Verano becomes aware; and (iii) any amendment, modification waiver, consent, termination or expiration of any such definitive agency agreement or subscription agreement. For purposes of this Agreement, "**Financing**" means one or more private placements of subscription receipts or equity securities issued by a financing entity in connection with the Arrangement that are ultimately exchangeable or convertible into equity of the Resulting Issuer, which private placements (i) are based upon a pro forma valuation of Verano and the Companies on a combined basis prior to the consummation of the Financing of at least $2,600,000,000, and (ii) result in aggregate gross proceeds of between $50,000,000 and $80,000,000; *provided that* any proposed reduction in such gross proceeds to less than $50,000,000 shall require the written consent in writing of Verano and Member Representative and any proposed reduction to such proforma combined valuation to less than $2,600,000,000 shall require the written consent of Verano, Member Representative and Michael Smullen as the representative of AME (and not solely the Member Representative).

(b) Each Company shall, and shall cause its Company Subsidiaries and Representatives to, provide such cooperation as is reasonably requested by Verano in connection with the Financing, including by: (i) participating in meetings, presentations, drafting sessions and due diligence sessions with potential sources of the Financing (including any broker or underwriter); (ii) assisting with the preparation of definitive financing agreements, and other materials reasonably and customarily requested to be used in connection with obtaining the Financing, including marketing materials, projections and offering documents (subject to customary confidentiality protections); (iii) providing such financial and other information regarding such Company and its Company Subsidiaries as is reasonably requested in connection with the Financing (subject to customary confidentiality protections); (iv) executing and delivering any definitive agreements in connection with the Financing, including any broker or underwriting agreements, and agreeing to make representations, warranties, covenants and agreements (including agreements to indemnify) thereunder on terms substantially similar to Verano; (v) executing and delivering reasonable and customary certificates, management representation letters and other documentation required in connection with the Financing; (vi) assisting with the satisfaction of any conditions precedent set forth in any definitive agreement relating the Financing; (vii) assisting Verano in obtaining consents from such Company's and its Company Subsidiaries' independent auditors for purposes of financial statements to be included or referenced in any offering documents; and (viii) executing and delivering, or using commercially reasonable efforts to help procure, customary consents, waivers, estoppels, approvals and other documents and certificates to be delivered in connection with the closing of the Financing. Each Company hereby consents to Verano's and its representatives' and agents' use of such Company's and its Company Subsidiaries' logos in connection with the Financing.

Section 5.05 PubCo Circular and Listing Statement.

(a) As soon as reasonably practicable following the execution of this Agreement, but subject to each Company's compliance with **Section 5.05(b)**, Verano shall prepare the Listing Statement and Listing Application Documents and shall cause the timely filing of the Listing Statement and Listing Application Documents in accordance with applicable Canadian Securities Laws and CSE Rules.

(b) Verano and each Company shall use commercially reasonable efforts to obtain and furnish the information and financial statements with respect to Verano or such Company and all documentation relating to the Arrangement including, but not limited to, all drafts of notices, petitions, written submissions, draft orders and oral submissions sufficiently in advance of finalizing and filing such documents in order to provide a reasonable opportunity to the other parties hereto to comment thereon and ensure information relating to Verano and the Companies and the transactions contemplated hereby are accurately reflected, and AME shall use commercially reasonable efforts to obtain and furnish the information and financial statements with respect to FC, as applicable, required to be included in each of the PubCo Circular under applicable Canadian Securities Laws (with respect to Verano, any Company or FC, the "**Circular Information**") and the Listing Statement and Listing Application Documents (with respect to Verano, any Company or FC, the "**Listing Information**"). As of the date that each of the Circular Information and Listing Information is first provided by a party hereto, and as of the date of each of the PubCo Circular, the Listing Statement and each Listing Application Document, the Circular Information or Listing Information (as applicable) shall be complete and correct in all material respects, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading and shall comply in all material respects with all applicable Laws other than Federal Cannabis Laws (in the case of the Circular Information) and the CSE Rules (in the case of the Listing Information). Verano and each Company shall promptly correct any Circular Information or Listing Information previously provided by it which, to Verano's or such Company's Knowledge, as applicable, has become false or misleading in any material respect. Verano and each Company shall also use commercially reasonable efforts to obtain any necessary consents from any of its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the PubCo Circular, the Listing Statement, the Listing Application Documents or other filings related to any or all of the foregoing, and to the identification in such filings of each such advisor. Verano shall use its commercially reasonable efforts to obtain the conditional listing approval of the CSE and will provide or submit on a timely basis all documentation and information that is reasonably required or advisable in connection with obtaining such approval and fulfilling all listing requirements.

(c) To the extent contemplated by, and subject to the conditions of, the Plan of Arrangement, each Company and its advisors shall be given a reasonable opportunity to review and provide comments with respect to the PubCo Circular and the Listing Statement prior to each being finalized and filed with the applicable Governmental Authority. Verano shall incorporate any such comments that, in Verano's reasonable discretion, it deems appropriate; *provided that* Verano agrees that all information relating to the Companies in the PubCo Circular and the Listing Statement will be in form and content satisfactory to the Companies, acting reasonably.

(d) Without limiting the generality of **Section 5.05(a)**, as soon as practicable after the date of this Agreement, each Company shall prepare and deliver for inclusion in the PubCo Circular and the Listing Statement:

(i) with respect to AME, (1) the audited consolidated and consolidating balance sheets of AME for the fiscal years ended December 31, 2018 and December 31, 2019 and the related audited consolidated and consolidating statements of income, cash flows and the capital accounts of the members of AME for the fiscal years ended December 31, 2018 and December 31, 2019, and (2) the unaudited consolidated and consolidating balance sheet of AME as of September 30, 2020 and the related unaudited consolidated and consolidating statements of income, cash flows and the capital accounts of the members of AME for the nine-month period then ended (or any more recent period as required to be included in the PubCo Circular or the Listing Statement as required by Canadian Securities Laws or the CSE Rules, respectively, as determined by Verano in its reasonable discretion);

(ii) with respect to POR and RVC, (1) the audited combined, consolidated and consolidating balance sheets of such Company for the fiscal years ended December 31, 2018 and December 31, 2019 and the related audited combined, consolidated and consolidating statements of income, cash flows and the capital accounts of the members of such Company for the fiscal years ended December 31, 2018 and December 31, 2019, and (2) the unaudited combined, consolidated and consolidating balance sheet of such Company as of September 30, 2020 and the related unaudited combined, consolidated and consolidating statements of income, cash flows and the capital accounts of the members of such Company for the nine-month period then ended (or any more recent period as required to be included in the PubCo Circular or the Listing Statement as required by Canadian Securities Laws or the CSE Rules, respectively, as determined by Verano in its reasonable discretion) (clauses (i) and (ii) collectively, the "**IFRS Financial Statements**"); and

(iii) management's discussion and analysis for such Company for each of the fiscal year ended December 31, 2019 and the nine-month period ended September 30, 2020 (or any more recent period as required to be included in the PubCo Circular or the Listing Statement as required by Canadian Securities Laws or the CSE Rules, respectively, as determined by Verano in its reasonable discretion), as prepared in accordance with Form 51-102F1 - *Management's Discussion & Analysis* of the Canadian Securities Administrators.

(e) The IFRS Financial Statements of each Company will be audited or reviewed, as applicable, by a nationally recognized accounting firm reasonably acceptable to Verano, and prepared in accordance with IFRS applied on a consistent basis throughout the periods involved, subject to, in the case of the interim Financial Statements, normal and recurring year-end adjustments (in each case the effect of which will not be materially adverse) and the absence of notes that, if presented, would not differ materially from those presented in the audited IFRS Financial Statements of such Company. Each of the IFRS Financial Statements of such Company (including in all cases the notes thereto, if any) will be prepared from, and consistent with, the books and records of such Company, and accurately present in all material respects the financial condition and results of operations of such Company, as of the times and for the periods referred to therein.

(f) Verano shall notify the Companies of any material requests or comments made by the CSE in connection with the Listing Information and shall provide Member Representative with copies thereof as soon as reasonably practicable after receipt thereof. If such requests or comments made by the CSE involve information related to the Companies, then each Company shall be afforded a reasonable opportunity to review and provide comments to Verano for inclusion in Verano's response to the CSE.

Section 5.06 Notice of Certain Events.

(a) From the date hereof until the Closing, each Company shall promptly notify Verano, and Verano shall promptly notify each Company, and in any event within three Business days of becoming aware thereof (the party providing such notice being the "**Disclosing Party**," and the party or parties receiving such notice being the "**Receiving Party**"), in writing and in reasonable detail of:

(i) any matter, fact, circumstance, event, condition, development or action the existence, occurrence or taking of which (1) has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Disclosing Party, (2) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Disclosing Party not being true and correct or (3) has resulted in, or could reasonably be expected to result in, the failure to satisfy any of the conditions set forth in **Section 7.02** (if the Disclosing Party is a Company) or **Section 7.03** (if the Disclosing Party is Verano);

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Actions commenced or, to such the Disclosing Party's Knowledge, threatened against, relating to or involving or otherwise affecting such Disclosing Party that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to **Section 3.04** or **Section 4.04**, as applicable, or that relates to the consummation of the transactions contemplated by this Agreement, including the Arrangement.

(b) Except as provided in this **Section 5.06(b)**, the Receiving Party's receipt of information pursuant to this **Section 5.06** shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by any Disclosing Party in this Agreement and shall not be deemed to amend or supplement the Disclosure Schedules of the Disclosing Party. If any such disclosed information (either individually or collectively with all other information disclosed by the Disclosing Party pursuant to this **Section 5.06**) has resulted in, or would reasonably be expected to result in, the failure to satisfy any of the conditions set forth in **Section 7.02** (if the Disclosing Party is a Company) or **Section 7.03** (if the Disclosing Party is Verano), then within ten Business Days of the receipt of such written disclosure notice, this Agreement may be terminated by the Receiving Party. If this Agreement is not terminated by the Receiving Party as provided in this **Section 5.06**, such written notice provided shall be deemed to qualify and update the representations, warranties, agreements and Disclosure Schedules of the Disclosing Party in all respects for the purposes of the satisfaction of the closing conditions set forth in **Section 7.02** (if the Disclosing Party is a Company) or **Section 7.03** (if the Disclosing Party is Verano), and shall not be a basis for failure to satisfy any such conditions. Each Company and Verano shall supplement and update the listings required to be disclosed by such party in any of **Schedules 3.12(a), 3.14(a), 3.17(a), 3.18, 3.22, 4.12(a), 4.14(a), 4.17(a), 4.18** and **4.22**, as applicable. For so long as any such supplements and updates (i) were not made as a result of a breach or default by the Disclosing Party under this Agreement, and (ii) do not have a Material Adverse Effect on such Disclosing Party, then any such supplements and updates to such listings shall be deemed to qualify and update the representations, warranties, agreements and Disclosure Schedules of the Disclosing Party in all respects for the purposes of the satisfaction of the closing conditions set forth in **Section 7.02** (if the Disclosing Party is a Company) or **Section 7.03** (if the Disclosing Party is Verano), and shall not be a basis for failure to satisfy any such conditions.

Section 5.07 Resignations. At least five Business Days prior to the Closing, each Company shall deliver to Verano written resignations, effective as of the Closing Date, of the officers and managers of such Company set forth on **Schedule 5.07**.

Section 5.08 Key Employees. During the three year period following the Closing, Verano shall (or shall cause PubCo to) use commercially reasonable efforts to continue to employ the Key Employees in accordance with its employee policies and procedures in effect from time to time, which efforts shall include providing for such Key Employees to participate in PubCo's equity incentive plan on terms and conditions that are similar to, as determined in Verano's reasonable discretion, Verano's existing officers and management, but shall not include any guaranty of employment.

Section 5.09 Governmental Approvals and Consents.

(a) Each party hereto shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions (including those under the HSR Act) required under any Law or CSE Rules applicable to such party or any of its Affiliates; and (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the Ancillary Documents, including but not limited to the approval of the Regulator with respect to any deemed transfer of ownership or control related to the Permits. Each party shall cooperate fully with the other parties and their Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. The parties hereto shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) Verano and each Company shall use commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties that are described in **Schedules 3.03** and **4.03**.

(c) Without limiting the generality of the parties' undertakings pursuant to subsections (a) and (b) above, each of the parties hereto shall use all commercially reasonable efforts to:

(i) respond to any inquiries by any Governmental Authority regarding antitrust or other matters with respect to the transactions contemplated by this Agreement or any Ancillary Document;

(ii) avoid the imposition of any Governmental Order or the taking of any action that would restrain, alter or enjoin the transactions contemplated by this Agreement or any Ancillary Document; and

(iii) in the event any Governmental Order adversely affecting the ability of the parties to consummate the transactions contemplated by this Agreement or any Ancillary Document has been issued, to have such Governmental Order vacated or lifted.

(d) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between Verano or any Company, on the one hand, and Governmental Authorities, on the other hand, in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other parties hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each party shall give notice to the other parties with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other parties with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(e) Notwithstanding the foregoing, nothing in this **Section 5.09** or this Agreement shall require, or be construed to require, any party hereto or any of its Affiliates to agree to (i) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of such party or its Affiliates; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in each case, could reasonably be expected to materially and adversely impact the economic or business benefits to such party of the transactions contemplated by this Agreement; or (iii) any material modification or waiver of the terms and conditions of this Agreement. None of the Companies or Verano shall engage in integration of the Verano Business and the AME Business prior to the Closing, including such actions that are subject to required authorizations and approvals of Governmental Authorities under the HSR Act and other applicable Laws.

(f) As is applicable to any of the Company Permits and to the extent required under applicable Law, as soon as practicable the parties hereto shall cooperate and use commercially reasonable efforts to (i) obtain the approval, consent or written confirmation of non-objection (a "**Transfer Consent**") from the applicable Governmental Authorities for (i) the transfer of such Company Permits to PubCo or to an Affiliate of PubCo, and (ii) the change in ownership or change of control of a Subsidiary or Affiliate of the respective Company holding such Permit as a result of the Combination; *provided however*, if the parties hereto determine, acting reasonably, that a Transfer Consent for any Company Permit is either infeasible or impractical to obtain prior to the Closing Date, then Verano, or an Affiliate of Verano, shall enter into a Commercial Arrangement with the Company that holds or controls such Company Permit. In furtherance thereof, to the extent necessary, the parties hereto agree to cooperate and use commercially reasonable efforts to cause the relevant Persons to enter into a reasonable interim arrangement in order for PubCo to secure the benefits of any Company Permit for which a required Transfer Consent was not obtained and to result in PubCo, or a Subsidiary of PubCo, to be treated as the beneficial owner of such Company Permit for U.S. federal income tax purposes (a "**Commercial Arrangement**"), pursuant to a form of agreement mutually agreeable to the parties thereto whereby Verano or an Affiliate of Verano agrees to support the financial and operational needs of such Person holding such Company Permit (and commit to any Regulator mandated operational timetables) until such time as such Person holding such Company Permit may be transferred, divested or otherwise separated from the Companies. The Companies and Verano shall use commercially reasonable efforts to obtain applicable state regulatory approvals to the extent required for each Commercial Arrangement. Each Commercial Arrangement shall comply with applicable state Law in the relevant jurisdictions and the obligations of any Company or its Subsidiaries or Affiliates thereunder shall be limited to those otherwise required to manage and operate the AME Business in accordance with the applicable Company Permit in the states in which it operates.

Section 5.10 Directors' and Officers' Indemnification. Verano acknowledges and agrees that all rights to indemnification, advancement of expenses and exculpation by any Company now existing in favor of any Person who is now, or who has been previously or who becomes prior to the Effective Time, an officer or manager of such Company, as provided in such Company's Governing Documents, in each case as in effect on the date of this Agreement, or pursuant to any other Contracts in effect on the date hereof and disclosed in **Schedule 5.10**, shall be assumed by the Surviving Entity in the applicable Company Merger, without further action, at the Effective Time and shall survive such Company Merger and shall remain in full force and effect in accordance with their terms.

Section 5.11 Working Capital Loan. Notwithstanding anything to the contrary in this Agreement, Verano and any Company may, following the request of such Company and without the consent of any other party hereto, enter into one or more financing transactions whereby Verano, or an Affiliate of Verano, agrees to provide such Company with a loan or other mutually agreeable financing arrangement to provide financing to permit such Company to continue the construction of certain buildout projects in the State of Arizona (the "**Working Capital Loan**"). Any Working Capital Loan shall not exceed $5,000,000 in the aggregate principal amount and shall be on commercially reasonable terms as mutually agreed to by Verano and such Company. Notwithstanding the foregoing, such Company may obtain the Working Capital Loan from one or more third parties instead, *provided that* the Working Capital Loan shall be on commercially reasonable terms with respect to such Company, and in connection therewith, such Company shall provide Verano with (a) true and complete copies of the draft definitive agreements relating to the Working Capital Loan, and Verano shall have three Business Days after receipt to approve the form and substance thereof prior to such Company's entry into such definitive agreements (which approval shall not be unreasonably withheld or delayed and shall be deemed given if Verano fails to respond within such time frame) and (b) prompt notice of (but in any event no later than two Business Days after) (i) such Company's entry into any definitive agreement relating to the Working Capital Loan to the extent entered into prior to the Closing; (ii) any breach of, or default under, any such definitive agreement to which any Company becomes aware; and (iii) any amendment, modification waiver, consent, termination or expiration of any such definitive agreement.

Section 5.12 Closing Conditions. From the date hereof until the Closing, each party hereto shall use commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in **Article VII**, including such actions as are necessary to consummate the Arrangement and effect the Combination.

Section 5.13 Public Announcements. Unless otherwise required by applicable Law (including stock exchange requirements), based upon the reasonable advice of counsel, no party to this Agreement shall make any public announcements in respect of this Agreement or the Ancillary Documents or the transactions contemplated hereby or thereby, or otherwise communicate with any news media without the prior written consent of the other party. The parties shall cooperate as to the timing and contents of any announcement permitted under this **Section 5.13**.

Section 5.14 Further Assurances. At and after the Effective Time, the officers and managers of each Surviving Entity shall be authorized to execute and deliver, in the name and behalf of the applicable Company, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of such Company, any other actions and things to vest, perfect or confirm of record or otherwise in such Surviving Entity any and all right, title and interest in, to and under any of the rights, properties or assets of such Company acquired or to be acquired by such Surviving Entity as a result of, or in connection with, the applicable Company Merger.

Section 5.15 Lock-Up Terms.

(a) The Share Consideration, all proportionate and subordinate shares of PubCo issued pursuant to the Convertible Notes and all other shares issued by PubCo to any Person that received Share Consideration or shares issued pursuant to the Convertible Notes (such aggregate amount of shares and the shares into which such shares are converted into or exchanged for, the "**Locked-Up Shares**") shall be subject to the transfer restrictions as set forth in this **Section 5.15**, as applicable as of and after the date of issuance thereof, and without the Resulting Issuer's prior consent, no such Person shall (1) offer, pledge, sell, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell or otherwise dispose of, directly or indirectly, any Locked-Up Shares that have not been released from the transfer restrictions in this **Section 5.15**, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-Up Shares that have not been released from the transfer restrictions in this **Section 5.15**, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of any Locked-Up Shares or such other securities, in cash or otherwise. The Locked-Up Shares automatically shall be released, without any action by any Person, from the transfer restrictions set forth in this Agreement as follows:

(i) on the date of issuance, 20% of such newly issued Locked-Up Shares shall be immediately available, and shall not be subject to the transfer restrictions set forth herein;

(ii) 15% of the Locked-Up Shares shall be released from the transfer restrictions set forth herein on the 90th day from and after the Closing Date;

(iii) 15% of the Locked-Up Shares shall be released from the transfer restrictions set forth herein on the 180th day from and after the Closing Date;

(iv) 15% of the Locked-Up Shares shall be released from the transfer restrictions set forth herein on the 240th day from and after the Closing Date;

(v) 15% of the Locked-Up Shares shall be released from the transfer restrictions set forth herein on the 310th day from and after the Closing Date; and

(vi) the balance of the Locked-Up Shares shall be released from the transfer restrictions set forth herein on the 400th day from and after the Closing Date.

(b) Notwithstanding anything to the contrary set forth in this **Section 5.15**, if at any time after the Closing Date, any of the following acts or events occurs without the prior written consent of Member Representative, then at the time of such occurrence the following shall occur:

(i) if any amendment or modification to the Governing Documents of PubCo becomes effective and results in a Material Adverse Effect of PubCo, then the transfer restrictions set forth in this **Section 5.15** shall lapse and be null and void with respect to 50% of the Locked-Up Shares that are then subject to such transfer restrictions;

(ii) if with respect to the subordinate voting shares or proportionate voting shares of PubCo, any material adverse change to the rights thereof (including a material adverse change in the priority in the capital structure of PubCo) becomes effective, then the transfer restrictions set forth in this **Section 5.15** shall lapse and be null and void with respect to 50% of the Locked-Up Shares of the affected class of PubCo shares that are then subject to such transfer restrictions;

(iii) if any liquidation or winding up of PubCo is approved by the Board of Directors of PubCo or is commenced, then the transfer restrictions set forth in this **Section 5.15** shall lapse and be null and void with respect to 100% of the Locked-Up Shares that are then subject to such transfer restrictions;

(iv) if PubCo effects any merger, consolidation, amalgamation, combination, exclusive license or sale that results in the sale or transfer of the ownership or control of substantially all of its assets or 50% or more of its issued and outstanding capital stock or voting power to one or more third parties in a single transaction or in integrated transactions structured as a single transaction for such purpose, then the transfer restrictions set forth in this **Section 5.15** shall lapse and be null and void with respect to 50% of the Locked-Up Shares that are then subject to such transfer restrictions;

(iv) if any Verano Material Contract is terminated prior to its scheduled expiration terms or a provision thereof is waived or amended without the approval of the Board of Directors of PubCo and such early termination, waiver or amendment results in a Material Adverse Effect of PubCo, then the transfer restrictions set forth in this **Section 5.15** shall lapse and be null and void with respect to 100% of the Locked-Up Shares that are then subject to such transfer restrictions;

(vi) if federal legalization of the sale of cannabis in the United States is enacted and becomes effective, then the transfer restrictions set forth in this **Section 5.15** shall lapse and be null and void with respect to 100% of the Locked-Up Shares that are then subject to such transfer restrictions; or

(vii) if the subordinate voting shares of PubCo are delisted from the CSE and such shares (or the shares into which such shares are exchanged or converted) then become listed on a national securities exchange in the United States, then the transfer restrictions set forth in this **Section 5.15** shall lapse and be null and void with respect to 100% of the Locked-Up Shares that are then subject to such transfer restrictions.

(c) The transfer restrictions set forth in this **Section 5.15** shall not apply to:

(i) transfers of Locked-Up Shares (1) as a bona fide gift, (2) by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or a member of the immediate family of the undersigned or (3) by operation of law, such as pursuant to a qualified domestic order or as required by a divorce settlement; *provided that* any such distributed Locked-Up Shares shall remain subject to the transfer restrictions pursuant to this **Section 5.15** and such transfer restrictions must be acknowledged by the transferee;

(ii) the establishment of a trading plan promulgated under applicable securities laws, *provided that* such trading plan does not provide for the transfer of any Locked-Up Shares during the period of time such Locked-Up Shares are subject to the transfer restrictions pursuant to this **Section 5.15**;

(iii) transfers and other transactions regarding shares of the Resulting Issuer acquired in the open market or private transactions with third parties after the completion of the Combination;

(iv) if the Person holding the Locked-Up Shares is a corporation, limited liability company, partnership, trust or other entity, transfers to its stockholders, members, partners or trust beneficiaries as part of a distribution, or to any corporation, partnership or other entity that is its Affiliate; *provided that* any such distributed Locked-Up Shares shall remain subject to the transfer restrictions pursuant to this **Section 5.15** and such transfer restrictions must be acknowledged by the transferee; and

(v) transfers to the Resulting Issuer in connection with the “net” or “cashless” exercise of options or other rights to purchase shares of stock granted pursuant to an equity incentive plan, stock purchase plan or other arrangement in satisfaction of any tax withholding obligations through cashless surrender or otherwise.

(d) Stop transfer instructions shall be placed with the Resulting Issuer's transfer agent and registrar relating to the transfer of the Locked-Up Shares that have not been released in accordance with this Agreement, except for transfers made in compliance with this **Section 5.15**. In addition, if any Locked-Up Shares are certificated, such certificates may be stamped, imprinted or notated with a restrictive legend referring to this Agreement and the transfer restrictions set forth herein. In addition to the transfer restrictions set forth in this **Section 5.15**, the Share Consideration may be subject to additional transfer restrictions under Canadian or United States securities laws.

(e) Prior to the Closing Date, (i) each Company shall use commercially reasonable efforts to obtain and deliver Lock-Up Acknowledgements to Verano duly executed by all Persons receiving Share Consideration in the Company Mergers or the Exchanges, and (ii) Verano shall use commercially reasonable efforts to obtain and deliver to the Companies lock-up agreements containing the same transfer restrictions as set forth in the Lock-Up Acknowledgment duly executed by or on behalf of all Persons receiving Verano Merger Shares (other than Verano Merger Shares already subject to existing lock-up restrictions or agreements to not lock-up such Verano Merger Shares, in each case as in effect on the date of this Agreement that have been disclosed to Member Representative prior to the date hereof).

ARTICLE VI
TAX MATTERS

As used in this **Article VI**, the use of the term "Members" with respect to the Members of RVC or POR shall include the Members of AME insofar as their indirect ownership of RVC and POR through AME's direct ownership of Member Interests in POR and in RVC, each as of immediately prior to the Closing.

Section 6.01 Tax Covenants.

(a) Without the prior written consent of Verano, prior to the Closing, no Company, nor any of their Company Subsidiaries, Representatives or Members, shall make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of the Resulting Issuer or the Surviving Entity in respect of any Post-Closing Tax Period. Each Company agrees that neither the Resulting Issuer nor the Surviving Entity is to have any liability for any Tax resulting from any action of such Company, its Company Subsidiaries, any of its Representatives or its Members.

(b) All excise, sales, use, registration, stamp, recording, documentary, conveyancing, franchise, property, transfer, value added and similar Taxes, levies, charges and fees (including any real property transfer Tax and any other similar Tax) incurred in connection with this Agreement and the Ancillary Documents shall be borne and paid by the Members when due. Member Representative shall timely file any Tax Return or other document with respect to such Taxes or fees (and Verano shall reasonably cooperate with respect thereto as necessary). Member Representative shall provide Verano with evidence reasonably satisfactory to Verano that such Taxes or fees have been paid, or if the transactions are exempt from such Taxes or fees upon the filing of an appropriate certificate or other evidence of exemption.

Section 6.02 Termination of Existing Tax Sharing Agreements. Any and all existing Tax sharing agreements (whether written or not) binding upon any Company or any of the Company Subsidiaries shall be terminated as of the Closing Date. After such date, neither such Company nor any of its Company Subsidiaries nor any of their Representatives shall have any further rights or liabilities thereunder.

Section 6.03 Tax Returns.

(a) Each Company shall prepare, or cause to be prepared, and timely file, or cause to be timely filed, all Tax Returns of such Company and its Company Subsidiaries that are required to be filed on or before the Closing Date and pay all Taxes due with such Tax Returns. Except with respect to the IRS Forms 1065 (and corresponding state and local income Tax Returns) for the Pre-Closing Tax Periods and Straddle Periods (as defined below) to be filed for such Company and each of its Company Subsidiaries which are classified for U.S. federal income tax purposes as a partnership, which will be prepared, or caused to be prepared, and timely filed, or caused to timely filed, at the Members' expense, by Member Representative, the Resulting Issuer shall prepare, or cause to be prepared, and timely file, or cause to be timely filed, all Tax Returns of each Company and its Company Subsidiaries that are required to be filed after the Closing Date. All such Tax Returns with respect to a Pre-Closing Tax Period or a tax period that begins before and ends after the Closing Date (a "**Straddle Period**") that are to be prepared and filed pursuant to this **Section 6.04** (a) shall be (i) prepared and timely filed in a manner consistent with the most recent past practice and methods of each Company and its Company Subsidiaries and **Section 6.04(b)** (except as otherwise required by applicable Law) and (ii) delivered to the non-preparing party (being the Resulting Issuer with respect to the Company and Member Representative-prepared Tax Returns and Member Representative with respect to the Resulting Issuer-prepared Tax Returns) for its review (1) with respect to income Tax Returns, no later than 30 days before the filing date thereof, and (2) with respect to all other Tax Returns, within three days of filing. If the non-preparing party agrees with the income Tax Returns, then such income Tax Returns shall be timely filed or cause to be filed by the preparing party. If, within 20 days after the receipt of the income Tax Returns, the non-preparing party notifies the preparing party that it disputes the manner of preparation of the income Tax Returns, then the Resulting Issuer and Member Representative shall attempt to resolve their disagreement within five days following the notification of such disagreement. If the Resulting Issuer and Member Representative are not able to resolve their disagreement, then the disputed items shall be submitted to the Independent Accountant as an expert and not an arbitrator, for resolution on at least a more-likely-than-not basis. The Resulting Issuer and Member Representative shall use their reasonable efforts to cause the Independent Accountant to resolve the disagreement within 30 days after the date on which they are engaged or as soon as possible thereafter. The determination of the Independent Accountant shall be final and binding on the parties. If the Independent Accountant is unable to resolve any such dispute prior to the due date (with applicable extensions) for any such income Tax Return, such income Tax Return shall be filed as prepared by the preparing party subject to amendment, if necessary, to reflect the resolution of the dispute by the Independent Accountant. The cost of the services of the Independent Accountant shall be borne by the party whose calculation of the matter in disagreement differs the most from the calculation as finally determined by the Independent Accountant. Each Company and its Company Subsidiaries shall timely pay to the applicable taxing authorities the amount of Taxes of such Company and its Company Subsidiaries due with respect to such income and other Tax Returns.

(b) For purposes of preparing any income Tax Return of any Company or any Company Subsidiary, in the case of any Straddle Period, items of income, gain, loss and deduction shall be apportioned between the Pre-Closing Tax Period and the remaining portion of such Tax year or period on the basis of a closing of the books as of the end of the Closing; *provided*, *however*, that in the case of a Tax not based on income, receipts, proceeds, profits or similar items, Straddle Period Taxes shall be equal to the amount of Tax for the Tax Period multiplied by a fraction, the numerator of which shall be the number of days from the beginning of the Tax period through the Closing Date and the denominator of which shall be the number of days in the Tax period. The Resulting Issuer and Member Representative agree that for purposes of Section 706(d) of the Code, each of such Company and its Company Subsidiaries that are treated as partnerships for federal income tax purposes shall use the "closing of the books" method to allocation income, gain, deduction and loss for Tax year in which the Closing takes place.

Section 6.04 Cooperation and Exchange of Information. Member Representative, each Company and Verano shall provide each other with such cooperation and information as either of them reasonably may request of the others in filing any Tax Return pursuant to this **Article VI** or in connection with any audit or other proceeding in respect of Taxes of such Company. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by tax authorities. Each of Member Representative, each Company and Verano shall retain all Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of such Company for any taxable period beginning before the Closing Date until the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by any of the other parties in writing of such extensions for the respective Tax periods. Prior to transferring, destroying or discarding any Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of any Company for any taxable period beginning before the Closing Date, Member Representative, such Company or Verano (as the case may be) shall provide the other parties with reasonable written notice and offer the other parties the opportunity to take custody of such materials.

Section 6.05 Amendments. The Resulting Issuer shall not (a) file, or allow to be filed, any amended Tax Returns of any Company or any of its Company Subsidiaries for a Pre-Closing Tax Period or Straddle Period, (b) apply to any Tax authority for any binding or non-binding opinion, ruling or other determination with respect to such Company or any of its Company Subsidiaries in relation to any act, matter, or transaction that occurred on or before the Closing Date or that relates to any Pre-Closing Tax Period, without the written consent of Member Representative, such consent not to be unreasonably withheld, conditioned or delayed.

Section 6.06 Tax Distributions. Notwithstanding any provision of this Agreement to the contrary, but subject to the terms of this **Section 6.06**, prior to the Closing Date, with respect to Pre-Closing Tax Periods and Straddle Periods, without duplication, each Company shall be permitted to make cash distributions to its Members to fund the payment of their income Tax liabilities with respect to their allocable share of taxable income and gain of such Company pursuant to the current distribution or tax distribution provisions of the relevant Governing Documents of such Company, and such Company's Company Subsidiaries shall be permitted to make cash distributions to their members to fund the payment of their income Tax liabilities with respect to their allocable share of taxable income and gain of such Company Subsidiaries pursuant to the current distribution or tax distribution provisions of the relevant operating agreements (as finally determined in accordance with this **Section 6.06**, the "**Permitted Tax Distributions**"). Each Company shall initially determine the amount of such Permitted Tax Distributions in good faith and shall, not less than five Business Days prior to the date on which such Company intends to make such Permitted Tax Distributions, deliver its determinations together with all supporting documentation and computations, to Verano for Verano's review and approval. In the event of a disagreement between Verano and such Company, Verano and the Company, each acting reasonably, shall attempt to resolve any such disagreement. If Verano and such Company are unable to resolve such disagreement, then the disputed items shall be submitted to the Independent Accountant as an expert and not an arbitrator, for resolution on at least a more-likely-than-not basis. Verano and such Company shall use their reasonable efforts to cause the Independent Accountant to resolve the disagreement within five days after the date on which they are engaged or as soon as possible thereafter. The cost of the services of the Independent Accountant shall be borne by the party whose calculation of the matter in disagreement differs the most from the calculation as finally determined by the Independent Accountant.

Section 6.07 Partnership Tax Audit Rules. With respect to any Tax period of any Company and, to the extent applicable, its Company Subsidiaries ending on or prior to the Closing Date in which the Partnership Tax Audit Rules apply to such Company and, to the extent applicable, its Company Subsidiaries, unless otherwise agreed in writing by the Resulting Issuer, notwithstanding anything herein to the contrary, such Company and, to the extent applicable, its Company Subsidiaries shall make the election under Section 6226(a) of the Code with respect to the alternative to payment of imputed underpayment and the parties hereto shall take any other action such as filings, disclosures and notifications necessary to effectuate such election. None of the parties hereto or their Affiliates shall make any election or otherwise take any action to cause the Partnership Tax Audit Rules to apply to any Company or its Company Subsidiaries at any earlier date than is required by Law.

Section 6.08 Section 280E of the Code. The parties acknowledge and agree that Verano, the Verano Subsidiaries, each Company and the Company Subsidiaries are engaged in the business of operating a licensed dispensary of medical marijuana (cannabis), which is classified as a Schedule I controlled substance under Section 812 of the *Controlled Substances Act*, and are required to file tax returns under Section 280E of the Code ("**280E**"). The parties further acknowledge and agree that the U.S. federal Laws affecting the medical and recreational use of cannabis are subject to the U.S. federal government's policies with respect to such Laws, which cannot be known with any level of certainty, including the IRS's application or enforcement of 280E. Each of Verano and each Company has provided copies of its Tax Returns filed under 280E, and the parties hereto have had an opportunity to thoroughly review such returns, with the expert advice of their legal and financial advisors. Notwithstanding anything to the contrary in this Agreement: (a) the parties hereto understand and agree that the IRS may conclude that a Company or its Company Subsidiaries have not complied with 280E and, but for a determination that such Company or its Company Subsidiary acted in a grossly negligent manner or without commercial reasonableness, the Members shall not be liable for an adverse determination by the IRS; and (b) the parties hereto understand and agree that the IRS may conclude that Verano or the Verano Subsidiaries have not complied with 280E and, but for a determination that Verano or the Verano Subsidiaries acted in a grossly negligent manner or without commercial reasonableness, neither the Resulting Issuer nor Verano shall be liable for an adverse determination by the IRS.

Section 6.09 FIRPTA Statements. On the Closing Date, each Company shall deliver to Verano: (a) a certificate, dated as of the Closing Date, certifying to the effect that no interest in such Company is a U.S. real property interest (such certificate in the form required by Treasury Regulation Section 1.897-2(h) and Temporary Treasury Regulation Section 1.1445-11T(d)(2)(i)); (b) a properly prepared and executed IRS Form W-9 for POR Holdings and for each Member of such Company provided such Member is a U.S. person for U.S. federal income tax purposes; and (c) to the extent applicable, a properly prepared and executed Notice of No Realized Gain within the meaning of Proposed Treasury Regulation section 1.1446(f)-2(b) or, to the extent applicable, a certification of maximum tax liability within the meaning of Proposed Treasury Regulations section 1.1446(f)-2(c)(4), with respect to each Member that does not provide an IRS Form W-9 under subsection (b) above and with respect to any Exchange participant (collectively, the "**Company FIRPTA Statements**"); *provided*, *however*, that the failure of such Company to deliver such certificate or form with respect to one or more of its Members shall not prevent the Closing, and in each such case, the Resulting Issuer shall withhold U.S. federal income tax pursuant to **Section 2.13**, as applicable, with respect to such Member. On the Closing Date, Verano shall deliver to the Resulting Issuer: (i) a certificate, dated as of the Closing Date, certifying to the effect that no interest in Verano is a U.S. real property interest (such certificate in the form required by Treasury Regulation section 1.897-2(h) and Treasury Regulation Section 1.1445-2(d)(2)); and (ii) a properly prepared and executed IRS Form W-9 from each member of Verano provided such member is a U.S. person for U.S. federal income tax purposes (collectively, the "**Verano FIRPTA Statements**").

ARTICLE VII
CONDITIONS TO CLOSING

Section 7.01 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) The Financing shall have been consummated and the escrow release conditions of the Financing shall have been satisfied or waived.

(b) The Verano Merger shall have been consummated, and this Agreement shall have been assigned to, and assumed by, PubCo as contemplated by **Sections 2.09(a)** and **5.12.**

(c) All conditions necessary for the Arrangement to be consummated in accordance with the Plan of Arrangement, and for the Combination to become effective pursuant thereto, shall have been satisfied or otherwise waived, and the consummation of the Arrangement and the effectiveness of the Combination shall be set to occur on the Closing Date.

(d) The CSE shall have provided its conditional approval of the listing of the subordinate voting shares of the Resulting Issuer to be issued upon (i) the completion of the Verano Merger and Company Mergers and (ii) the conversion of the proportionate voting shares of the Resulting Issuer into subordinate voting shares of the Resulting Issuer in accordance with their terms.

(e) The issuance of the subordinate voting shares and proportionate voting shares of the Resulting Issuer upon the consummation of the Verano Merger and the Company Mergers shall be exempt from the prospectus requirements of applicable Canadian Securities Laws and shall not be subject to resale restrictions thereunder (other than as applicable to control persons or as imposed by the CSE).

(f) PubCo's board of directors as of the Closing shall consist of seven directors, comprised of (i) one nominee of the Companies and (ii) six nominees of Verano (three of whom shall satisfy independence requirements under Canadian Securities Laws).

(g) The filings of Verano and the Companies pursuant to the HSR Act, if any, shall have been made and the applicable waiting period and any extensions thereof shall have expired or been terminated.

(h) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof, other than Federal Cannabis Laws.

Section 7.02 Conditions to Obligations of Verano. The obligations of Verano to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Verano's waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the Company Fundamental Representations, the representations and warranties of each Company contained in this Agreement and the Ancillary Documents shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The Company Fundamental Representations shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Each Company shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by it prior to or on the Closing Date; *provided that* with respect to agreements, covenants and conditions that are qualified by materiality, such Company shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(c) All approvals, consents and waivers that are listed on **Schedule 7.02(c)** shall have been received, and executed counterparts thereof shall have been delivered to Verano at or prior to the Closing.

(d) From the date of this Agreement, there shall not have occurred any Material Adverse Effect of the Companies, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect of the Companies.

(e) The Companies shall have delivered (or caused to be delivered) the closing deliverables set forth in **Section 2.03(a)**.

(f) FC's board of directors as of the Effective Time shall consist of the same members as the board of directors of PubCo as of the Closing.

Section 7.03 Conditions to Obligations of the Companies. The obligations of each Company to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or such Company's waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the Verano Fundamental Representations, the representations and warranties of Verano contained in this Agreement and the Ancillary Documents shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The Verano Fundamental Representations shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date.

(b) Verano shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by Verano prior to or on the Closing Date; *provided that* with respect to agreements, covenants and conditions that are qualified by materiality, Verano shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(c) All approvals, consents and waivers that are listed on **Schedule 7.03(c)** shall have been received, and executed counterparts thereof shall have been delivered to the Companies at or prior to the Closing.

(d) From the date of this Agreement, there shall not have occurred any Material Adverse Effect of Verano, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect of Verano.

(e) Verano shall have delivered (or caused to be delivered) the closing deliverables set forth in **Section 2.03(b)**.

ARTICLE VIII
TERMINATION

Section 8.01 Termination. This Agreement may be terminated at any time prior to the Closing (or, as set forth in **Section 8.01(e)**, shall terminate automatically) as set forth below:

(a) by the mutual written consent of each Company and Verano;

(b) by Verano by written notice to the Companies (indicating in reasonable detail the deficiencies relied upon to terminate this Agreement) if:

(i) Verano is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by any Company pursuant to this Agreement that would give rise to the failure of any of the conditions specified in **Article VII**, and such breach, inaccuracy or failure has not been cured by such Company within 20 days of such Company's receipt of written notice of such breach from Verano; or

(ii) any of the conditions set forth in **Section 7.01** or **Section 7.02** have not been, or it becomes apparent that any of such conditions will not be, fulfilled by the Outside Date, or any event or condition has occurred or circumstance exists that constitutes or gives rise to the failure of any such condition to be fulfilled (and such failure cannot be cured), including pursuant to **Section 5.06(b)**, unless such failure shall be due to the failure of Verano to perform or comply with any material obligation hereof to be performed or complied with by it prior to the Closing;

(c) by any Company by written notice to Verano (indicating in reasonable detail the deficiencies relied upon to terminate this Agreement) if:

(i) such Company is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Verano pursuant to this Agreement that would give rise to the failure of any of the conditions specified in **Article VII**, and such breach, inaccuracy or failure has not been cured by Verano within 20 days of Verano's receipt of written notice of such breach from such Company; or

(ii) any of the conditions set forth in **Section 7.01** or **Section 7.03** have not been, or it becomes apparent that any of such conditions will not be, fulfilled by the Outside Date, or any event or condition has occurred or circumstance exists that constitutes or gives rise to the failure of any such condition to be fulfilled (and such failure cannot be cured), including pursuant to **Section 5.06(b)**, unless such failure shall be due to the failure of any Company to perform or comply with material obligation hereof to be performed or complied with by it prior to the Closing;

(d) by Verano or any Company, by written notice to the other party, if there is any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited, or any Governmental Authority has issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order has become final and non-appealable, other than Federal Cannabis Laws; or

(e) automatically, if any of the Verano Merger, the Arrangement or the Combination is terminated or abandoned with the written consent of all parties hereto, acting reasonably, and which consent shall not be conditioned or delayed.

Section 8.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

(a) for the terms and provisions set forth in this **Article VIII**, **Section 5.02(b)** and **Article IX**, all of which shall survive any termination of this Agreement; and

(b) that nothing herein shall relieve any party hereto from liability for any willful breach of any covenant or agreement contained in this Agreement (prior to termination of this Agreement) or for Fraud.

ARTICLE IX
MISCELLANEOUS

Section 9.01 Survival. None of the representations and warranties contained in this Agreement or in any certificate or instrument delivered under this Agreement will survive the Effective Time. For the avoidance of doubt, this **Section 9.01** shall not limit any covenant or agreement of the parties contained in this Agreement which, by its terms, contemplates performance after the Effective Time.

Section 9.02 Member Representative.

(a) By approving this Agreement and the transactions contemplated hereby or by executing and delivering a Letter of Transmittal, each Member shall have irrevocably authorized and appointed Member Representative as such Person's representative and attorney-in-fact to act on behalf of such Person with respect to this Agreement and to take any and all actions and make any decisions required or permitted to be taken by Member Representative pursuant to this Agreement, including the exercise of the power to:

(i) give and receive notices and communications;

(ii) execute and deliver all documents necessary or desirable to carry out the intent of this Agreement and any Ancillary Document;

(iii) make all elections or decisions contemplated by this Agreement and any Ancillary Document;

(iv) engage, employ or appoint any agents or representatives (including attorneys, accountants and consultants) to assist Member Representative in complying with its duties and obligations; and

(v) take all actions necessary or appropriate in the good faith judgment of Member Representative for the accomplishment of the foregoing.

Verano shall be entitled to deal exclusively with Member Representative on all matters relating to this Agreement and shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of any Member by Member Representative, and on any other action taken or purported to be taken on behalf of any Member by Member Representative, as being fully binding upon such Person. Notices or communications to or from Member Representative shall constitute notice to or from each of the Members. Any decision or action by Member Representative hereunder shall constitute a decision or action of all Members and shall be final, binding and conclusive upon each such Person. No Member shall have the right to object to, dissent from, protest or otherwise contest the same. The provisions of this **Section 9.02**, including the power of attorney granted hereby, are independent and severable, are irrevocable and coupled with an interest and shall not be terminated by any act of any one or Members, or by operation of Law, whether by death or other event.

(b) Member Representative may resign at any time, and may be removed for any reason or no reason by the vote or written consent of a majority in interest of the Members of each Company according to each Member's Pro Rata Share (the "**Majority Members**"); *provided*, *however*, in no event shall Member Representative resign or be removed without the Majority Members having first appointed a new Member Representative who shall assume such duties immediately upon the resignation or removal of Member Representative. In the event of the death, incapacity, resignation or removal of Member Representative, a new Member Representative shall be appointed promptly by the vote or written consent of the Majority Members; *provided that* Verano and any Surviving Entity shall be entitled to rely on the decisions and actions of the prior Member Representative as described in **Section 9.02(a)**.

(c) Member Representative shall not be liable to the Members for actions taken pursuant to this Agreement, except to the extent such actions shall have been determined by a court of competent jurisdiction to have constituted gross negligence or involved fraud, intentional misconduct or bad faith (it being understood that any act done or omitted pursuant to the advice of counsel, accountants and other professionals and experts retained by Member Representative shall be conclusive evidence of good faith). The Members shall, severally and not jointly (and with respect to each Company, in accordance with their Pro Rata Shares), indemnify and hold harmless Member Representative from and against, compensate it for, reimburse it for and pay any and all losses, liabilities, claims, actions, damages and expenses, including reasonable attorneys' fees and disbursements, arising out of and in connection with its activities as Member Representative under this Agreement (the "**Representative Losses**"), in each case as such Representative Loss is suffered or incurred; *provided that* in the event it is finally adjudicated that a Representative Loss or any portion thereof was primarily caused by the gross negligence, fraud, intentional misconduct or bad faith of Member Representative, Member Representative shall reimburse the Members the amount of such indemnified Representative Loss attributable to such gross negligence, fraud, intentional misconduct or bad faith.

Section 9.03 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing has occurred, and including costs and expenses to prepare any initial filings, second requests or other submissions under the HSR Act or required by any Regulator. Notwithstanding the foregoing, Verano shall be responsible for and pay the initial filing fee payable to a Governmental Authority for the initial submission of one or more notification and report forms, as may be required, for the Company Mergers under the HSR Act; *provided, however* if the Company Mergers are not consummated in accordance with this Agreement for any reason other than as a result of Fraud by Verano or the termination of this Agreement by a Company pursuant to **Section 8.01(c)(i)** due to Verano's uncured breach hereof, the Companies, jointly and severally, shall reimburse and pay Verano the full amount of such HSR filing fees in respect of the Company Mergers.

Section 9.04 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (in the absence of automated notice of delivery failure) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 9.04**):

If to Verano:

Verano Holdings, LLC
Facsimile : E-mail:
Attention : George Archos

with copies to (which alone shall not constitute notice):

Dorsey & Whitney LLP
Facsimile:
E-mail:
Attention: Richard Raymer

If to the Companies:

AltMed Florida
Facsimile:
E-mail:
Attention: John Tipton

with a copy to (which alone shall not constitute notice):

Dickinson Wright PLLC
Facsimile:
E-mail:
Attention: Scot Crow & Benton Bodamer Barnett,
Bolt, Kirkwood, Long, Koche & Foster
Facsimile:
E-mail:
Attention: Craig E. Behrenfeld

If to Member Representative:

John Tipton
Facsimile:
E-mail:

Section 9.05 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; and (d) the words "delivered" or "made available," (i) as used in **Article III**, mean that such relevant agreements, documents or information were uploaded to the electronic data room maintained by the Companies for purposes of the transactions contemplated by this Agreement, and (ii) as used in **Article IV**, mean that such relevant agreements, documents or information were uploaded to electronic data room maintained by Verano for purposes of the transactions contemplated by this Agreement. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 9.06 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 9.07 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 9.08 Entire Agreement. This Agreement and the Ancillary Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the Ancillary Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 9.09 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may assign its rights or obligations hereunder without the prior written consent of the other parties, which consents shall not be unreasonably withheld or delayed; *provided*, *however*, that as contemplated in **Section 5.12**, this Agreement may be assigned to PubCo for the purpose of permitting PubCo (including in its capacity as the Resulting Issuer following the consummation of the Arrangement and effectiveness of the Combination) to pay consideration to the Members in connection with the Company Mergers, subject to the terms and conditions of this Agreement. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 9.10 No Third-Party Beneficiaries. Except as provided in **Section 5.10**, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns, including PubCo and the Resulting Issuer, and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 9.11 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by Verano and each Company at any time prior to the Effective Time. Any failure of Verano, on the one hand, or any Company, on the other hand, to comply with any obligation, covenant, agreement or condition herein may be waived by the Companies (with respect to any failure by Verano) or by Verano (with respect to any failure by such Company), respectively, only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 9.12 Federal Cannabis Laws. THE PARTIES AGREE AND ACKNOWLEDGE THAT NO PARTY MAKES, WILL MAKE, OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE COMPLIANCE OF THIS AGREEMENT WITH ANY FEDERAL CANNABIS LAWS. NO PARTY SHALL HAVE ANY RIGHT OF RESCISSION OR AMENDMENT ARISING OUT OF OR RELATING TO ANY NON-COMPLIANCE WITH FEDERAL CANNABIS LAWS UNLESS SUCH NON-COMPLIANCE ALSO CONSTITUTES A VIOLATION OF APPLICABLE CANADIAN OR STATE LAW AS DETERMINED IN ACCORDANCE WITH THE ACT OR BY THE REGULATOR.

Section 9.13 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement and all claims or causes of action arising out of or based upon this Agreement or relating to the subject matter herein (including but not limited to the negotiation, execution, performance or breach of this Agreement) shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MAY BE INSTITUTED IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE (OR, IF SUCH COURT DECLINES TO ACCEPT JURISDICTION OVER A PARTICULAR MATTER, ANY STATE COURT WITHIN THE STATE OF DELAWARE), AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT; *PROVIDED, HOWEVER* THAT NO PARTY SHALL SEEK TO ENFORCE THE PROVISIONS HEREOF IN FEDERAL COURT UNLESS AND UNTIL THE PARTIES HAVE REASONABLY DETERMINED THAT THE ACT IS FULLY COMPLIANT WITH FEDERAL CANNABIS LAWS. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURT AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURTS THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE FOREGOING PROVISIONS SHALL NOT SERVE TO PROHIBIT A PERSON FROM SEEKING TO ENFORCE IN ANOTHER JURISDICTION A JUDGMENT PROPERLY OBTAINED IN SUCH COURTS.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE ANCILLARY DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (II) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION 9.13(c)**.

Section 9.14 Specific Performance; Equitable Relief. The parties hereto agree that irreparable damage would occur if the provisions of this Agreement were not performed in accordance with the terms hereof and that the parties hereto shall be entitled to specific performance and injunctive relief of the terms hereof, in addition to any and all other equitable remedies to which a party hereto may be entitled at law or in equity.

Section 9.15 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 9.16 Canadian Securities Laws and CSE Rules. The parties acknowledge that the Resulting Issuer will be subject to Canadian Securities Laws and the CSE Rules, or the rules of any successor exchange on which a class of capital stock of the Resulting Issuer is listed. For certainty, any issuance of securities pursuant to this Agreement is subject to Canadian Securities Laws and the CSE Rules (or, if applicable, the rules of any such successor exchange).

Section 9.17 Regulatory Compliance. This Agreement is subject to strict requirements for ongoing regulatory compliance by the parties hereto, including, without limitation, requirements that the parties take no action in violation of either any state cannabis laws (together with all related rules and regulations thereunder, and any amendment or replacement act, rules, or regulations, the "**Act**") or the guidance or instruction of any applicable state regulatory body (together with any successor or regulator with overlapping jurisdiction, the "**Regulator**"). The parties acknowledge and understand that the Act and/or the requirements of the Regulator are subject to change and are evolving as the marketplace for state-compliant cannabis businesses continues to evolve. Notwithstanding anything herein to the contrary, if necessary or desirable to comply with the requirements of the Act and/or the Regulator, the parties hereby agree to (and to cause their respective affiliates and related parties and representatives to) use their respective commercially reasonable efforts to take all actions reasonably requested to ensure compliance with the Act and/or the Regulator, including, without limitation, negotiating in good faith to amend, restate, amend and restate, supplement, or otherwise modify this Agreement to reflect terms that most closely approximate the parties' original intentions but are responsive to and compliant with the requirements of the Act and/or the Regulator. In furtherance, not in limitation of the foregoing, the parties further agree to cooperate with the Regulator to promptly respond to any informational requests, supplemental disclosure requirements, or other correspondence from the Regulator and, to the extent permitted by the Regulator, keep all other parties hereto fully and promptly informed as to any such requests, requirements, or correspondence.

Section 9.18 Waiver of Monetary Remedies. Each party hereto hereby waives, on behalf of itself and any Person claiming by, through, or on behalf of such party, to the fullest extent permitted under applicable Laws, any and all rights, claims and causes of action for monetary damages or relief it may have against another party hereto based upon, arising out of or related to this Agreement or the transactions contemplated hereby, whether at Law, in contract, tort, equity or otherwise, except for (a) payment of the Cash Consideration pursuant to **Article II**; *provided, however*, if such Cash Consideration is has been converted into shares of PubCo pursuant to a Convertible Note, then no monetary remedies are available for such converted principal amount, (b) in the case of a willful and intentional breach of **Section 5.15(a), 5.15(b) or 5.15(c)**, and (c) in the case of Fraud.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

VERANO:

Verano Holdings, LLC

By *"/s/ "George Archos"*
Name: **George P. Archos**
Title: **CEO and Chairman of the Board**

THE COMPANIES:

Alternative Medical Enterprises LLC

By _____
Name:
Title:

Plants of Ruskin GPS, LLC

By _____
Name:
Title:

RVC 360, LLC

By _____
Name:
Title:

MEMBER REPRESENTATIVE:

John Tipton, solely in his capacity as Member Representative and without personal liability

By John Tipton

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

VERANO:

Verano Holdings, LLC

By _____
Name:
Title:

THE COMPANIES:

Alternative Medical Enterprises, LLC

By */s/ "R. Michael Smullen"*
Name. R. Michael Smullen
Title: CEO and Chairman

Plants of Ruskin GPS, LLC

By _____
Name:
Title:

RVC 360, LLC

By _____
Name:
Title:

MEMBER REPRESENTATIVE:

John Tipton, solely in his capacity as Member Representative and without personal liability

By John Tipton

[Signature Page to Agreement and Plan of Merger]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

VERANO:

Verano Holdings, LLC

By _____
Name:
Title:

THE COMPANIES:

Alternative Medical Enterprises LLC

By _____
Name:
Title:

Plants of Ruskin GPS LLC

By */s/ "John Tipton"*
Name: John Tipton
Title: RVC 360, LLC

By */s/ "John Tipton"*
Name: John Tipton

MEMBER REPRESENTATIVE:

John Tipton, solely in his capacity as Member Representative and without personal liability

By */s/ "John Tipton"*
John Tipton

[Signature Page to Agreement and Plan of Merger]

Exhibit 4.4

FIRST AMENDMENT
TO
AGREEMENT AND PLAN OF MERGER

This First Amendment to Agreement and Plan of Merger, dated to be effective as of December 14, 2020 (this "**Amendment**"), is entered into by and among Verano Holdings, LCC, a Delaware limited liability company (the "**Verano**"), Alternative Medical Enterprises LLC, a Florida limited liability company ("**AME**"), Plants of Ruskin GPS, LLC, a Florida limited liability company ("**POR**"), RVC 360, LLC, a Florida limited liability company ("**RVC**"), and John Tipton, solely in his capacity as the Member Representative thereunder (the "**Member Representative**"), and amends that certain Agreement and Plan of Merger, dated November 6, 2020, by and among Verano, AME, POR, RVC and the Member Representative (the "**Agreement**"). Capitalized terms used in this Amendment and not otherwise defined have the meaning ascribed to such terms in the Agreement.

RECITALS

A. Pursuant to the Agreement, Verano and the Companies desire to combine the Verano Business and the AME Business under a combined corporate ownership structure pursuant to the Plan of Arrangement.

B. The Agreement contemplates that prior to the Closing Date, Verano will use commercially reasonable efforts to arrange, and cause to be obtained, the Financing through private placements of subscription receipts which will result in the Resulting Issuer receiving aggregate gross proceeds of between $50,000,000 and $80,000,000.

C. Verano, the Companies and the Member Representative desire to amend the Agreement to increase the cap amount of aggregate gross proceeds of the Financing from $80,000,000 to $100,000,000, which may result in more equity securities being issued by the Resulting Issuer.

AGREEMENTS

In consideration of the mutual representations, warranties, covenants and agreements set forth in this Amendment, and for other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Amendment to Section 5.04(a). The definition of "Financing" set forth in the last sentence of Section 5.4(a) of the Agreement is hereby amended by deleting the range amount of aggregate gross proceeds of "between $50,000,000 and $80,000,000" set forth in clause (i) thereof and replacing such range amount of aggregate gross proceeds with "between $50,000,000 and $100,000,000."

Section 2. Further Actions. At any time and from time to time, each party hereto agrees, without further consideration, to take such actions and to execute and deliver such documents as may be reasonably necessary to effectuate the purposes of this Amendment and the Agreement.

Section 3. Counterparts. To facilitate execution, this Amendment may be executed in as many counterparts as may be required. It shall not be necessary that the signature on behalf of all parties hereto appear on each counterpart hereof. Counterparts hereof shall collectively constitute a single agreement. Facsimile and electronic signatures via portable document format shall have the same valid and binding effect as original signatures.

Section 4. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles thereof relating to conflict of laws.

Section 5. Entire Agreement. This Amendment, together with the recitals, contains the entire understanding of the parties hereto with respect to the subject matter hereof, and all prior negotiations, discussions, agreements, commitments and understandings among any of the parties with respect thereto not expressly contained herein shall be null and void in their entirety, effective immediately with no further actions required.

Section 6. Continued Legal Force and Effect. The Agreement, as amended by this Amendment, shall continue in full force and effect and is binding on the parties hereto. All references to the Agreement set forth therein, or in any Ancillary Documents or any other agreements, certificates or documents, shall be to the Agreement as amended by this Amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be executed effective as of the date first written above by their respective officers thereunto duly authorized.

VERANO:

Verano Holdings, LLC

By *__/s/ George P. Archos__*
Name: George P. Archos
Title: CEO

THE COMPANIES:

Alternative Medical Enterprises LLC

By *__/s/ "R. Michael Smullen"__*
Name: R. Michael Smullen
Title:

Plants of Ruskin GPS, LLC

By *__/s/ "John Tipton"__*
Name: John Tipton
Title:

RVC 360, LLC

By *__/s/ "John Tipton"__*
Name: John Tipton
Title:

MEMBER REPRESENTATIVE:

John Tipton, solely in his capacity as Member Representative and without personal liability

By *__/s/ John Tipton__*
John Tipton

[*Signature Page to First Amendment to Agreement and Plan of Merger]*

Exhibit 4.5

SECOND AMENDMENT
TO
AGREEMENT AND PLAN OF MERGER

This Second Amendment to Agreement and Plan of Merger, dated to be effective as of February 5, 2021 (this "**Amendment**"), is entered into by and among Verano Holdings, LLC, a Delaware limited liability company (the "**Verano**"), Alternative Medical Enterprises LLC, a Delaware limited liability company ("**AME**"), Plants of Ruskin GPS, LLC, a Delaware limited liability company ("**POR**"), RVC 360, LLC, a Delaware limited liability company ("**RVC**"), and John Tipton, solely in his capacity as the Member Representative thereunder (the "**Member Representative**"), and amends that certain Agreement and Plan of Merger, dated November 6, 2020, by and among Verano, AME, POR, RVC and the Member Representative, as amended by that certain First Amendment to Agreement and Plan of Merger, dated December 14, 2020 (as amended, the "**Agreement**"). Capitalized terms used in this Amendment and not otherwise defined have the meaning ascribed to such terms in the Agreement.

RECITALS

A. Pursuant to the Agreement, Verano and the Companies desire to combine the Verano Business and the AME Business under a combined corporate ownership structure pursuant to the Plan of Arrangement. In order to consummate the Arrangement and effect the Combination, the Agreement contemplates that, among other things, the Companies will effectuate the Company Mergers and that in connection with and as a result of the Company Mergers, each of AME, POR and RVC will continue in existence under the FRLLCA as the surviving entities.

B. As of the date of the Agreement, each of AME, POR and RVC were limited liability companies organized under the Laws of the State of Florida. However, at the request of Verano, each Company has caused the filing of certificates of conversion to convert such Company from a Florida limited liability company to a Delaware limited liability company (collectively, the "**Conversion**") in order to expeditiously accomplish the Company Mergers under the Laws of the State of Delaware.

C. The parties intend that in connection with and as a result of the Company Mergers, each of AME, POR and RVC will continue in existence under the DLLCA as the surviving entities.

D. Verano, the Companies and the Member Representative now desire to amend the Agreement to reflect that AME, POR and RVC are Delaware limited liability companies and will continue to exist as Delaware limited liability companies after giving effect to the Company Mergers.

AGREEMENTS

In consideration of the mutual representations, warranties, covenants and agreements set forth in this Amendment, and for other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Amendments to the Agreement.

a) Any reference in the Agreement to AME, POR or RVC being a Florida limited

liability company is deemed to be a reference to such entity's status as a Florida limited liability company as of the date of the Agreement and up until the effective time of the Conversion, and upon the effective time of the Conversion, any such references shall instead be deemed to reference such entity's status as a Delaware limited liability company.

b) The definitions of Merger Sub 2, Merger Sub 3 and Merger Sub 4 in Recital D are hereby amended by deleting the references to each being "a wholly-owned Florida limited liability company" and replacing such references with "a wholly-owned Delaware limited liability company."

c) All references to "FRLLCA" in Section 2.01 are hereby deleted and replaced with "DLLCA."

d) All references to the "Secretary of State of the State of Florida" and "FRLLCA" in Section 2.04 are hereby deleted and replaced with the "Secretary of State of the State of Delaware" and "DLLCA," respectively.

e) All references to "FRLLCA" in Section 2.05 are hereby deleted and replaced with "DLLCA."

f) The first sentence in Section 3.01 is hereby deleted and replaced with the following sentences: "As of the date hereof, such Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Florida. As of January 26, 2021 and as of the Closing Date, such Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware."

Section 2. Conduct of Business Prior to the Closing. It is agreed and acknowledged that the Companies have effectuated the Conversion at the request of Verano, and such Conversion is deemed to be approved by Verano and in compliance with the Companies' obligations set forth in the Agreement, including but not limited to Section 5.01.

Section 3. Further Actions. At any time and from time to time, each party hereto agrees, without further consideration, to take such actions and to execute and deliver such documents as may be reasonably necessary to effectuate the purposes of this Amendment and the Agreement.

Section 4. Counterparts. To facilitate execution, this Amendment may be executed in as many counterparts as may be required. It shall not be necessary that the signature on behalf of all parties hereto appear on each counterpart hereof. Counterparts hereof shall collectively constitute a single agreement. Facsimile and electronic signatures via portable document format shall have the same valid and binding effect as original signatures.

Section 5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles thereof relating to conflict of laws.

Section 6. Entire Agreement. This Amendment, together with the recitals, contains the entire understanding of the parties hereto with respect to the subject matter hereof, and all prior negotiations, discussions, agreements, commitments and understandings among any of the parties with respect thereto not expressly contained herein shall be null and void in their entirety, effective immediately with no further actions required.

Section 7. Continued Legal Force and Effect. The Agreement, as amended by this Amendment, shall continue in full force and effect and is binding on the parties hereto. All references to the Agreement set forth therein, or in any Ancillary Documents or any other agreements, certificates or documents, shall be to the Agreement as amended by this Amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be executed effective as of the date first written above by their respective officers thereunto duly authorized.

VERANO:

Verano Holdings, LLC

By *[/s/ "George Archos"]*
Name: George Archos
Title: CEO

THE COMPANIES:

Alternative Medical Enterprises LLC

By _____
Name:
Title:

Plants of Ruskin GPS, LLC

By *[/s/ "John Tipton"]*
Name: John Tipton
Title:

RVC 360, LLC

By *[/s/ "John Tipton"]*
Name: John Tipton
Title:

MEMBER REPRESENTATIVE:

John Tipton, solely in his capacity as Member Representative and without personal liability

By *[/s/ "John Tipton"]*
John Tipton

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be executed effective as of the date first written above by their respective officers thereunto duly authorized.

VERANO:

Verano Holdings, LLC

By _____
Name:
Title:

THE COMPANIES:
Alternative Medical Enterprises LLC

By: */s/ "R. Michael Smullen"*
Name: R. Michael Smullen
Title:

Plants of Ruskin GPS, LLC

By _____
Name:
Title:

RVC 360, LLC

By _____
Name:
Title:

MEMBER REPRESENTATIVE:

John Tipton, solely in his capacity as Member Representative and without personal liability

By John Tipton

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be executed effective as of the date first written above by their respective officers thereunto duly authorized.

VERANO:

Verano Holdings, LLC

By _____
Name:
Title:

THE COMPANIES:

Alternative Medical Enterprises LLC

By _____
Name:
Title:

Plants of Ruskin GPS, LLC

BY */s/ "John Tipton"*
Name: John Tipton
Title: Manager

RVC 360, LLC

By */s/ "John Tipton"*
Name: John Tipton
Title: Manager

MEMBER REPRESENTATIVE:

John Tipton, solely in his capacity as Member Representative and without personal liability

By */s/ "John Tipton"*
John Tipton

Exhibit 4.6

Certain confidential information contained in this document, marked by brackets, was omitted because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential. "[***]" indicates where the information has been omitted from this document.

AMENDED AND RESTATED CREDIT AGREEMENT

by and among

VERANO HOLDINGS CORP.,
as Parent,

certain Subsidiaries of Parent from time to time party hereto,
collectively with Parent, jointly and severally, as Borrower,

the other Subsidiaries of Parent from time to time party hereto as Guarantors,

the Lenders from time to time party hereto; and

CHICAGO ATLANTIC ADVISERS, LLC,
as Administrative Agent and Collateral Agent

GREEN IVY CAPITAL, LLC
as Lead Arranger

Dated as of May 10, 2021

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SCHEDULES

EXHIBITS

AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT, dated as of May 10, 2021, is among **VERANO HOLDINGS CORP.,** a British Columbia corporation (the "***Parent***"), certain Subsidiaries of Parent signatory hereto as a Borrower or hereafter designated as a Borrower pursuant to Section 8.10 below (collectively with Parent, jointly and severally, the "***Borrower***"), the other Persons signatory hereto as Guarantors or hereafter designated as Guarantors pursuant to Section 8.10 below, the lenders from time to time party hereto (each a "***Lender***" and, collectively, the "***Lenders***"), **CHICAGO ATLANTIC ADVISERS, LLC**, a Delaware limited liability company ("***Chicago Atlantic***"), as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "***Administrative Agent***") and Chicago Atlantic, as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, the "***Collateral Agent***", and together with the Administrative Agent, collectively, the "***Agents***" and each, an "***Agent***").

RECITALS

WHEREAS, Verano Holdings, LLC, a Delaware limited liability company ("***Verano US***"), as borrower, the other Credit Parties party thereto, the Lenders party thereto and the Agents are parties to that certain Credit Agreement dated as of July 2, 2020 (as amended, restated or otherwise modified from time to time prior to the Restatement Date, the "Original Credit Agreement"); and

WHEREAS, on the Restatement Date, Verano US and the other Credit Parties desire, and Agent and Lenders have agreed, to amend and restate the Original Credit Agreement in its entirety to make certain changes to the terms thereof, join Parent and certain additional Credit Parties as party thereto and increase the principal amount of loans available thereunder.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree that, as of the Restatement Date, the Original Credit Agreement shall be amended and restated in its entirety as follows:

ARTICLE I
Definitions

SECTION 1.01 Defined Terms. As used herein, the following terms shall have the meanings specified in this Section 1.01 unless the context otherwise requires:

"***2020 Loans***" shall have the meaning set forth in Section 2.01(a)(i).

"***2021 Loans***" shall have the meaning set forth in Section 2.01(a)(ii).

"***Administrative Agent***" shall have the meaning set forth in the preamble to this Agreement.

"***Administrative Questionnaire***" shall mean a questionnaire completed by each Lender, in a form approved by the Administrative Agent, in which such Lender, among other things, (a) designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Credit Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with such Lender's compliance procedures and Applicable Laws, including federal and state securities laws and (b) designates an address, facsimile number, electronic mail address and/or telephone number for notices and communications with such Lender.

"***Affiliate***" shall mean, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified; provided that, for purposes of this definition, any Person which owns directly or indirectly 10% or more of the equity interests having ordinary voting power for the election of directors or other members of the governing body of a Person or 10% or more of the partnership or other ownership interests of a Person (other than as a limited partner of such Person) shall be deemed an Affiliate of such Person. Notwithstanding anything to the contrary set forth herein, neither Agent nor any Lender shall be deemed to be an Affiliate of any Credit Party solely by virtue of complying with the terms and provisions of, or exercising its rights under, this Agreement and the other Credit Documents.

"***Agents***" shall have the meaning set forth in the preamble to this Agreement.

"***Agreement***" shall mean this Credit Agreement, as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"***ALTA***" shall mean the American Land Title Association.

"***Applicable Laws***" shall mean, as to any Person, any law (including common law), statute, regulation, ordinance, rule, order, policy, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority or determination of an arbitrator, in each case applicable to or binding on such Person or any of its property, products, business, assets or operations or to which such Person or any of its property, products, business, assets or operations is subject.

"***Applicable Fiscal Period***" means the period of two consecutive fiscal quarters ending at the end of each prescribed fiscal quarter.

"***Applicable Rate***" shall mean (a) with respect to the 2020 Loans, fifteen and one-quarter percent (15.25%) per annum; and (b) with respect to the 2021 Loans, nine and three-quarters percent (9.75%) per annum.

"***Application Event***" shall have the meaning set forth in Section 4.02(d).

"***Approved Fund***" shall mean any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in commercial loans and similar extensions of credit in the ordinary course and that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

"***Arranger***" shall mean Green Ivy, in its capacity as lead arranger.

"***Assignment and Acceptance***" shall mean an assignment and acceptance substantially in the form of Exhibit A.

"***Attributable Indebtedness***" shall mean, on any date, in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear as a liability on a balance sheet of such Person prepared as of such date in accordance with IFRS.

"***Authorized Officer***" shall mean, with respect to any Credit Party, the president, vice president of finance, the chief executive officer, the chief financial officer, the chief operating officer, the secretary, the treasurer or any other senior officer of such Credit Party authorized under the borrowing resolutions of such Credit Party, but, in any event, with respect to financial matters, the vice president of finance, chief financial officer or treasurer of such Credit Party or such other senior officer of such Credit Party designated as such by the applicable Credit Party in writing.

"***Benefited Lender***" shall have the meaning set forth in Section 12.08.

"***Benefit Plan***" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"***Board***" shall mean the Board of Governors of the Federal Reserve System of the United States (or any successor).

"***Board of Directors***" shall mean the board of directors, board of managers or other equivalent governing body of a Person.

"***Borrower***" shall have the meaning set forth in the preamble to this Agreement.

"***Borrower Materials***" shall have the meaning set forth in Section 12.24.

"BCSC" means the British Columbia Securities Commission, or any Governmental Authority succeeding to any of its principal functions.

"***Budget***" shall have the meaning set forth in Section 8.01(f).

"***Business***" shall mean the business of cultivating, producing, processing, packaging and marketing cannabis products, accessories or services for distribution and sale and all ancillary activities related to the foregoing.

"***Business Day***" shall mean any day excluding Saturday, Sunday and any day that shall be in the City of Chicago, Illinois, the City of Vancouver, British Columbia or the City of Calgary, Alberta a legal holiday or a day on which banking institutions are authorized by law or other governmental actions to close.

"***Canadian Anti-Money Laundering & Anti-Terrorism Legislation***" means the *Criminal Code*, R.S.C. 1985, c. C-46, the Proceeds of Crime Act and the *United Nations Act*, R.S.C. 1985, c.U-2 or any similar Canadian legislation, together with all rules, regulations and interpretations thereunder or related thereto including, without limitation, the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism and the United Nations Al-Qaida and Taliban Regulations promulgated under the United Nations Act.

"***Canadian Blocked Person***" means any Person that is a "designated person", "politically exposed foreign person" or "terrorist group" as described in any Canadian Economic Sanctions and Export Control Laws.

"***Canadian Cannabis Laws***" means the *Cannabis Act* (Canada), the *Cannabis Regulations* (Canada), the *Excise Act* (Canada) as well as any other Applicable Law enacted or enforced by a Canadian Governmental Authority that governs the production, processing, sale, distribution, transfer or possession of any cannabis, cannabis accessory, or cannabis service.

"***Canadian Credit Party***" means any Credit Party that is organized under the laws of Canada or any province or territory thereof.

"***Canadian Defined Benefit Plan"*** means any Canadian Pension Plan which contains a "defined benefit provision" as defined in subsection 147.1(1) of the Tax Act.

"***Canadian Economic Sanctions and Export Control Laws"*** means any Canadian laws, regulations or orders governing transactions in controlled goods or technologies or dealings with countries, entities, organizations, or individuals subject to economic sanctions and similar measures, including the *Special Economic Measures Act* (Canada), *the United Nations Act* (Canada), the *Freezing Assets of Corrupt Foreign Officials Act* (Canada), Part II.1 of the *Criminal Code* (Canada) and the *Export and Import Permits Act* (Canada), and any related regulations.

"***Canadian Entity Guarantor***" means any Entity Guarantor that is organized under the laws of Canada or any province or territory thereof.

"***Canadian Pension Plan***" means each "registered pension plan" (as such term is defined in the Tax Act) and any pension plan that is subject to federal or provincial pension standards legislation in Canada that is established, maintained or contributed to by any Credit Party for its Canadian employees or former employees, but shall not include the Canada Pension Plan (CPP) as maintained by the Government of Canada or the Quebec Pension Plan (QPP) as maintained by the Government of Quebec.

"***Canadian Pension Termination Event***" means (a) the voluntary full or partial wind up of a Canadian Defined Benefit Plan by any Credit Party or any Affiliate thereof or initiation of any action or filing to do so; (b) the institution of proceedings by any Governmental Authority to terminate in whole or in part or have a trustee appointed to administer any Canadian Defined Benefit Plan; or (c) any other event or condition which would reasonably be expected to result in the termination of, winding up or partial termination of, or the appointment of trustee to administer, any Canadian Defined Benefit Plan.

"***Canadian Security Agreement***" means, collectively, (i) the Canadian security agreement, in form and substance reasonably satisfactory to the Collateral Agent, between Parent, as guarantor, and the Collateral Agent, (ii) any other Canadian security agreement entered into from time to time, in form and substance reasonably satisfactory to Collateral Agent, among any Canadian Entity Guarantor and any other Credit Party party thereto, as guarantors, and Collateral Agent and (iii) any deed of hypothec entered into from time to time, in form and substance reasonably satisfactory to Collateral Agent, among any Canadian Entity Guarantor and any other Credit Party party thereto, as grantors, and Agent, as the Hypothecary Representative, or any one of them as the context requires.

"***Canadian Statutory Lien***" means a deemed trust or lien under applicable Canadian federal, provincial or territorial law securing claims for any unpaid wages, vacation pay, worker's compensation, unemployment insurance, pension plan contributions, pension solvency deficiency, employee source or non-resident withholding tax deductions, unremitted goods and services, harmonized sales, sales or other excise taxes or similar statutory obligations (secured by a deemed trust or lien), each of which are not overdue or are being contested in good faith by a Credit Party.

"***Capital Expenditures***" shall mean, for any specified period, the sum of, without duplication, all expenditures made, directly or indirectly, by such Person during such period, determined on a consolidated basis in accordance with IFRS, that are or should be reflected as additions to property, plant or equipment or similar items reflected in the consolidated statement of cash flows and balance sheet of such Person, or have a useful life of more than one year.

"***Capital Stock***" shall mean any and all shares, interests, participations, units or other equivalents (however designated) of capital stock of a corporation, membership interests in a limited liability company, partnership interests of a limited partnership, any and all equivalent ownership interests in a Person and any and all warrants, rights or options to purchase any of the foregoing.

"***Capitalized Lease Obligations***" shall mean, as applied to any Person, all obligations under Capitalized Leases of such Person or any of its Subsidiaries, in each case taken at the amount thereof accounted for as liabilities on the balance sheet (excluding the footnotes thereto) of such Person in accordance with IFRS.

"***Capitalized Leases***" shall mean, as applied to any Person, all leases of property that have been or should be, in accordance with IFRS, recorded as capitalized leases on the balance sheet of such Person or any of its Subsidiaries, on a consolidated basis; provided that, for all purposes hereunder, the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability on the balance sheet (excluding the footnotes thereto) of such Person in accordance with IFRS.

"***Cash Equivalents***" shall mean:

(a) any direct obligation of (or unconditional guarantee by) the United States or Canada (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States or Canada) maturing not more than one year after the date of acquisition thereof;

(b) commercial paper maturing not more than one year from the date of issue and issued by a corporation (other than an Affiliate of any Credit Party) organized under the laws of any state of the United States or of the District of Columbia or of Canada or of any province or territory thereof and, at the time of acquisition thereof, rated A-2 or higher by S&P or P-2 or higher by Moody's, or carrying an equivalent rating by an American or Canadian nationally recognized rating agency if at any time neither S&P or Moody's shall be rating such obligations;

(c) any certificate of deposit, time deposit or bankers acceptance, maturing not more than one year after its date of issuance, which is issued by a bank organized under the laws of the United States (or any state thereof) or of Canada (or of any province or territory thereof) which has, at the time of acquisition thereof, (i) a credit rating of A-2 or higher from Moody's or A or higher from S&P and (ii) a combined capital and surplus greater than $500,000,000;

(d) cash and demand deposits maintained with the domestic office of any commercial bank organized under the laws of the United States of America or any State or Canada which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(e) any repurchase agreement having a term of thirty (30) days or less entered into with any Lender or any commercial banking institution satisfying, at the time of acquisition thereof, the criteria set forth in clause (c)(i) which (i) is secured by a fully perfected security interest in any obligation of the type described in clause (a), and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such commercial banking institution thereunder; and

(f) mutual funds investing primarily in assets described in clauses (a) through (d) of this definition.

"***Casualty Event***" shall mean the damage, destruction or condemnation, as the case may be, of property of any Person or any of its Subsidiaries.

"***CERCLA***" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

"***Change in Accounting Principles***" shall mean the Borrower's written notice to the Administrative Agent that the accounting policies and reporting practices of Parent and its Subsidiaries will be conducted in accordance with GAAP instead of IFRS and that such change is permitted by Applicable Law.

"***Change in Cannabis Law***" means any change after the Restatement Date in Applicable Law, including Canadian Cannabis Law, U.S. Federal Cannabis Law and U.S. State Cannabis Law, that would (a) make it unlawful, or that any Governmental Authority formally asserts that it is unlawful, for any Agent or Lender to (i) perform any of its obligations hereunder or under any other Credit Document, or (ii) to fund or maintain the Loans, or (b) result in the activities conducted by any Credit Party being Restricted Cannabis Activities.

"***Change in Law***" shall mean (a) the adoption of any law, rule, regulation or treaty after the date of this Agreement, (b) any change in any law, rule, regulation or treaty or in the interpretation, implementation or application thereof by any Governmental Authority after the date of this Agreement or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority after the date of this Agreement; provided that notwithstanding anything herein to the contrary, (x) the Dodd Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives issued thereunder or in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the day enacted, adopted, issued or implemented.

"***Change of Control***" shall mean (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person, of Capital Stock representing more than 30% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of Parent on a fully-diluted basis; (b) except as otherwise permitted by Section 9.03, Section 9.04(c) or Section 9.04(r), Parent shall cease to own directly or indirectly, beneficially and of record, 100% of the Capital Stock of each Credit Party (other than Parent) that Parent owned as of the Restatement Date (or, with respect to any Credit Party that joins this Agreement after the Restatement Date, as of the effective date of such joinder) free and clear of all Liens or other encumbrances (other than Liens created pursuant to or permitted under any Credit Document); provided that a Change of Control pursuant to this clause (b) shall not be deemed to occur if (i)(A) with respect to any Credit Party that becomes an Opco pursuant to a transaction otherwise permitted under this Agreement, Parent Controls such Opco through an Opco Management Agreement and the requirements set forth in Section 8.21 with respect to such Opco have been satisfied and the Collateral Agent maintains a valid, perfected Lien in all Collateral related to such Opco to the same extent such Collateral had been perfected prior to giving effect to such transaction or (B) such Capital Stock was required to be transferred or disposed of in order for Parent or its Subsidiaries, as applicable, to be in compliance with Applicable Law so long as the Net Disposition Proceeds from such Disposition are applied as required by Section 4.02(a)(ii); or (ii) the Parent's ownership of the Capital Stock of DGV Group, LLC may be reduced in accordance with the terms of its Organization Documents in effect as of the Restatement Date; or (c) the Person that serves as chief executive officer of Parent on the Restatement Date ceases to be a member of the Board of Directors of Parent unless a successor to such position reasonably acceptable to Administrative Agent has been appointed within thirty (30) days or such later date as the Administrative Agent agrees in writing in its sole discretion.

"***Chicago Atlantic***" shall have the meaning set forth in the preamble to this Agreement.

"***Claims***" shall have the meaning set forth in the definition of Environmental Claims.

"***Closing Date Joint Ventures***" shall mean those certain joint venture interests owned by [***]

"***Code***" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated and rulings issued thereunder.

"***Collateral***" shall mean any assets of any Credit Party or other assets upon which the Collateral Agent has been, or has purportedly been, granted a Lien in connection with this Agreement.

"***Collateral Access Agreements***" shall mean a collateral access agreement in form and substance reasonably satisfactory to the Collateral Agent between Collateral Agent and any lessor, warehouseman, processor, bailee, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in, any Credit Party's books and records or assets.

"***Collateral Agent***" shall have the meaning set forth in the preamble to this Agreement.

"***Collateral Assignee***" shall have the meaning set forth in Section 12.06(d) of this Agreement.

"***Collateral Assignment***" shall mean any agreement executed by a Credit Party in favor of Collateral Agent pursuant to which such Credit Party collaterally assigns to Collateral Agent all of its rights, title, and interests under any Opco Agreements to which it is a party, in each case in form and substance reasonably satisfactory to Collateral Agent and as such agreement may be amended, restated, supplemented, replaced or otherwise modified from time to time.

"***Collections***" shall mean all cash, checks, credit card slips or receipts, notes, instruments, and other items of payment (including insurance proceeds, proceeds of cash sales, rental proceeds, and tax refunds) of the Credit Parties.

"***Commitment***" shall mean the obligation of the Lenders to make the Loans hereunder, in each case in the Dollar amounts set forth beside such Lender's name under the applicable heading on Schedule 1.01 attached hereto or in the Assignment and Acceptance pursuant to which such Lender became a Lender under this Agreement, as such amounts may be changed from time to time pursuant to the terms of this Agreement.

"***Commitment Percentage***" shall mean, as to any Lender providing a portion of a Loan, the ratio, expressed as a percentage, (a) the numerator of which is the outstanding principal amount of such Lender's portion of such Loan, and (b) the denominator of which is the aggregate outstanding principal amount of such Loan.

"***Commodity Exchange Act***" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"***Communications***" means, collectively, any notice, demand, communication, information, document or other material that any Credit Party provides to the Administrative Agent pursuant to any Credit Document or the transactions contemplated therein which is distributed to the Administrative Agent or any Lender by means of electronic communications pursuant to Section 12.24, including through the Platform.

"***Competitor***" means the Persons that are operating company competitors of the Credit Parties or their holding company parents and the Affiliates of such Persons (other than affiliates that are bona fide debt funds or fixed income investors).

"***Compliance Certificate***" shall mean a certificate duly completed and executed by an Authorized Officer of Borrower substantially in the form of Exhibit B, together with such changes thereto or departures therefrom as the Administrative Agent may from time to time reasonably request or approve for the purpose of monitoring the Credit Parties' compliance with the financial covenants contained herein or certain other calculations, or as otherwise agreed to by the Administrative Agent.

"***Confidential Information***" shall have the meaning set forth in Section 12.16.

"***Connection Income Taxes***" shall mean Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes.

"***Consolidated Companies***" shall mean Parent and its Subsidiaries on a consolidated basis in accordance with IFRS.

"***Consolidated EBITDA***" shall mean, for a specified period, an amount determined for the Consolidated Companies, equal to:

(a) Consolidated Net Income, plus;

(b) to the extent reducing Consolidated Net Income, the sum of, without duplication, amounts for:

(i) Consolidated Interest Expense,

(ii) Taxes paid in cash by such Person (provided that, if there is a Tax refund received in such period, the amount thereof shall be deducted from Consolidated Net Income for purposes of calculating Consolidated EBITDA),

(iii) total depreciation expense,

(iv) total amortization expense,

(v) fees, charges and expenses incurred in connection with the consummation of the Transactions on or prior to the Restatement Date,

(vi) non-cash charges reducing Consolidated Net Income (excluding any such non-cash item to the extent that it represents an accrual or reserve for potential cash items in any future period or amortization of a prepaid cash item that was paid in a prior period) including non-cash compensation expense in respect of stock option plans,

(vii) any cash expenses or losses from disposal of abandoned, transferred, closed or discontinued operations to the extent such disposal is permitted hereunder,

(viii) fees and expenses incurred in connection with Permitted Acquisitions in an aggregate amount not exceeding five percent (5%) of Consolidated EBITDA during any period of four fiscal quarters (calculated before giving effect to any addbacks in this clause (viii)),

(ix) reserved,

(x) any costs or expenses for such period related to issuance of equity interests, Investments, or Dispositions, in each case to the extent permitted under this Agreement, and any costs or expenses for such period related to any Extraordinary Receipts or the incurrence, extension, renewal, refinancing, repayment, prepayment or exchange of Indebtedness, in each case, permitted to be incurred hereunder; provided, that the aggregate amount permitted to be added back pursuant to this clause (x) shall not exceed $1,000,000 during any period of four fiscal quarters (calculated before giving effect to any addbacks in this clause (x), and

(xi) any expenses, charges and losses (less any gains or positive adjustments) accrued during such period due to the effects of purchase accounting, as set forth in the Financial Accounting Standards Board Accounting Standards Code Topic 805, Business Combinations,

(c) minus, to the extent increasing Consolidated Net Income, the sum of, without duplication, amounts for:

(i) other non-cash gains increasing Consolidated Net Income for such period (excluding any such non-cash item to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period),

(ii) any income or gains from disposal of disposed, abandoned, transferred, closed or discontinued operations, and

(iii) to the extent not deducted in determining such Consolidated Net Income, all cash payments during such period on account of reserves and other non-cash charges added to Consolidated Net Income after the Restatement Date pursuant to clause (b)(vi).

Notwithstanding the foregoing, for all purposes of this Agreement, Consolidated EBITDA for each of the fiscal quarters set forth below shall be deemed to equal the amount set forth below for such fiscal quarter:

Fiscal Quarter Ending	Consolidated EBITDA	
March 31, 2020	$	45,966,770
June 30, 2020	$	53,442,730
September 30, 2020	$	125,936,174
December 31, 2020	$	129,570,809

"***Consolidated Fixed Charge Coverage Ratio***" means, with respect to the Consolidated Companies as of each applicable date of determination: (a) Consolidated EBITDA for the Applicable Fiscal Period, less the sum of (i) all Capital Expenditures made by the Consolidated Companies in the Applicable Fiscal Period plus (ii) all cash Taxes paid by the Consolidated Companies in the Applicable Fiscal Period (without benefit of any refund), divided by (b) the sum of (i) all cash distributions paid, and other distributions made, by the Consolidated Companies (other than such distributions made by a Consolidated Company to another Consolidated Company) during the Applicable Fiscal Period, plus (ii) the aggregate principal amount of the Indebtedness of the Consolidated Companies that was paid or scheduled to be paid during the Applicable Fiscal Period plus (iii) the aggregate of amount of the interest expense of the Consolidated Companies paid during the Applicable Fiscal Period, all determined in accordance with IFRS, consistently applied.

"***Consolidated Interest Expense***" shall mean, for the Consolidated Companies, the sum of: (a) all interest in respect of Indebtedness (including, without limitation, the interest component of any payments in respect of Capitalized Lease Obligations of the Consolidated Companies) accrued or capitalized during such period (whether or not actually paid during such period), less interest income during such period, plus (b) the net amount payable (or minus the net amount receivable) in respect of Hedging Obligations of the Consolidated Companies relating to interest during such period (whether or not actually paid or received during such period).

"***Consolidated Net Income***" shall mean, for any specified period, the consolidated net income (or deficit) of the Consolidated Companies, in each case, after eliminating therefrom all extraordinary nonrecurring items of income or loss; provided that there shall be excluded, in determining Consolidated Net Income (without duplication): (i) the consolidated net income (or deficit) of any Person in which any Person has a joint interest, except to the extent of the amount of dividends or other distributions actually paid in cash to any of the Consolidated Companies by such Person during such specified period, (ii) the income (or loss) of any Person accrued prior to the date it becomes a consolidated Subsidiary of any of the Consolidated Companies or is merged into or consolidated with any of the Consolidated Companies or such Person's assets are acquired by any of the Consolidated Companies, (iii) the income of any consolidated Subsidiary of any of the Consolidated Companies to the extent that the declaration or payment of dividends or other distributions by that consolidated Subsidiary of that income is not at the time permitted by operation of the terms of any Contractual Obligation or Applicable Law applicable to that consolidated Subsidiary, (iv) any gain attributable to the write-up of any asset and any loss attributable to the write-down of any asset; (v) any net gain from the collection of the proceeds of life insurance policies; (vi) any net gain or loss arising from the acquisition of any securities, or the extinguishment, under IFRS, of any Indebtedness of any of the Consolidated Companies, (vii) in the case of a successor to any consolidated Subsidiary of any of the Consolidated Companies by consolidation or merger or as a transferee of its assets, any earnings of such successor prior to such consolidation, merger or transfer of asset (unless such successor was a consolidated Subsidiary of any of the Consolidated Companies prior to such consolidation, merger or transfer), (viii) any deferred credit representing the excess of equity in any consolidated Subsidiary of any of the Consolidated Companies at the date of acquisition of such consolidated Subsidiary over the cost to the Consolidated Companies of the investment in such Subsidiary, (ix) the cumulative effect of any change in IFRS during such period, and (x) any non-cash income (or loss) related to hedging activities.

"***Contingent Liability***" shall mean, for any Person, any agreement, undertaking or arrangement by which such Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Stock of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

"***Contractual Obligation***" shall mean, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound other than the Obligations.

"***Control***" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms "***Controlling***" and "***Controlled***" have meanings correlative thereto.

"***Control Agreement***" shall mean a pledge, collateral assignment, control agreement or bank consent letter, in form and substance reasonably satisfactory to the Collateral Agent, executed and delivered by the applicable Credit Party, the Collateral Agent, and the applicable securities intermediary or bank, which agreement is sufficient to give the Collateral Agent "control" over each of such Credit Party's securities accounts, deposit accounts or investment property, as the case may be, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"***Copyright Security Agreements***" shall mean any and all copyright security agreements entered into by the Credit Parties in favor of Collateral Agent (as required by the Agreement or any other Credit Document), in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"***Credit Documents***" shall mean (a) this Agreement, the Security Documents, any Notes, the Individual Reaffirmation Agreement, any fee letter, any subordination or intercreditor agreements in favor of any Agent with respect to this Agreement and (b) any other document or agreement executed by any Credit Party, Individual Guarantor or Opco Mortgagor, or by Borrower on behalf of the Credit Parties, the Individual Guarantors or the Opco Mortgagors, or any of them, and delivered to any Agent or Lender in connection with any of the foregoing or the Obligations, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time. For the avoidance of doubt, the Credit Documents shall not include any Hedging Agreements.

"***Credit Parties***" shall mean, collectively, Borrower and the Entity Guarantors, and "***Credit Party***" shall mean any of the Credit Parties, individually.

"***Credit Party Permitted Acquisition***" means a Permitted Acquisition consummated by a Credit Party.

"***Default***" shall mean any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"***Defaulting Lender***" shall mean any Lender that: (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Commitment, (ii) pay over to either Agent or any Lender any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including a particular Default or Event of Default, if any) has not been satisfied; (b) has notified Borrower or the Administrative Agent in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including a particular Default or Event of Default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit; (c) has failed, within two (2) Business Days after request by the Administrative Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent's receipt of such certification in form and substance satisfactory to the Administrative Agent or (d) has become the subject of an Insolvency Event.

"***Default Rate***" shall mean a rate per annum equal to the applicable rate described in Section 2.09(a) plus three percent (3.00%) per annum (except with respect to any Material Event of Default, in which case such additional amount shall be ten percent (10.00%) per annum).

"***Designated Jurisdiction***" means any country or territory to the extent that such country or territory is the subject of any Sanction.

"***Disposition***" shall mean, with respect to any Person, any sale, transfer, lease, contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of such Person's or their respective Subsidiaries' assets (including Capital Stock of Subsidiaries) to any other Person in a single transaction or series of transactions.

"***Disqualified Capital Stock***" shall mean any Capital Stock that, by its terms (or by the terms of any security or other Capital Stock into which it is convertible or for which it is exchangeable) or upon the happening of any event or condition, (a) matures or is mandatorily redeemable (other than solely for Qualified Capital Stock after the Secured Parties are paid in full), pursuant to a sinking fund obligation or otherwise, (b) is redeemable at the option of the holder thereof (other than solely for Qualified Capital Stock or in connection with a transaction that would constitute an Event of Default under Section 10.01(k) hereof after the Secured Parties are paid in full), in whole or in part, (c) provides for the scheduled payment of dividends in cash or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Capital Stock that would constitute Disqualified Capital Stock, in each case, prior to the date that is one hundred and eighty (180) days after the latest Maturity Date; provided that, if such Capital Stock is issued pursuant to a plan for the benefit of employees of Borrower or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Capital Stock solely because it may be required to be repurchased by Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

"***Dollars***" and "***$***" shall mean dollars in lawful currency of the United States of America.

"***EDGAR***" means the United States Securities and Exchange Commission's Electronic Data Gathering, Analysis, and Retrieval system.

"***Entity Guarantors***" shall mean (a) Parent and each direct or indirect Subsidiary of Parent ((i) including each Borrower of all other Borrowers' Obligations, and (ii) excluding any Immaterial Subsidiary), (b) Miscellaneous Other Credit Parties, and (c) any other Person (other than an Individual Guarantor or Opco Mortgagor) that provides a guarantee for the payment and performance of the Obligations pursuant to an agreement reasonably acceptable to the Administrative Agent after the Signing Date pursuant to Section 8.10.

"***Environmental Claims***" shall mean any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations (other than internal reports prepared by the Credit Parties (a) in the ordinary course of such Person's business or (b) as required in connection with a financing transaction or an acquisition or disposition of real estate) or proceedings relating to any Environmental Law or any permit issued, or any approval given, under any such Environmental Law ("***Claims***"), including (i) any and all Claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (ii) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the Release or threatened Release of Hazardous Materials or arising from alleged injury or threat of injury to health or safety (to the extent relating to the exposure to Hazardous Materials) or the environment.

"***Environmental Law***" shall mean any applicable federal, state, provincial, territorial, foreign or local statute, law, rule, regulation, ordinance, code and rule of common law now or hereafter in effect and in each case as amended, and any binding judicial or administrative interpretation thereof, including any binding judicial or administrative order, consent decree or judgment, relating to the protection of the environment or human health or safety (to the extent relating to exposure to Hazardous Materials).

"***Equivalent Amount***" shall mean, on any date of determination, with respect to obligations or valuations denominated in one currency (the "first currency"), the amount of another currency (the "second currency") which would result from the conversion of the relevant amount of the first currency into the second currency at the 12:00 noon rate quoted by Bloomberg on www.bloomberg.com/markets/currencies/fxc.html (Page BOFC or such other Page as may replace such Page for the purpose of displaying such exchange rates) on such date or, if such date is not a Business Day, on the Business Day immediately preceding such date of determination, or such other rate as may have been agreed to in writing between Borrower and the Administrative Agent.

"***ERISA***" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder. Section references to ERISA are to ERISA as in effect at the date of this Agreement and any subsequent provisions of ERISA amendatory thereof, supplemental thereto or substituted therefor.

"***ERISA Affiliate***" shall mean each Person (as defined in Section 3(9) of ERISA), as to which any Credit Party or any Subsidiary of any Credit Party, is, or within the last six (6) years was, treated as a "single employer" (i) within the meaning of Section 414(b), (c) of the Code (and sections 414(m) and (o) of the Code for purposes of provisions relating to section 412 of the Code and section 302 of ERISA) or (ii) as a result of any Credit Party or any Subsidiary of any Credit Party being or having been a general partner of such Person.

"***Event of Default***" shall have the meaning set forth in Article X.

"***Excluded Accounts***" means (i) deposit accounts used solely to fund payroll or employee benefits, (ii) escrow or trust accounts, (iii) zero balance accounts and (iv) those deposit accounts noted as "Excluded Account (<25%)" on Schedule 7.25 as of the Signing Date.

"***Excluded Hedging Obligation***" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

"***Excluded Issuances***" shall mean (a) the issuance of Capital Stock (other than Disqualified Capital Stock) by Borrower to members of the management, employees or directors of any Credit Party; (b) the issuance of Capital Stock of Borrower (other than Disqualified Capital Stock) upon the exercise of any warrants issued by Borrower on or prior to the Restatement Date; (c) the issuance of Capital Stock by Parent (other than Disqualified Capital Stock) so long as such issuance of Capital Stock by Parent does not result in a Change of Control; and (d) the issuance of Capital Stock by a Subsidiary (other than Disqualified Capital Stock) to a Credit Party so long as such issuance of Capital Stock by such Subsidiary does not result in a Change of Control.

"***Excluded Property***" shall the meaning provided for such term in the Security Agreement.

"***Excluded Taxes***" shall mean any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by Borrower under Section 12.06) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 4.04, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 4.04(f), (d) any U.S. and (in the case of any payment made by a Canadian Credit Party) Canadian federal withholding Taxes imposed under FATCA; and (e) Canadian federal withholding Taxes imposed upon a Recipient as a result of such Recipient (i) not dealing at "arm's length" (within the meaning of the Tax Act), with the Borrower, or (ii) being a "specified shareholder" (within the meaning of subsection 18(5) of the Tax Act) of the Borrower or not dealing at "arm's length" (within the meaning of the Tax Act) with a "specified shareholder" (within the meaning of subsection 18(5) of the Tax Act) of the Borrower, except, in the case of (i) or (ii), where the non-arm's length relationship arises, or where the Recipient is (or is deemed to be) a specified non-resident shareholder of the Borrower or does not deal at arm's length with a specified shareholder of the Borrower, on account of the Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or enforced this Agreement or any other Credit Document.

"***Extraordinary Receipts***" shall mean any cash received by or paid to or for the account of any Consolidated Company not in the ordinary course of business, including, without limitation: (a) proceeds of judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action to the extent not used to pay any corresponding cause of action or to reimburse a Consolidated Company for amounts previously expended, (b) indemnification payments received by any Consolidated Company to the extent not used or anticipated to be used to pay any corresponding liability or reimburse such Consolidated Company for the payment of any such liability, (c) tax refunds, and (d) pension plan reversions, net of Taxes paid or payable with respect to such amounts.

"***FATCA***" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future Treasury Regulations thereunder or official interpretations thereof, any agreements entered into pursuant to current Section 1471(b)(1) of the Code (or any amended or successor version described above), and any intergovernmental agreements (together with any Applicable Laws implementing such agreements) implementing the foregoing.

"***Fees***" shall mean all amounts payable pursuant to, or referred to in, Section 3.01.

"***Federal Funds Rate***" shall mean, for any period, a fluctuating per annum interest rate (rounded upwards, if necessary, to the nearest 1/100 of one percentage point) equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent.

"***Financial Performance Covenants***" shall mean the covenants set forth in Section 9.13.

"***Foreign Lender***" shall mean a Lender that is not a U.S. Person.

"***Foreign Plan***" means any employee pension benefit plan, program, policy, arrangement or agreement maintained or contributed to by any Credit Party or any Subsidiary with respect to employees not employed in the United States (other than any governmental arrangement) or Canada.

"[***]" shall mean the real property and improvements located at [***]

"***Funded Debt***" shall mean, as of any date of determination, all then outstanding Indebtedness of the Credit Parties, of the type described in clauses (a), (b), (d), (f), (g) and (h) of the defined term "Indebtedness".

"***GAAP***" shall mean generally accepted accounting principles in the United States of America set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), including the FASB Accounting Standards Codification™, which are applicable to the circumstances as of the date of determination, subject to Section 1.03.

"***Governmental Authority***" shall mean the government of the United States, Canada any foreign country or any multinational or supranational authority, or any state, province, territory, commonwealth, protectorate or political subdivision thereof, and any entity, body or authority exercising executive, legislative, taxing, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation, the PBGC, Health Canada and other administrative bodies or quasi-governmental entities established to perform the functions of any such agency or authority.

"[***]" shall mean an acquisition by a Credit Party or Pending Opco of all of the Capital Stock of [***], an Illinois limited liability company, d/b/a [***], pursuant to that certain Amended and Restated Membership Interest Purchase Agreement dated April 5, 2021, by and between [***], a Delaware limited liability company as buyer, [***], an Illinois limited liability company, d/b/a [***] as company and selling party, the members of such company as selling parties and [***] as member representative, so long as immediately before and after giving effect thereto, no Event of Default or Material Default shall have occurred and be continuing.

"***Green Ivy***" shall mean Green Ivy Capital, LLC, a Delaware limited liability company.

"***Guarantee Obligations***" shall mean, as to any Person, any Contingent Liability of such Person or other obligation of such Person guaranteeing or intended to guarantee any Indebtedness of any other Person (the "*primary obligor*") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such Indebtedness or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness or (d) otherwise to assure or hold harmless the owner of such Indebtedness against loss in respect thereof; provided that the term "***Guarantee Obligations***" shall not include endorsements of instruments for deposit or collection in the ordinary course of business and consistent with past practice (unless a departure from past practice coincides with an industry-wide departure from past practice or results from a new technological development or custom) or customary and reasonable indemnity obligations in effect on the Restatement Date, entered into in connection with any acquisition or disposition of assets permitted under this Agreement (other than with respect to Indebtedness). The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith and reasonable business judgment.

"***Guarantor Obligations***" shall have the meaning set forth in Section 6.01(a).

"***Guarantors***" shall mean, collectively, jointly and severally, the Entity Guarantors, the Individual Guarantors and the Opco Mortgagors.

"***Hazardous Materials***" shall mean (a) any petroleum or petroleum products, radioactive materials, friable asbestos, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of "waste", "recycled materials", "sludge", "hazardous substances", "hazardous waste", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", "toxic substances", "toxic pollutants", "contaminants", or "pollutants", or words of similar import, under any applicable Environmental Law; and (c) any other chemical, waste, recycled material, material or substance, which is prohibited, limited or regulated by any Environmental Law.

"***Hedging Agreement***" shall mean (a) any and all agreements or documents not entered into for speculative purposes that provide for an interest rate, credit, commodity or equity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross currency rate swap, currency option, or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging exposure to fluctuations in interest or exchange rates, loan, credit exchange, security, or currency valuations or commodity prices, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement or any other master agreement including any such obligations or liabilities under any such master agreement.

"***Hedging Obligations***" shall mean, with respect to any Person, the obligations of such Person under Hedging Agreements.

"***Holding Company***" shall mean each Subsidiary of Parent or any other Credit Party set forth on Schedule 7.33.

"***Hypothecary Representative***" shall have the meaning set forth in Section 11.

"**IFRS**" shall mean the International Financial Reporting Standards set forth in the opinions and pronouncements of the Canadian Accounting Standards Board, consistently applied.

"***Immaterial Subsidiary***" means, at any time, any Subsidiary that (a) contributed 10% or less of Consolidated EBITDA for the most recently ended period of four consecutive fiscal quarters for which recent financial statements were delivered (or required to be delivered) pursuant to Section 8.01(b), or (b) had assets representing 10% or less of the total consolidated assets of the Consolidated Companies as of the last day of the most recently fiscal quarter for which recent financial statements were delivered (or required to be delivered) pursuant to Section 8.01(b); provided, however, if at any time and from time to time after the Restatement Date, Immaterial Subsidiaries comprise in the aggregate more than 25% of Consolidated EBITDA for the most recently ended period of four consecutive fiscal quarters for which recent financial statements were delivered (or required to be delivered) pursuant to Section 8.01(b), or more than 25% of the consolidated assets of the Consolidated Companies as of the last day of the most recently fiscal quarter for which recent financial statements were delivered (or required to be delivered) pursuant to Section 8.01(b), then the Borrower shall, not later than thirty (30) days after the date by which financial statements for such period are required to be delivered pursuant to Section 8.01(b), (x) designate in writing to the Administrative Agent that one or more of such Subsidiaries is no longer an Immaterial Subsidiary for purposes of this Agreement to the extent required such that the foregoing condition ceases to be true and (y) comply with the provisions of Section 8.10 applicable to such Subsidiaries. The Borrower may from time to time designate any Subsidiary (including a newly-created or newly-acquired Subsidiary from time to time, but excluding any Subsidiary that was a Credit Party as of the Signing Date or at any time thereafter) as an Immaterial Subsidiary by delivering to the Administrative Agent a certificate of an Authorized Officer making such designation and certifying that (x) such Subsidiary meets the requirements set forth in this definition and (y) immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing.

"***Indebtedness***" shall mean, as to any Person at a particular time, without duplication, whether or not included as indebtedness or liabilities in accordance with IFRS:

(a) all indebtedness of such Person for borrowed money and all indebtedness of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount (after giving effect to any prior drawings or reductions which may have been reimbursed) of all letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;

(c) net Hedging Obligations of such Person;

(d) all obligations of such Person to pay the deferred purchase price of property or services, but excluding trade accounts payable in the ordinary course of business which are not overdue for a period of more than ninety (90) days past the applicable due date thereof excluding any such obligations that are subject to a bona fide dispute regarding amount or such Person's liability to pay so long as (A) such dispute is being properly contested in good faith by appropriate proceedings promptly instituted and diligently pursued; and (B) appropriate reserves have been established in accordance with IFRS;

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements and mortgage, industrial revenue bond, industrial development bond and similar financings), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Attributable Indebtedness;

(g) all obligations of such Person with respect to the redemption, repayment or other repurchase or payment in respect of any Disqualified Capital Stock; and

(h) all Guarantee Obligations of such Person in respect of any of the foregoing;

provided, that Indebtedness shall not include (i) prepaid or deferred revenue arising in the ordinary course of business on customary terms, (ii) purchase price holdbacks arising in the ordinary course of business and on customary terms in respect of a portion of the purchase price of an asset to satisfy warranties or other unperformed obligations of the seller of such asset, (iii) endorsements of checks or drafts arising in the ordinary course of business and consistent with past practice (unless a departure from past practice coincides with an industry-wide departure from past practice or results from a new technological development or custom), and (iv) preferred Capital Stock to the extent not constituting Disqualified Capital Stock.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or another entity not disregarded for tax purposes) in which such Person is a general partner or a joint venture (whether partner or member), except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. The amount of Indebtedness of any Person for purposes of clause (e) above shall be deemed to be equal to the lesser of (x) the aggregate unpaid amount of such Indebtedness and (y) the fair market value of the property encumbered thereby as determined by such Person in good faith and reasonable business judgment.

"***Indemnified Liabilities***" shall have the meaning set forth in Section 12.05.

"***Indemnified Taxes***" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Credit Document and (b) to the extent not otherwise described in (a), Other Taxes.

"***Individual Guarantors***" shall mean, jointly and severally, those Persons party to the Individual Pledge Agreement and any other natural person that provides a guarantee for the payment and performance of the Obligations pursuant to an agreement reasonably acceptable to the Administrative Agent after the Signing Date, together with their respective successors, assigns, heirs and personal representatives.

"***Individual Pledge Agreement***" shall mean that certain Limited Recourse Guaranty and Pledge Agreement dated on or about the Original Closing Date from certain Individual Guarantors in favor of the Collateral Agent, for the benefit of the Secured Parties, as reaffirmed pursuant to the Individual Reaffirmation Agreement and as may be amended or modified from time to time.

"***Individual Reaffirmation Agreement***" shall mean that certain Omnibus Reaffirmation Agreement dated as of the Restatement Date executed by certain Individual Guarantors in favor of the Collateral Agent, for the benefit of the Secured Parties, as may be amended or modified from time to time.

"***Insolvency Event***" shall mean, with respect to any Person, including without limitation any Lender, such Person or such Person's direct or indirect parent company (a) becomes the subject of a bankruptcy, insolvency, examinership or receivership proceeding (including any proceeding under Title 11 of the United States Code, the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or the *Canada Business Corporations Act* or any similar law or proceeding seeking the compromise or extinguishment of claims of creditors), or regulatory restrictions, (b) has had a receiver, interim receiver, monitor, sequestrator, examiner, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it or has called a meeting of its creditors, (c) admits in writing its inability, or be generally unable, to pay its debts as they become due or cease material operations of its present business, (d) with respect to a Lender, such Lender is unable to perform hereunder due to the application of Applicable Law, or (e) in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment of a type described in clauses (a) or (b), provided that an Insolvency Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person or such Person's direct or indirect parent company by a Governmental Authority or instrumentality thereof if, and only if, such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"***Investment***" shall mean, relative to any Person, (a) any loan, advance or extension of credit made by such Person to any other Person, including the purchase by such first Person of any bonds, notes, debentures or other debt securities of any such other Person; (b) the incurrence of Contingent Liabilities for the benefit of any other Person; and (c) acquisition of any Capital Stock or other investment held by such Person in any other Person. The amount of any Investment at any time shall be the original principal or capital amount thereof less all returns of principal or equity thereon made on or before such time and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such Investment.

"***IP Rights***" shall have the meaning set forth in Section 7.13.

"***Lender***" shall have the meaning set forth in the preamble to this Agreement.

"***Lien***" shall mean any mortgage, pledge, security interest, hypothecation, assignment for collateral purposes, lien (statutory or other) or similar encumbrance, and any easement, right-of-way, license, restriction (including zoning restrictions), defect, exception or irregularity in title or similar charge or encumbrance (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof); provided that in no event shall an operating lease entered into in the ordinary course of business and on customary terms or any precautionary UCC or PPSA filings made pursuant thereto by an applicable lessor or lessee, be deemed to be a Lien.

"***Liquidity***" shall mean the sum, for the Credit Parties, of unrestricted cash and Cash Equivalents, in each case, which is held in a deposit account subject to a Control Agreement.

"***Loans***" shall mean the loans made by the Lenders to the Borrower pursuant to this Agreement.

"***Make-Whole Amount***" shall mean, with respect to any Prepayment Event, an amount equal to the present value of all payments of interest on the principal amount of such prepaid Loans that are scheduled to accrue through the Make-Whole Date, calculated using a discount rate equal to the Treasury Rate.

"***Make-Whole Date***" shall mean the last calendar day of the ninth (9th) month following the Restatement Date.

"***MA Property***" shall mean the certain real property and improvements located at [***]

"***Material Adverse Effect***" shall mean a material adverse effect on (a) the business, assets, liabilities (actual or contingent), operations, financial condition, results of operations or performance of Parent and its Subsidiaries taken as a whole, (b) the validity or enforceability of this Agreement or any of the other Credit Documents (it being agreed that documents described in clause (b) of the definition of "Credit Documents" shall be taken as a whole), (c) the ability of any Credit Parties, taken as a whole, to perform their obligations under any Credit Document (it being agreed that documents described in clause (b) of the definition of "Credit Documents" shall be taken as a whole) to which they are parties, (d) the rights or remedies of the Secured Parties or the Lenders hereunder or thereunder, (e) the priority of any Liens granted to Collateral Agent in or to any Collateral (other than as a result of voluntary and intentional discharge of the Lien by the Collateral Agent or Permitted Liens) (f) the Regulatory Licenses taken as a whole or (g) the cultivation center permit of [***], an Illinois limited liability company.

"***Material Contracts***" shall mean and include: (i) any agreement to which Parent or any Subsidiary is a party evidencing, securing or pertaining to any Funded Debt owing to or from such Person, or any guaranty thereof, in a principal amount exceeding $1,000,000, (ii) any real property lease of Parent or any Subsidiary where annual rent exceeds $1,000,000, (iii) any operating lease of Parent or any Subsidiary where annual rentals exceed $1,000,000, (iv) any agreement (other than the agreements set forth in the foregoing clauses (i) through (iii)) to which Parent or any Subsidiary is a party which involves aggregate annual consideration payable to or by such Person of $1,000,000 or more, (v) any document, agreement or instrument evidencing or governing any Permitted Subordinated Indebtedness, (vi) the Regulatory Licenses; (viii) each Opco Agreement; (ix) any documents evidencing deferred purchase price obligations pursuant to Section 9.01(s), and (x) any other agreement the termination of which (without contemporaneous replacement of substantially equivalent value) could reasonably be expected to have a Material Adverse Effect.

"***Material Default***" shall mean any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default arising under Section 10.01(a), 10.01(b) (solely with respect to a default related to Section 9.13), 10.01(i) or 10.01(n).

"***Material Event of Default***" means any Event of Default arising under Section 10.01(a), 10.01(b) (solely with respect to a default related to Section 8.01, 8.20 or 9.13), 10.01(f), 10.01(i), 10.01(j), 10.01(n) or 10.01(o).

"***Maturity Date***" shall mean May 30, 2023.

"***Miscellaneous Other Credit Parties***" shall the Persons identified as "Miscellaneous Other Credit Parties" on Schedule 7.12(d).

"***Moody's***" shall mean Moody's Investors Service, Inc. or any successor by merger or consolidation to its business.

"***Mortgage***" shall mean each mortgage, deed of trust, deed of hypothec, or deed to secure debt, trust deed or other security document granted by any applicable Credit Party to the Collateral Agent for the benefit of the Secured Parties in respect of any Real Property owned or leased by such Credit Party, in such form as agreed between such Credit Party and the Collateral Agent.

"***Mortgaged Property***" shall mean any parcel of real property described in Schedule 7.15(b).

"***Multiemployer Plan***" shall mean any multiemployer plan, as defined in Section 4001(a)(3) of ERISA, which is contributed to by (or to which there is or may be an obligation to contribute of) any Credit Party, any Subsidiary of any Credit Party or any ERISA Affiliate, and each such plan for the five-year period immediately following the latest date on which any Credit Party, any Subsidiary of any Credit Party or any ERISA Affiliate contributed to or had an obligation to contribute to such plan.

"***Net Casualty Proceeds***" shall mean, with respect to any Casualty Event, the amount of any insurance proceeds or condemnation awards received by any Credit Party or any of its Subsidiaries in connection with such Casualty Event (net of (i) the amount of any reserves to be maintained in connection with the Casualty Event, to the extent such reserve is maintained in accordance with IFRS, and (ii) all reasonable and customary collection expenses thereof (including, without limitation, any legal or other professional fees) (except with respect to any expenses paid to an Affiliate of such Person)), but excluding any proceeds or awards required to be paid to a creditor (other than the Lenders) which holds a Lien permitted by Section 9.02(c) on the property which is the subject of such Casualty Event, and less any Taxes payable on account of such insurance proceeds or condemnation award, actually paid, assessed or estimated (in good faith) to be payable within the next 12 months in cash in connection with such Casualty Event, in each case to the extent, but only to the extent, that the amounts are properly attributable to such transaction; provided that if, after the expiration of such 12-month period, the amount of such estimated or assessed Taxes, if any, exceeded the Taxes actually paid in cash in respect of proceeds from such Casualty Event, the aggregate amount of such excess shall constitute Net Casualty Proceeds under Section 4.02(a)(iii) and be immediately applied to the Obligations pursuant to Section 4.02(c).

"***Net Debt Proceeds***" shall mean, with respect to the sale or issuance by any Credit Party or any of its Subsidiaries of any Indebtedness (other than Indebtedness permitted by Section 9.01), the excess of: (a) the gross cash proceeds received by the issuer of such Indebtedness from such sale or issuance, over (b) all reasonable and customary underwriting commissions and legal, investment banking, underwriting, brokerage, accounting and other professional fees, sales commissions and disbursements and all other reasonable fees, expenses and charges, in each case actually incurred and paid in connection with such sale or issuance, except any such amounts that have not been paid, and are not payable, to any Affiliate of such Person.

"***Net Disposition Proceeds***" shall mean, with respect to any Disposition by any Credit Party or any of its Subsidiaries, the excess of: (a) the gross cash proceeds received by such Person from such Disposition, over (b) the sum of: (i) all reasonable and customary legal, investment banking, underwriting, brokerage and accounting and other professional fees, sales commissions and disbursements and all other reasonable fees, expenses and charges, in each case actually incurred and paid in connection with such Disposition, except any such amounts that have not been paid, and are not payable, to any Affiliate of such Person, (ii) all Taxes payable on account of proceeds from such Disposition, actually paid, assessed or estimated (in good faith) to be payable in cash within the next 12 months in connection with such proceeds, in each case to the extent, but only to the extent, that the amounts so are properly attributable to such transaction, and (iii) the amount of any reserves to be maintained in connection with such Disposition, to the extent such reserve is maintained in accordance with IFRS; provided that if, after the expiration of the 12-month period referred to in clause (b)(ii) above, the amount of estimated or assessed Taxes, if any, pursuant to clause (b)(ii) above exceeded the Taxes actually paid in cash in respect of proceeds from such Disposition, the aggregate amount of such excess shall constitute Net Disposition Proceeds under Section 4.02(a)(ii) and be immediately applied to the Obligations pursuant to Section 4.02(c).

"***Net Equity Proceeds***" shall mean, with respect to the sale, issuance or exercise after the Restatement Date by any Credit Party or any of its Subsidiaries of any Capital Stock or any capital contribution by any Person to any such Credit Party or Subsidiary, the excess of: (a) the gross cash proceeds received by such Credit Party or Subsidiary from such sale, issuance or exercise, over (b) all reasonable and customary underwriting commissions and legal, investment banking, brokerage, accounting and other professional fees, original issue discount, sales commissions and disbursements actually incurred and paid in connection with such sale or issuance, in each case for this clause (b), solely to the extent such discounts, commissions, costs, fees, expenses and disbursements are paid to non-Affiliates.

"***NJ Property***" shall mean the certain real property and improvements located at [***].

"***Non-Defaulting Lender***" shall mean, at any time, any Lender holding a Commitment which is not a Defaulting Lender.

"***Note***" shall mean a promissory note (or amended and restated promissory note) substantially in the form of Exhibit C.

"***Notice of Control***" shall have the meaning set forth in Section 8.15(c).

"***Obligations***" shall mean (a) with respect to Borrower, all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of Borrower arising under or in connection with any Credit Document, including all original issue discount, fees, costs, expenses (including fees, costs and expenses incurred during the pendency of any proceeding of the type described in Section 10.01(i), whether or not allowed or allowable in such proceeding) and premiums payable under any Credit Document, the principal of and interest (including interest accruing during the pendency of any proceeding of the type described in Section 10.01(i), whether or not allowed or allowable in such proceeding) on the Loans, all indemnification obligations and all obligations to pay or reimburse any Secured Party for paying any costs or expenses under any Credit Document, or (b) with respect to each Individual Guarantor, each Opco Mortgagor and each Credit Party other than Borrower, all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of such Individual Guarantor, Opco Mortgagor or Credit Party arising under or in connection with any Credit Document, all indemnification obligations and all obligations to pay or reimburse any Secured Party for paying any costs or expenses under any Credit Document. For the avoidance of doubt, the Obligations shall not include any Hedging Obligations.

"***Opco***" shall mean any Person: (other than the Credit Parties and their Subsidiaries) (a) that is a party to an Opco Management Agreement; or (b) for whom any Credit Party or Subsidiary provides services similar to those set forth in the Opco Management Agreements; or (c) who holds a Permit for the direct or indirect economic benefit of the Credit Parties or their Subsidiaries.

"***Opco Agreements***" shall mean, collectively, (a) Opco Management Agreements, (b) Opco Option Agreements, (c) Opco Security Agreements and any other agreement granting or perfecting a lien on the assets of an Opco for the benefit of a Credit Party, (d) any promissory note, deficit funding loan agreement or similar agreement between an Opco and a Credit Party, and (e) any other similar agreement entered into between a Credit Party and an Opco or an owner of an Opco in relation to the provision of services to any such Opco.

"***Opco Management Agreement***" shall mean each agreement between a Credit Party and an Opco, pursuant to which, among other things, such Credit Party agrees to provide management, administrative, consulting or business services to such Opco, substantially in form and substance of the Opco Management Agreements existing as of the Restatement Date.

"***Opco Mortgagor***" shall mean each Opco, and any other Person, that has granted, or is required to grant pursuant the Credit Documents, an Opco Mortgagor Mortgage from time to time. As of the Restatement Date, the Opco Mortgagors are: (a) [***], a Michigan limited liability company; (b) [***], a Nevada limited liability company; (c) [***], an Ohio limited liability company; (d) [***], a Florida limited liability company; and (e) [***], a Nevada limited liability company.

"***Opco Mortgagor Guaranty Agreement***" shall mean any guaranty agreement executed and delivered by an Opco Mortgagor, in form and substance reasonably acceptable to Administrative Agent, as amended, restated or otherwise modified from time to time.

"***Opco Mortgagor Mortgage***" shall mean any mortgage granted by an Opco Mortgagor to the Collateral Agent for the benefit of the Secured Parties in respect of Real Property owned by such Opco Mortgagor, in form and substance reasonably acceptable to the Collateral Agent, as amended, restated or otherwise modified from time to time.

"***Opco Option Agreement***" shall mean an agreement (which may be included as part of the terms of an Opco Management Agreement or any other Opco Agreement) pursuant to which the owner(s) of Capital Stock issued by an Opco grant(s) to a Credit Party a right to purchase or transfer, or cause the purchase or transfer, of Capital Stock of the Opco held by such owner(s) by or to a Person duly qualified to hold such Capital Stock under applicable Laws and designated by such Credit Party that is party thereto.

"***Opco Requirements***" means, with respect to each Opco, the satisfaction of each of the requirements contained in Section 8.21, together with such other items that may be reasonably required by Administrative Agent in connection with an Opco.

"***Opco Security Agreement***" means a security agreement executed and delivered by an Opco in favor of each Credit Party that is a party to an Opco Management Agreement with such Opco, granting to such Credit Party a first priority Lien in all property of such Opco (subject to limitations under Applicable Law) to secure the repayment of all Indebtedness owed from time to time by such Opco to each such Credit Party, which security agreement shall be substantially in form and substance of the Opco Security Agreements existing as of the Restatement Date; provided, that the terms otherwise required of an Opco Security Agreement may be included in the relevant Opco Management Agreement or other Opco Agreement.

"***Original Closing Date***" shall mean July 2, 2020.

"***Original Credit Agreement***" shall have the meaning set forth in the preamble to this Agreement.

"***Original Loans***" shall mean all "Loans" as defined in the Original Credit Agreement outstanding immediately prior to the Restatement Date.

"***Organization Documents***" shall mean, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company or unlimited liability company, the certificate of incorporation, constitution or articles of formation or organization and operating agreement (if relevant) or memorandum of association; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and, if applicable, any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"*OSC*" means the Ontario Securities Commission, or any Governmental Authority succeeding to any of its principal functions.

"***Other Connection Taxes***" shall mean, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

"***Other Taxes***" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.02).

"***Parent***" shall have the meaning set forth in the preamble to this Agreement.

"***Parent Pledge Agreement***" shall mean that certain Pledge Agreement dated as of the Restatement Date between Parent and the Collateral Agent, for the benefit of the Secured Parties, as may be amended or modified from time to time.

"***Participant***" shall have the meaning set forth in Section 12.06(c)(i).

"***Participant Register***" shall have the meaning set forth in Section 12.06(c)(iii).

"***Patent Security Agreements***" shall mean the (a) Patent Security Agreement dated as of the Restatement Date made in favor of Collateral Agent by each applicable Credit Party; and (b) any patent security agreements entered into by a Credit Party in favor of Collateral Agent (as required by the Agreement or any other Credit Document), in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"***Patriot Act***" shall have the meaning set forth in Section 12.19.

"***Payment Conditions***" means, with respect to the making of any Permitted Subordinated Debt Payment, or the incurrence of any Permitted Subordinated Indebtedness, each of the following conditions:

(a) no Event of Default or Material Default shall have occurred and be continuing prior to or after giving effect to the making of such Permitted Subordinated Debt Payment, or the incurrence of such Permitted Subordinated Indebtedness, as applicable;

(b) the Borrower has delivered to the Administrative Agent (i) the financial information for the immediately preceding fiscal quarter required by Section 8.01, and (ii) calculations evidencing that after the making of such Permitted Subordinated Debt Payment, or the incurrence of such Permitted Subordinated Indebtedness, as applicable, the Credit Parties will be in compliance on a Pro Forma Basis with the Financial Performance Covenants as of the last day of such immediately preceding fiscal quarter; and

(c) at least five (5) Business Days prior to making such Permitted Subordinated Debt Payment, or incurring such Permitted Subordinated Indebtedness, as applicable, Borrower has delivered a duly executed certificate to the Administrative Agent, in form and substance acceptable to the Administrative Agent, pursuant to which the Borrower shall certify that the conditions set forth in clauses (a) and (b) above have been satisfied and will continue to be satisfied as of the making of such Permitted Subordinated Debt Payment, or the incurrence of such Permitted Subordinated Indebtedness, as applicable.

"***Payment Date***" shall mean the last Business Day of each calendar month.

"***PBGC***" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"***Pending Opco***" shall mean a Person owned and Controlled by an Authorized Officer of a Credit Party that is formed to consummate an acquisition pursuant to which a Credit Party will be granted an option to acquire the target of such acquisition from such Person.

"***Pending Opco Permitted Acquisition***" means a Permitted Acquisition consummated by a Pending Opco.

"***Pension Plan***" shall mean any Multiemployer Plan or any "employee benefit plan," as defined in Section 3 of ERISA subject to Title IV of ERISA, Section 412 of the Code or Sections 302 or 303 of ERISA, sponsored, maintained or contributed to by any Credit Party, Subsidiary of a Credit Party or any ERISA Affiliate (or to which any Credit Party, Subsidiary of a Credit Party or any ERISA Affiliate has or may have an obligation to contribute or to make payments), and each such plan for the five-year period immediately following the latest date on which any Credit Party, Subsidiary of a Credit Party or any ERISA Affiliate maintained, contributed to or had an obligation to contribute to (or is deemed under Sections 4069 or 4212(c) of ERISA to have maintained or contributed to or to have had an obligation to contribute to, or otherwise to have liability with respect to) such plan.

"***Permits***" shall mean, with respect to any Person, any permit, approval, authorization, license, registration, certificate, concession, grant, franchise, variance or permission from, and any other Contractual Obligations with, any Governmental Authority, in each case whether or not having the force of law and applicable to or binding upon such Person or any of its property or operations or to which such Person or any of its property or operations is subject.

"***Permitted Acquisition***" shall mean an acquisition by any Credit Party or Pending Opco, as applicable, of the Capital Stock of any Person or all or substantially all of the assets of any Person (or a division thereof) that satisfies each of the following conditions:

(i) immediately before and after giving effect thereto, no Event of Default or Material Default shall have occurred and be continuing;

(ii) such acquisition and all transactions related thereto shall be consummated in accordance with all Applicable Laws in all material respects (excluding U.S. Federal Cannabis Laws);

(iii) if such acquisition involves the purchase of Capital Stock, such acquisition shall be structured such that the acquired Person shall become a wholly-owned Subsidiary of such Credit Party or Pending Opco, as applicable;

(iv) [reserved];

(v) such acquisition is of a business or entity which is engaged in the Business or business activities incidental or reasonably related thereto or to the operations of an existing Credit Party or its Subsidiaries;

(vi) all or substantially all of the assets acquired in connection with any acquisition shall be located within the United States and shall be held by such Credit Party or Pending Opco, as applicable, after giving effect to such acquisition;

(vii) in the case of any such acquisition involving consideration of $50,000,000 or more, Borrower shall have (A) notified the Administrative Agent of such proposed Permitted Acquisition at least ten (10) days prior to the consummation thereof, (B) furnished to the Administrative Agent at least ten (10) days prior to the consummation thereof (1) an executed term sheet and/or letter of intent (setting forth in reasonable detail the terms and conditions of such acquisition) and at the request of the Administrative Agent, furnish the Administrative Agent with such other information and documents that the Administrative Agent may reasonably request, including, without limitation, drafts of the respective agreements, documents or instruments pursuant to which such acquisition is to be consummated (including, without limitation, any related management, non-compete, employment, option or other material agreements), any schedules to such agreements, documents or instruments and all other material ancillary agreements, instruments and documents to be executed or delivered in connection therewith (with executed counterparts of such documents to be furnished promptly when available) and (2) financial statements of Parent and its Subsidiaries prepared on a Pro Forma Basis (after giving effect to the consummation of such acquisition) as of the last day of the most recent fiscal quarter for which financial statements have been delivered (or are required to have been delivered) pursuant to Section 8.01(b), (C) furnished to the Administrative Agent at least five (5) Business Days prior to the consummation thereof (or such shorter period as may be agreed to by the Administrative Agent), drafts of the purchase documents and related schedules and exhibits and (D) furnished to the Administrative Agent prior to the consummation thereof, executed copies of such purchase documents and related schedules and exhibits thereto;

(viii) in the case of any such acquisition involving consideration of less than $50,000,000, Borrower shall have (A) notified the Administrative Agent of such proposed Permitted Acquisition at least one (1) Business Day prior to the consummation thereof and (B) upon the reasonable request of Administrative Agent, promptly deliver those items described in the preceding clause (vii) with respect to such acquisition;

(ix) Borrower shall have furnished to the Administrative Agent a certificate of the chief financial officer of Borrower (A) demonstrating that, after giving effect to the acquisition, the Credit Parties will be in compliance with the Financial Performance Covenants on a Pro Forma Basis as of the last day of the most recent fiscal quarter for which financial statements have been delivered (or were required to have been delivered) pursuant to Section 8.01(b); and (B) certifying that all conditions contained in the definition of Permitted Acquisition have been satisfied or will be satisfied as of the consummation of the applicable Permitted Acquisition.

"***Permitted Currency Hedging Agreements***" mean Hedging Agreements entered into by the Credit Parties or their Subsidiaries for the primary purpose of eliminating or reducing foreign exchange risk and not for speculative purposes.

"***Permitted Liens***" shall have the meaning set forth in Section 9.02.

"***Permitted Future Mortgage Debt***" shall mean that certain Indebtedness owed by the fee owner of the applicable Permitted Future Mortgaged Property, in each case, (a) in an aggregate principal amount representing no greater than a 100% loan-to-value ratio for such Permitted Future Mortgage Property as determined by an appraisal in form and substance reasonably acceptable to Administrative Agent and (b) as evidenced by the Permitted Future Mortgage Documents.

"***Permitted Future Mortgage Documents***" shall mean any loan agreement, promissory note, mortgage or other related agreement entered into by the applicable fee owner of a Permitted Future Mortgaged Property evidencing or relating to the applicable Permitted Future Mortgage Debt, in each case, in form and substance reasonably acceptable to the Administrative Agent; provided, that such Permitted Future Mortgage Documents need not be in form and substance reasonably acceptable to the Administrative Agent so long as the Permitted Future Mortgage Debt evidenced or secured thereunder is equal to or less than $5,000,000.

"***Permitted Future Mortgaged Property***" shall mean any real property and improvements acquired by Parent or its Subsidiaries after the Restatement Date (other than any Permitted Third-Party Mortgaged Property).

"***Permitted Subordinated Debt Payments***" means regularly scheduled payments of principal and interest on any Permitted Subordinated Indebtedness in accordance with the terms thereof.

"***Permitted Subordinated Indebtedness***" shall mean Indebtedness of any Credit Party which has been expressly subordinated in right of payment to the Obligations and, if secured, any Lien securing such Indebtedness is subordinated to the Liens of the Collateral Agent, in each case, pursuant to a subordination agreement or other writing in form and substance reasonably satisfactory to Administrative Agent (including provisions contained in the documentation evidencing such Indebtedness reasonably acceptable to the Administrative Agent).

"***Permitted Third-Party Mortgage Debt***" shall mean that certain Indebtedness owed by the fee owner of the applicable Permitted Third-Party Mortgaged Property, in each case, (a) in an aggregate principal amount representing no greater than a 100% loan-to-value ratio for such Permitted Third-Party Mortgaged Property as determined by an appraisal in form and substance reasonably acceptable to Administrative Agent and (b) as evidenced by the Permitted Third-Party Mortgage Documents.

"***Permitted Third-Party Mortgage Documents***" shall mean any loan agreement, promissory note, mortgage or other related agreement entered into by the applicable fee owner of a Permitted Third-Party Mortgaged Property evidencing or relating to the applicable Permitted Third-Party Mortgage Debt.

"***Permitted Third-Party Mortgaged Property***" shall mean any parcel of real property described in Schedule 7.15(c).

"***Person***" shall mean any individual, partnership, joint venture, firm, corporation, limited liability company, unlimited liability company, association, trust or other enterprise or any Governmental Authority.

"***Plan***" means any employee benefit plan within the meaning of Section 3(3) of ERISA, sponsored, maintained or contributed to by any Credit Party or any Subsidiary, or any such plan to which any Credit Party or any Subsidiary has any liability.

"***Platform***" shall have the meaning set forth in Section 12.24.

"***PPSA***" means the *Personal Property Security Act* (Ontario), including the regulations thereto; provided, that, if perfection or the effect of perfection or non-perfection or the priority of any Lien created hereunder or under any other Credit Document on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in a jurisdiction in Canada other than the Province of Ontario, "PPSA" shall mean the Personal Property Security Act or such other applicable legislation (including the *Civil Code* (Quebec)) in effect from time to time in such other jurisdiction in Canada for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority

"***Prepayment Event***" shall mean any (a) voluntary prepayment of the Loans that is made prior to the Maturity Date (including, without limitation, any payment upon acceleration in accordance with Section 10.02 (including, for the avoidance of doubt, in connection with Sections 10.01(a), (i) and (k)) and, for the avoidance of doubt, any refinancing of the Loans) or (b) mandatory prepayment of the Loans pursuant to Sections 4.02(a)(i), 4.02(a)(ii) or 4.02(a)(iv), in each case for this clause (b), that is made prior to the Maturity Date.

"***Prepayment Premium***" shall mean, with respect to any Prepayment Event, an amount equal to (a) with respect to any such Prepayment Event that occurs prior to the Make-Whole Date, the greater of (x) the Make-Whole Amount and (y) one percent (1.00%) of the principal amount prepaid; and (b) with respect to any such Prepayment Event that occurs on or after the Make-Whole Date, (x) zero percent (0.00%) of the principal amount prepaid with respect to any prepayments of the 2020 Loans; and (y) one percent (1.00%) of the principal amount prepaid with respect to any prepayments of Loans other than the 2020 Loans.

"***Pro Forma Basis***" shall mean, with respect to any period during which (a) any Permitted Acquisition or any Investment, (b) any Disposition, or (c) any incurrence, repayment or cancellation of Indebtedness shall have been consummated (in each case, to the extent permitted hereunder), a calculation as if such event or events described by the preceding clauses (a) through (c) had been consummated and incurred at the beginning of the applicable period for any applicable financial covenant test, in each case, subject only to those *pro forma* adjustments which are directly attributable to any event or events described by the preceding clauses (a) through (c) that are factually supportable, are reasonably expected to have a continuing impact on the Credit Parties and are determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act of 1933, as amended, as interpreted by the Securities and Exchange Commission.

"***Proceeds of Crime Act***" means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended from time to time, and including all regulations thereunder.

"***Public Lender***" shall have the meaning set forth in Section 12.24.

"***Qualified Capital Stock***" shall mean any Capital Stock that is not Disqualified Capital Stock.

"***Real Property***" shall mean, with respect to any Person, all right, title and interest of such Person (including, without limitation, any leasehold estate) in and to a parcel of real property owned, leased or operated by such Person together with, in each case, all improvements and appurtenant fixtures, equipment, personal property, easements and other property and rights incidental to the ownership, lease or operation thereof.

"***Recipient***" shall mean (a) the Administrative Agent and (b) any Lender.

"Refinancing Indebtedness" shall mean refinancings, renewals, or extensions of Indebtedness so long as:

(a) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended, other than by the amount of premiums and compounded interest paid thereon and the reasonable and customary fees and expenses incurred in connection therewith and by the amount of unfunded commitments with respect thereto,

(b) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended,

(c) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Lenders as those that were applicable to the refinanced, renewed, or extended Indebtedness, and

(d) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended.

"***Register***" shall have the meaning set forth in Section 12.06(b)(iv).

"***Regulation D***" shall mean Regulation D of the Board as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"***Regulation U***" shall mean Regulation U of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"***Regulation X***" shall mean Regulation X of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"***Regulatory Licenses***" shall mean each Permit required to be held any Credit Party or any Subsidiary thereof to conduct its Business in compliance with Applicable Laws.

"***Related Parties***" shall mean, with respect to any specified Person, such Person's Affiliates and the directors, officers, employees, agents, trustees, advisors of such Person and any Person that possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

"***Release***" shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, depositing, disposing, emanating or migrating of Hazardous Materials in the environment.

"***Reportable Event***" shall mean an event described in Section 4043(c) of ERISA with respect to a Plan that is subject to Title IV of ERISA other than those events as to which the 30 day notice period is waived under subsection .22, .23, .25, .27 or .28 of PBGC Regulation Section 4043.

"***Required Lenders***" shall mean, at any time when there is more than one Lender which is not a Defaulting Lender, at least two Lenders which are not Defaulting Lenders having Loans and unused Commitments representing greater than 50% of the sum of the aggregate Loans and unused Commitments at such time, or at any time when there is only one Lender which is not a Defaulting Lender, such Lender.

"***Rescindable Amount***" shall have the meaning set forth in Section 4.03(d).

"***Restatement Date***" shall mean the date on which all of the conditions to closing and funding set forth in Section 5.02 have been satisfied, or waived in accordance with Section 12.01, which date shall be no later than May 19, 2021 (or such later date as the Administrative Agent may approve in writing in its sole discretion).

"***Restatement Date Opco***" shall mean each Opco identified as a "Restatement Date Opco" on Schedule 7.12 as of the Signing Date.

"***Restricted Cannabis Activities***" means, in connection with the cultivation, processing, distribution, sale, possession, disposal and destruction of cannabis and related products, accessories, or services: (a) any activity that is not permitted under applicable U.S. State Cannabis Laws or Canadian Cannabis Laws; (b) any activity that is not permitted under applicable U.S. Federal Cannabis Laws and for which a United States Attorney after the Restatement Date prosecutes a Credit Party or Subsidiary of a Credit Party notwithstanding its compliance with applicable U.S. State Cannabis Laws; (c) knowingly or recklessly distributing or selling cannabis and related products to minors, except those minors who are duly registered medical patients under the applicable U.S. State Cannabis Laws; (d) knowingly making payments to criminal enterprises, gangs, cartels and persons subject to Sanctions; (e) non-compliance with anti-terrorism laws and other Applicable Law relating to money-laundering; (f) diversion of cannabis and related products from states where it is legal under U.S. State Cannabis Law to other states or to Canada, or importing cannabis and related products from Canada; (g) use of activities permitted under U.S. State Cannabis Law or Canadian Cannabis Laws as a cover or pretext for the trafficking of other controlled substances or illegal drugs or other illegal activity; (h) the commission, or making threats, of violence and the use of firearms; (i) growing cannabis and related products on public lands unless otherwise permitted to do so under Canadian Cannabis Laws; and (j) directly or indirectly, aiding, abetting or otherwise participating in a common enterprise with any Person or Persons in such activities.

"***Restricted Payment***" shall mean, with respect to any Person, (a) the declaration or payment of any dividend on, or the making of any payment or distribution on account of, or setting apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any class of Capital Stock of such Person or any warrants or options to purchase any such Capital Stock, whether now or hereafter outstanding, or the making of any other distribution in respect thereof, either directly or indirectly, whether in cash or property, (b) any payment of a management fee (or other fee of a similar nature) or any reimbursable costs and expenses related thereto by such Person to any holder of its Capital Stock or any Affiliate thereof, (c) the payment or prepayment of principal of, or premium or interest on, any Indebtedness subordinate to the Obligations or (d) any payment or prepayment of principal, interest or any other amount made by (i) Parent in connection with Guarantee Obligations incurred under Section 9.01(p) or (ii) any other Credit Party or Subsidiary in connection with obligations under Section 9.01(s).

"***S&P***" shall mean Standard & Poor's Ratings Services or any successor by merger or consolidation to its business.

"***Sales Tracking Software***" means any "seed-to-sale" tracking, point-of-sale, or other inventory or sales reporting software used by the Credit Parties.

"***Sanction(s)***" means any sanction administered or enforced by the United States Government (including, without limitation, OFAC), the Government of Canada, the United Nations Security Council or other relevant sanctions authority.

"***SEC***" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"***Secured Parties***" shall mean, collectively, (a) the Lenders, (b) the Agents, (c) the beneficiaries of each indemnification obligation undertaken by any Credit Party under the Credit Documents, (d) any successors, endorsees, transferees and assigns of each of the foregoing to the extent any such transfer or assign is permitted by the terms of this Agreement and (e) any other holder of any Obligation and/or Secured Obligation (as defined in any applicable Security Document).

"***Security Agreement***" shall mean that certain Amended and Restated Security Agreement dated as of the Signing Date, by and among the Credit Parties and the Collateral Agent for the benefit of the Secured Parties, as amended, restated, supplemented or otherwise modified from time to time.

"***Security Documents***" shall mean, collectively, as applicable, the Security Agreement, the Canadian Security Agreement, the Collateral Access Agreements, the Collateral Assignments, the Control Agreements, the Individual Pledge Agreement, the Parent Pledge Agreement, the Patent Security Agreements, the Trademark Security Agreements, the Copyright Security Agreements, each Mortgage, and each other instrument or document executed and delivered pursuant to Sections 8.10, 8.13 or 8.17 or pursuant to any of the Security Documents to guarantee or secure any of the Obligations.

"***SEDAR***" means the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval.

"***Signing Date***" means May 10, 2021.

"***Solvency Certificate***" shall mean a solvency certificate, duly executed and delivered by the chief financial officer of Parent to Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent.

"***Solvent***" shall mean, with respect to any Person, at any date, that (a) the sum of such Person's debt (including Contingent Liabilities) does not exceed the present fair saleable value of such Person's present assets as a going concern (which, for this purpose, shall include, without limitation, rights of contribution in respect of obligations for which such Person has provided a guarantee), (b) such Person's capital is not unreasonably small in relation to its business as contemplated on such date, (c) such Person has not incurred and does not intend to incur debts including current obligations beyond its ability to generally pay such debts as they become due (whether at maturity or otherwise), (d) such Person is not an 'insolvent person' as such term is defined in the *Bankruptcy and Insolvency Act* (Canada), and (e) such Person is "solvent" or is not "insolvent", as applicable, within the meaning given that term and similar terms under Applicable Laws relating to fraudulent and other avoidable transfers and conveyances. For purposes of this definition, the amount of any Contingent Liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"***Subsidiary***" of any Person shall mean and include (a) any corporation more than 50% of whose Voting Stock having by the terms thereof power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (b) any partnership, limited liability company, unlimited liability company, association, joint venture or other entity in which such Person directly or indirectly through one or more Subsidiaries has more than (i) a 50% equity interest measured by either vote or value at the time or (ii) a 50% general partnership interest at the time. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of Parent.

"***Swap Obligation***" means with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"***Tax Act***" means the *Income Tax Act* (Canada), as amended.

"***Taxes***" shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"***Termination Date***" shall mean the date on which the Loans and the other Obligations (other than Unasserted Contingent Obligations) shall have been paid in full in cash in accordance with the terms of this Agreement.

"***Total Assets***" shall mean, at any time, the total assets of such Person, determined in accordance with IFRS (or, if in reference to more than one Person, determined on a consolidated basis in accordance with IFRS), as shown on the then most recent balance sheet of such Person delivered pursuant to Section 8.01.

"***Total Credit Exposure***" shall mean, as of any date of determination (a) with respect to each Lender, (i) prior to the termination of the Commitments, the sum of such Lender's Commitment plus the outstanding principal amount of such Lender's Loans or (ii) upon the termination of the Commitments, the outstanding principal amount of such Lender's Loans and (b) with respect to all Lenders, (i) prior to the termination of the Commitments, the sum of all of the Lenders' Commitments plus the aggregate outstanding principal amount of all Loans and (ii) upon the termination of the Commitments, the aggregate outstanding principal amount of all Loans.

"***Trademark Security Agreements***" shall mean the (a) Amended and Restated Trademark Security Agreement dated as of the Restatement Date made in favor of Collateral Agent by each applicable Credit Party; and (b) any trademark security agreement entered into after the Restatement Date (as required by the Agreement or any other Credit Document), in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"***Transactions***" shall mean the funding of the Loans pursuant hereto and the use of the proceeds thereof and all other transactions contemplated by or described in the Credit Documents.

"***Treasury Rate***" means, as of any applicable date on which a Prepayment Event occurs, the weekly average rounded to the nearest 1/100th of a percentage point (for the most recently completed week for which such information is available as of the date that is two Business Days prior to the applicable date on which such Prepayment Event occurs) of the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 with respect to each applicable day during such week or, if such Statistical Release is no longer published or available, any publicly available source of similar market data selected by the Administrative Agent) most nearly equal to the period from the applicable date on which a Prepayment Event occurs through the Make-Whole Date; provided, however, that if the period from the applicable date on which a Prepayment Event occurs is not equal to the constant maturity of a United States Treasury security for which such a yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the applicable date on which a Prepayment Event occurs to the Make-Whole Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. The Treasury Rate shall be obtained by the Administrative Agent.

"***Treasury Regulations***" means the United States Treasury regulations promulgated under the Code.

"***U.S.***" and "***United States***" shall mean the United States of America.

"***U.S. Person***" shall mean any person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"***U.S. Federal Cannabis Law***" means any federal laws of the United States treating cannabis and related products as illegal or as controlled substances.

"***U.S. State Cannabis Law***" means any law enacted by any state of the United States which implements regulatory and/or enforcement systems to control the cultivation, distribution, sale and/or possession of cannabis and related products.

"***U.S. Tax Compliance Certificate***" has the meaning specified in Section 4.04(f).

"***UCC***" shall mean the Uniform Commercial Code as from time to time in effect in the State of Illinois and any other applicable jurisdiction.

"***Unasserted Contingent Obligations***" shall mean, at any time, Obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no assertion of liability (whether oral or written) and no claim or demand for payment or indemnification (whether oral or written) has been made or threatened.

"***Unfunded Current Liability***" shall mean, with respect to any Plan the amount, if any, by which the value of the accumulated plan benefits under the Plan, determined on a plan termination basis in accordance with actuarial assumptions at such time consistent with those prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds the fair market value of all plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions).

"***Verano US***" shall have the meaning set forth in the preamble to this Agreement.

"***Voting Stock***" shall mean, with respect to any Person, shares of such Person's Capital Stock having the right to vote for the election of directors (or Persons acting in a comparable capacity) of such Person under ordinary circumstances.

"***Withholding Agent***" shall mean any Credit Party and Administrative Agent.

SECTION 1.02 Other Interpretive Provisions. With reference to this Agreement and each other Credit Document, unless otherwise specified herein or in such other Credit Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "herein", "hereto", "hereof" and "hereunder" and words of similar import when used in any Credit Document shall refer to such Credit Document as a whole and not to any particular provision thereof.

(c) Article, Section, Exhibit and Schedule references are to the Credit Document in which such reference appears.

(d) The term "including" is by way of example and not limitation.

(e) The term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(f) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including”.

(g) Section headings herein and in the other Credit Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Credit Document.

(h) All references in any Credit Document to the consent of or approval by any Agent or Lender shall be deemed to mean the consent of or approval by such Agent or Lender in its sole discretion, except as otherwise expressly provided in the applicable Credit Document.

(i) Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, Credit Party, joint venture or any other like term shall also constitute such a Person or entity).

SECTION 1.03 Accounting Terms and Principles. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, IFRS, applied in a consistent manner. No change in the accounting principles used in the preparation of any financial statement hereafter adopted by Borrower or any of its Subsidiaries, including pursuant to a Change in Accounting Principles, shall be given effect for purposes of measuring compliance with any provision of Article IX, including Section 9.13, or otherwise in this Agreement unless Borrower and the Administrative Agent agree in writing to modify such provisions to reflect such changes, and, unless such provisions are modified, all financial statements, Compliance Certificates and similar documents provided hereunder shall be provided together with a reconciliation between the calculations and amounts set forth therein before and after giving effect to such change. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to in Article IX shall be made, without giving effect to any election under Accounting Standards Codification 825-10 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of any Credit Party or any Subsidiary of any Credit Party at “fair value”. A breach of a financial covenant contained in Article IX shall be deemed to have occurred as of any date of determination by the Administrative Agent or as of the last day of any specified measurement period, regardless of when the financial statements reflecting such breach are delivered to any Agent. Anything in this Agreement to the contrary notwithstanding, any obligation of a Person under a lease (whether existing as of the Restatement Date or entered into after the Restatement Date) that is not (or would not be) required to be classified and accounted for as a capital lease on the balance sheet of such Person under GAAP, as in effect on the Restatement Date shall not be treated as a Capitalized Lease Obligation solely as a result of (x) the adoption of any changes in, or (y) changes in the application of GAAP, after the Restatement Date. From and after the occurrence of a Change in Accounting Principles, all references to “IFRS” in this Agreement shall be construed as references to “GAAP” as the context may require. From and after the occurrence of a Change in Accounting Principles, with respect to any change in accounting for leases pursuant to GAAP resulting from the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842), to the extent such adoption would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) would not have been required to be so treated under GAAP as in effect on December 31, 2015, such lease shall not be considered a capital lease, and all calculations and deliverables under this Agreement or any other Credit Document shall be made or delivered, as applicable, in accordance therewith.

SECTION 1.04 Rounding. Any financial ratios required to be maintained or complied with by the Credit Parties pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

SECTION 1.05 References to Agreements, Laws, etc. Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including this Agreement and each of the other Credit Documents) and other Contractual Obligations shall be deemed to include all subsequent amendments, restatements, amendment and restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, amendment and restatements, extensions, supplements and other modifications are not prohibited by any Credit Document nor materially adverse to the interests of the Secured Parties; and (b) references to any Applicable Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Applicable Law.

SECTION 1.06 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to the time in Chicago, Illinois.

SECTION 1.07 Timing of Payment of Performance. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day. All payments required hereunder shall be paid in immediately available funds unless otherwise expressly provided herein.

SECTION 1.08 Corporate Terminology. Any reference to officers, shareholders, stock, shares, directors, boards of directors, corporate authority, articles of incorporation, bylaws or any other such references to matters relating to a corporation made herein or in any other Credit Document with respect to a Person that is not a corporation shall mean and be references to the comparable terms used with respect to such Person.

SECTION 1.09 Currency Matters. Principal, interest, fees and all other amounts payable under this Agreement and the other Credit Documents to the Agents and the Lenders shall be payable in Dollars. Unless stated otherwise, all calculations, comparisons, measurements or determinations under this Agreement shall be made in Dollars. For the purpose of such calculations, comparisons, measurements or determinations, amounts or proceeds denominated in other currencies shall be converted to the Equivalent Amount in Dollars on the date of calculation, comparison, measurement or determination. In particular, without limitation, for purposes of valuations or computations under Article II, Article III, Article IV, Article VII, Article VIII, Article IX and Article X, unless expressly provided otherwise, where a reference is made to a dollar amount, the amount is to be considered as the amount in Dollars and, therefore, each other currency shall be converted into the Equivalent Amount thereof in Dollars.

SECTION 1.10 Quebec Interpretation. For purposes of any Collateral located in the Province of Quebec or charged by any deed of hypothec (or any other Credit Document) and for all other purposes pursuant to which the interpretation or construction of a Credit Document may be subject to the laws of the Province of Quebec or a court or tribunal exercising jurisdiction in the Province of Quebec, (i) "personal property" shall be deemed to include "movable property", (ii) "real property" shall be deemed to include "immovable property", (iii) "tangible property" shall be deemed to include "corporeal property", (iv) "intangible property" shall be deemed to include "incorporeal property", (v) "security interest", "mortgage" and "lien" shall be deemed to include a "hypothec", "prior claim" and a "resolutory clause," (vi) all references to filing, registering or recording under the UCC or the PPSA shall be deemed to include publication under the Civil Code of Quebec, (vii) all references to "perfection" of or "perfected" Liens shall be deemed to include a reference to an "opposable" or "set up" Liens as against third parties, (viii) any "right of offset", "right of setoff" or similar expression shall be deemed to include a "right of compensation", (ix) "goods" shall be deemed to include "corporeal movable property" other than chattel paper, documents of title, instruments, money and securities, (x) an "agent" shall be deemed to include a "mandatary," (xi) "construction liens" shall be deemed to include "legal hypothecs", (xii) "joint and several" shall be deemed to include "solidary" and "jointly and severally" shall be deemed to include "solidarily" (xiii) "gross negligence or willful misconduct" shall be deemed to be "intentional or gross fault", (xiv) "beneficial ownership" shall be deemed to include "ownership on behalf of another as mandatary", (xv) "easement" shall be deemed to include "servitude", (xvi) "priority" shall be deemed to include "prior claim", (xvii) "survey" shall be deemed to include "certificate of location and plan", (xviii) "fee simple title" shall be deemed to include "absolute ownership", and (xix) "foreclosure" shall be deemed to include "the exercise of a hypothecary recourse". The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only (except if another language is required under any applicable law) and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. *Les parties aux présentes confirment que c'est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés en langue anglaise seulement (sauf si une autre langue est requise en vertu d'une loi applicable).*

ARTICLE II
Amount and Terms of Loans

SECTION 2.01 Loans.

(a) 2020 Loans and 2021 Loans; Payments on Loans.

(i) Subject to the terms and conditions set forth herein, on the Restatement Date, all Original Loans will be automatically deemed to constitute Loans outstanding under this Agreement (such Loans, collectively, the "***2020 Loans***"). Each Lender that held an interest in the Original Loans shall be automatically deemed, on the Restatement Date, to hold an interest in the 2020 Loans in a principal amount equal to the principal amount of such Lender's Original Loans as set forth under the heading "2020 Loans" on Schedule 1.01 hereto.

(ii) Subject to and upon the terms and conditions herein set forth, each Lender having a Commitment shall, on the Restatement Date, severally (and not jointly), make a Loan to Borrower (such Loans, collectively, the "***2021 Loans***"), which 2021 Loan (i) when aggregated with each other 2021 Loan made hereunder, shall be in an amount not to exceed the aggregate Commitments for 2021 Loans of all Lenders as set forth under the heading "2021 Loans" on Schedule 1.01 hereto and (ii) for each Lender shall be in an amount of such Lender's Commitment for 2021 Loans as set forth under the heading "2021 Loans" on Schedule 1.01 hereto.

(iii) Each Loan may be repaid or prepaid in accordance with the provisions hereof, but once repaid or prepaid may not be reborrowed.

(b) [Reserved].

SECTION 2.02 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.10(a), or if such Lender requires Borrower to pay any Indemnified Taxes or additional amounts to such Lender or any Governmental Authority for the account of any Lender pursuant to Section 4.04, such Lender will, if requested by Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event; provided, that such designation is made on such terms that such Lender and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such Section. Nothing in this Section 2.02 shall affect or postpone any of the obligations of Borrower or the right of any Lender provided in Sections 2.10 or 4.04. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

SECTION 2.03 Lender Branches. Each Lender may at its option, make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make any Loan; provided that any exercise of such option shall not affect the obligation of Borrower to repay such Loan, and provided, further, that the exercise of such option shall not cause Borrower to pay any Indemnified Taxes or additional amounts to such Lender or any Governmental Authority for the account of any Lender pursuant to Section 4.04 if such Lender has an alternative domestic or foreign branch or Affiliate for which such Indemnified Taxes or additional amounts would not be required to be paid.

SECTION 2.04 [Reserved].

SECTION 2.05 Disbursement of Funds.

(a) The borrowing of Loans to be made on the Restatement Date shall be requested in writing by Borrower to the Administrative Agent at least three (3) Business Days prior to the Restatement Date, which such written request shall be irrevocable and shall be in form and substance acceptable to the Administrative Agent. Subject to the terms and conditions set forth herein, on the Restatement Date each Lender will make available its *pro rata* portion of the Loans to be made on the Restatement Date in the manner provided below no later than 10:00 a.m. on the Restatement Date.

(b) Each Lender shall make available all amounts it is to fund to Borrower in immediately available funds to the Administrative Agent, and, following receipt thereof in an account designated by the Administrative Agent, the Administrative Agent will remit such amounts, in immediately available funds and in Dollars to Borrower, by remitting the same to such Persons and such accounts as may be designated by Borrower to the Administrative Agent in writing. The failure of any Lender to make available the amounts it is to fund to Borrower hereunder or to make a payment required to be made by it under any Credit Document shall not relieve any other Lender of its obligations under any Credit Document, but no Lender shall be responsible for the failure of any other Lender to make any payment required to be made by such other Lender under any Credit Document.

(c) Nothing in this Section 2.05 shall be deemed to relieve any Lender from its obligation to fulfill its commitments and obligations hereunder or to prejudice any rights that Borrower may have against any Lender as a result of any default by such Lender hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to fulfill its commitments and obligations hereunder).

SECTION 2.06 Payment of Loans; Evidence of Debt.

(a) Borrower agrees to pay to the Administrative Agent, for the benefit of the Lenders, the outstanding principal and interest due on the Loans on the Maturity Date or upon such earlier date on which the Obligations are accelerated pursuant to the terms of this Agreement.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of Borrower to the appropriate lending office of such Lender resulting from each Loan made by such lending office of such Lender from time to time, including the amounts of principal and interest payable and paid to such lending office of such Lender from time to time under this Agreement.

(c) Borrower agrees that from time to time on and after the Restatement Date, upon the reasonable request to the Administrative Agent by any Lender, at Borrower's own expense, Borrower will execute and deliver to such Lender a Note, evidencing the Loans, and payable to such Lender or registered assigns in a maximum principal amount equal to such Lender's applicable Commitment. Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Note (or on any continuation of such grid), which notations, if made, shall conclusively indicate, absent manifest error, inter alia, the date of, the outstanding principal amount of, and the interest rate applicable to, the Loans evidenced thereby. Such notations shall, to the extent not inconsistent with notations made by the Administrative Agent in the Register, be conclusive and binding on each Credit Party, Opco Mortgagor and Individual Guarantor absent manifest error; provided that the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of any Credit Party, Opco Mortgagor or Individual Guarantor. The Administrative Agent shall maintain the Register pursuant to Section 12.06(b)(iv), and a subaccount for each Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent from Borrower and each Lender's share thereof.

(d) The entries made in the Register and accounts and subaccounts maintained pursuant to paragraphs (b) and (c) of this Section 2.06 shall, to the extent permitted by Applicable Law, be conclusive evidence (absent manifest error) of the existence and amounts of the obligations of Borrower therein recorded; provided that the failure of any Lender or the Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of Borrower to repay (with applicable interest) the Loans made to Borrower by such Lender in accordance with the terms of this Agreement.

SECTION 2.07 [Reserved].

SECTION 2.08 [Reserved].

SECTION 2.09 Interest.

(a) The unpaid principal amount of the Loans shall bear interest from the Restatement Date at a rate per annum that shall at all times be the Applicable Rate. Interest on the Loans shall accrue from and including the Restatement Date to the date of any repayment in full thereof.

(b) On each Payment Date, interest on the Loans shall be due and payable monthly in cash in arrears.

(c) From and after the occurrence and during the continuance of any Event of Default, at the election of the Administrative Agent and the Required Lenders and upon notice by the Administrative Agent or the Collateral Agent to Borrower, Borrower shall pay interest on the principal amount of all Loans and all other unpaid Obligations, to the extent permitted by Applicable Law, at the Default Rate, which Default Rate shall accrue from the date of such Event of Default (regardless of the date of notice of the imposition of the Default Rate) until waived in writing and shall be payable on demand and in cash.

(d) All computations of interest hereunder shall be made in accordance with Section 4.06.

SECTION 2.10 Increased Costs, Illegality, etc.

(a) In the event that any Lender shall have reasonably determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) at any time, after the later of the Restatement Date and the date such entity became a Lender hereunder, that such Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to the Loans, including as a result of any Tax (other than any (x) Indemnified Taxes, (y) Taxes described in clauses (b) through (e) of the definition of "Excluded Taxes" or (z) Connection Income Taxes) because of any change since the Restatement Date in any Applicable Law (or in the interpretation or administration thereof and including the introduction of any new Applicable Law), such as, for example, without limitation, a change in official reserve requirements (but excluding changes in the rate of tax on the overall net income of such Lender), then, and in any such event, such Lender shall promptly give notice (if by telephone, confirmed in writing) to Borrower and the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter, Borrower shall pay to such Lender, within ten (10) Business Days after receipt of written demand therefor such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its reasonable discretion shall determine) as shall be required to compensate such Lender for such increased costs or reductions in amounts receivable hereunder (it being agreed that a written notice as to the additional amounts owed to such Lender submitted to Borrower by such Lender shall, absent manifest error, be final and conclusive and binding upon all parties hereto).

(b) If, after the later of the Restatement Date and the date such entity becomes a Lender hereunder, the adoption of any Applicable Law regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by a Lender or its parent with any request or directive made or adopted after such date regarding capital adequacy (whether or not having the force of law) of any such authority, association, central bank or comparable agency, has the effect of reducing the rate of return on such Lender's or its parent's capital or assets as a consequence of such Lender's commitments or obligations hereunder to a level below that which such Lender or its parent could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Lender's or its parent's policies with respect to capital adequacy), then within ten (10) days after receipt of written demand by such Lender (with a copy to the Administrative Agent), Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or its parent for such reduction, it being understood and agreed, however, that a Lender shall not be entitled to such compensation as a result of such Lender's compliance with, or pursuant to any request or directive to comply with, any such Applicable Law as in effect on the Restatement Date. Each Lender (on its own behalf), upon determining in good faith that any additional amounts will be payable pursuant to this Section 2.10(b), will, as promptly as practicable upon ascertaining knowledge thereof, give written notice thereof to Borrower, which notice shall set forth in reasonable detail the basis of the calculation of such additional amounts. Without limiting Section 2.10(d) below, the failure to give any such notice with respect to a particular event shall not release or diminish any of Borrower's obligations to pay additional amounts pursuant to this Section 2.10(b) for amounts accrued or incurred after the date of such notice with respect to such event. Notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all rules, regulations, orders, requests, guidelines or directives in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, in each case, are deemed to have been adopted and to have taken effect after the Restatement Date.

(c) This Section 2.10 shall not apply to any demand (i) made after the 180th day following the requesting Lender's knowledge that it would be entitled to any such amounts or (ii) not demanded of other borrowers having similar provisions to this Section 2.10.

(d) (i) If any Lender shall give notice to Borrower that such Lender is entitled to receive and is requesting payments under this Section 2.10 or requires Borrower to pay additional amounts pursuant to Section 4.04 (any such Lender, an "***Increased Cost Lender***"), then Borrower may, after (solely in the case of an Increased Cost Lender) giving such Increased Cost Lender an opportunity to mitigate pursuant to Section 2.02, if applicable, at its sole expense and effort, permanently replace such Increased Cost Lender with one or more substitute Lenders reasonably acceptable to the Administrative Agent (each, a "***Replacement Lender***"), and such Increased Cost Lender shall have no right to refuse to be replaced hereunder. Such notice to replace the Increased Cost Lender shall specify an effective date for such replacement, which date shall not be sooner than five (5) Business Days and not be later than ten (10) Business Days after the date such notice is given, provided that (i) such Increased Cost Lender shall have received payment of an amount equal to the outstanding Obligations payable to it from the assignee (to the extent of outstanding principal and accrued interests and fees) or Borrower (in the case of all other amounts) and (ii) such assignment does not conflict with Applicable Law. Notwithstanding anything to the contrary herein, a Lender shall not be required to make any such assignment pursuant to this Section 2.10(d) if, prior to the effective date for such replacement, as a result of a waiver by such Lender or otherwise, the circumstances entitling Borrower to require such assignment pursuant to this Section 2.10(d) cease to apply.

(ii) Prior to the effective date of such replacement, the Increased Cost Lender and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Increased Cost Lender being repaid all Obligations owed to it through the effective date of the replacement. If the Increased Cost Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Increased Cost Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Increased Cost Lender shall be made in accordance with the terms of Section 12.06.

SECTION 2.11 Interest Act (Canada); Criminal Rate of Interest.

(a) Notwithstanding Section 4.06 and anything to the contrary contained in this Agreement or in any other Credit Document, solely to the extent that (i) a court of competent jurisdiction finally determines that the calculation or determination of interest payable by a Canadian Credit Party in respect of the Obligations pursuant to this Agreement and the other Credit Documents shall be governed by the laws of any province of Canada or the federal laws of Canada, or (ii) the *Interest Act* (Canada) otherwise applies: whenever interest payable by a Canadian Credit Party is calculated on the basis of a period which is less than the actual number of days in a calendar year, each rate of interest determined pursuant to such calculation is, for the purposes of the *Interest Act* (Canada), equivalent to such rate multiplied by the actual number of days in the calendar year in which such rate is to be ascertained and divided by the number of days used as the basis of such calculation. The Borrower confirms that it understands and is able to calculate the rate of interest applicable to the Obligations based on the methodology for calculating per annum rates provided in this Agreement.

(b) In no event shall the aggregate "interest" (as defined in Section 347 of the *Criminal Code*, R.S.C. 1985, c. C-46, as the same shall be amended, replaced or re-enacted from time to time (the "Criminal Code Section")) payable (whether by way of payment, collection or demand) by any Credit Party or received by any Lender under this Agreement or any other Credit Document exceed the effective annual rate of interest on the "credit advanced" (as defined in that section) under this Agreement or such other Credit Document lawfully permitted under that section and, if any payment, collection or demand pursuant to this Agreement or any other Credit Document in respect of "interest" (as defined in that section) is determined to be contrary to the provisions of that section, then the amount of such payment or collection shall be refunded by the Administrative Agent and Lenders to Credit Parties with such "interest" deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by the Criminal Code Section to result in a receipt by the Administrative Agent or such Lender of interest at a rate not in contravention of the Criminal Code Section, such adjustment to be effected, to the extent necessary, as follows: firstly, by reducing the amounts or rates of interest required to be paid to the Administrative Agent or that Lender; and then, by reducing any fees, charges, expenses and other amounts required to be paid to the Administrative Agent or Lender which would constitute "interest". Notwithstanding the foregoing, and after giving effect to all such adjustments, if the Administrative Agent or any Lender shall have received an amount in excess of the maximum permitted by the Criminal Code Section, then the Credit Parties shall be entitled, by notice in writing to the Administrative Agent or affected Lender, to obtain reimbursement from the Administrative Agent or that Lender in an amount equal to such excess. For the purposes of this Agreement and each other Credit Document to which any Canadian Credit Party is a party, the effective annual rate of interest payable by it shall be determined in accordance with generally accepted actuarial practices and principles over the term of the loans on the basis of annual compounding for the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Institute of Actuaries appointed by the Administrative Agent for the account of the Credit Parties will be conclusive for the purpose of such determination in the absence of evidence to the contrary.

SECTION 2.12 Defaulting Lender.

(a) Notwithstanding anything to the contrary contained herein, in the event any Lender is a Defaulting Lender, all rights and obligations hereunder of such Defaulting Lender and of the other parties hereto shall be modified to the extent of the express provisions of this Section 2.12 so long as such Lender is a Defaulting Lender.

(b) (i) Except as otherwise expressly provided for in this Section 2.12, Loans shall be made pro rata from Lenders holding Commitments which are not Defaulting Lenders based on their respective Commitment Percentages, and no Commitment Percentage of any Lender or any pro rata share of any Loans required to be advanced by any Lender shall be increased as a result of any Lender being a Defaulting Lender. Amounts received in respect of principal of any type of Loans shall be applied to reduce such type of Loans of each Lender (other than any Defaulting Lender) holding a Commitment in accordance with their Commitment Percentages; provided, that the Administrative Agent shall not be obligated to transfer to a Defaulting Lender any payments received by the Administrative Agent for Defaulting Lender's benefit, nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder (including any principal, interest or fees). Amounts payable to a Defaulting Lender shall instead be paid to or retained by the Administrative Agent. The Administrative Agent may hold and, in its discretion, re-lend to a Borrower the amount of such payments received or retained by it for the account of such Defaulting Lender.

(ii) Fees pursuant to Section 3.01(a) hereof shall cease to accrue in favor of such Defaulting Lender.

(c) A Defaulting Lender shall not be entitled to give instructions to the Administrative Agent or to approve, disapprove, consent to or vote on any matters relating to this Agreement or the other Credit Documents, and all amendments, waivers and other modifications of this Agreement or the other Credit Documents may be made without regard to a Defaulting Lender and, for purposes of the definition of "Required Lenders", a Defaulting Lender shall not be deemed to be a Lender, to have any outstanding Loans or a Commitment Percentage; provided, that this clause (c) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification described in clauses (i) or (iii) of Section 12.01.

(d) Other than as expressly set forth in this Section 2.12, the rights and obligations of a Defaulting Lender (including the obligation to indemnify Agents) and the other parties hereto shall remain unchanged. Nothing in this Section 2.12 shall be deemed to release any Defaulting Lender from its obligations under this Agreement or the other Credit Documents, shall alter such obligations, shall operate as a waiver of any default by such Defaulting Lender hereunder, or shall prejudice any rights which any Borrower, any Agent or any Lender may have against any Defaulting Lender as a result of any default by such Defaulting Lender hereunder.

(e) In the event that the Administrative Agent and Borrower agree in writing that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Administrative Agent will so notify the parties hereto.

(f) If any Lender is a Defaulting Lender, Borrower may, within ninety (90) days of receipt of notice of such Lender becoming a Defaulting Lender, by notice in writing to the Administrative Agent and such Defaulting Lender (i) request the Defaulting Lender to cooperate with Borrower in obtaining a Replacement Lender; (ii) request the Non- Defaulting Lenders to acquire and assume all of the Defaulting Lender's Loans and its Commitment Percentage as provided herein, but none of such Lenders shall be under any obligation to do so; or (iii) propose a Replacement Lender subject to approval by the Administrative Agent in its good faith business judgment. If any satisfactory Replacement Lender shall be obtained, and/or if any one or more of the Non- Defaulting Lenders shall agree to acquire and assume all of the Defaulting Lender's Loans and its Commitment Percentage, then such Defaulting Lender shall assign, in accordance with Section 12.01, all of its Loans and its Commitment Percentage and other rights and obligations under this Agreement and the other Credit Documents to such Replacement Lender or Non- Defaulting Lenders, as the case may be, in exchange for payment of the principal amount so assigned and all interest and fees accrued on the amount so assigned, plus all other Obligations then due and payable to the Defaulting Lender.

ARTICLE III
Fees and Commitment Terminations

SECTION 3.01 Fees.

(a) Borrower shall pay to the Agents and Arranger such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever (except as expressly agreed between the Borrower and the Agents and Arranger, as applicable).

(b) Upon the occurrence of any Prepayment Event, the Borrower shall pay to the Administrative Agent, for the account of each Lender holding a Loan on the date of such Prepayment Event on a pro rata basis, the applicable Prepayment Premium. The Credit Parties expressly agree that (A) the Prepayment Premium is the product of an arm's length transaction between sophisticated business people, ably represented by counsel, (B) their agreement to pay the Prepayment Premium is a material inducement to the Lenders to make the Loans, and (C) the Prepayment Premium represents a good faith, reasonable estimate and calculation of the lost profits or damages of the Lenders and that it would be impractical and extremely difficult to ascertain the actual amount of damages to the Lenders or profits lost by the Lenders as a result of such Prepayment Event. The fees described in this Section 3.01(b) are in addition to any fees owed pursuant to Section 3.01(a).

SECTION 3.02 Mandatory Reduction of Commitments. The Commitment shall be permanently reduced by the amount of each Loan made on the Restatement Date.

ARTICLE IV
Payments

SECTION 4.01 Voluntary Prepayments. Borrower shall have the right to prepay the remaining balance of all Loans outstanding under this Agreement in whole or in part on the following terms and conditions: (i) Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of (A) its intent to make such prepayment and (B) the amount of such prepayment, no later than 5:00 p.m. thirty (30) calendar days prior thereto, which shall promptly be transmitted by the Administrative Agent to each of the relevant Lenders, as the case may be; (ii) each such prepayment shall be in an amount equal to $20,000,000 or, if less, the entire principal amount of Loans then outstanding; and (iii) such prepayment may only be made on the last Business Day of a calendar month.

SECTION 4.02 Mandatory Prepayments.

(a) Types of Mandatory Prepayments.

(i) Within five (5) Business Days of the receipt by any Credit Party or any of its Subsidiaries of any proceeds from the incurrence of any Indebtedness by any Credit Party or any of its Subsidiaries (other than Indebtedness permitted under Section 9.01), Borrower shall prepay the Loans in an amount equal to one hundred percent (100%) of such Net Debt Proceeds, to be applied as set forth in Section 4.02(c). Nothing in this Section 4.02(a)(i) shall be construed to permit or waive any Default or Event of Default arising from any incurrence of Indebtedness not permitted under the terms of this Agreement.

(ii) Within five (5) Business Days of the receipt by any Credit Party or any of its Subsidiaries of any Net Disposition Proceeds in excess of $1,000,000 from any Disposition (other than any Disposition permitted under clauses (a), (d), (f), (g), (h), (i), (j), (k), (l), (m), (p), (q) (to the extent of the interest of a third-party first-lien mortgagee), (r), (s), (t), or (v) of Section 9.04), Borrower shall prepay the Loans in an amount equal to one hundred percent (100%) of the Net Disposition Proceeds from such Disposition in excess of $1,000,000, to be applied as set forth in Section 4.02(c); provided, that the amount of Net Disposition Proceeds not applied as a prepayment of Loans under this clause (ii) as result of the dollar threshold set forth above shall not exceed $1,000,000 in the aggregate during the immediately preceding twelve-month period. Nothing in this Section 4.02(a)(ii) shall be construed to permit or waive any Default or Event of Default arising from any Disposition not permitted under the terms of this Agreement. So long as no Event of Default shall have occurred and be continuing, the recipient of any Net Disposition Proceeds arising under Section 9.04(e) may reinvest the amount of any such Net Disposition Proceeds in replacement equipment or fixed assets as described in such Section, so long as such reinvestment is made within one hundred eighty (180) days of the receipt thereof; provided that, if the recipient does not intend to fully reinvest such Net Disposition Proceeds, or if the applicable time period set forth in this sentence expires without such recipient having reinvested such Net Disposition Proceeds, such Credit Party shall prepay the Loans in an amount equal to such Net Disposition Proceeds (to the extent not reinvested within such applicable time period).

(iii) Within five (5) Business Days of the receipt by any Credit Party or any of its Subsidiaries of any Net Casualty Proceeds from any Casualty Event in excess of $1,000,000, Borrower shall prepay the Loans in an amount equal to one hundred percent (100%) of such Net Casualty Proceeds in excess of $1,000,000, to be applied as set forth in Section 4.02(c); provided that Borrower may, at its option by notice in writing to the Administrative Agent no later than thirty (30) days following the occurrence of the Casualty Event resulting in such Net Casualty Proceeds, apply such Net Casualty Proceeds to the rebuilding or replacement of such damaged, destroyed or condemned assets or property so long as such Net Casualty Proceeds are in fact used to commence the rebuilding or replacement of the damaged, destroyed or condemned assets or property within twelve months following the receipt of such Net Casualty Proceeds, with the amount of Net Casualty Proceeds unused after such period to be applied as set forth in Section 4.02(c); provided, that the amount of Net Casualty Proceeds not applied as a prepayment of Loans under this clause (iii) as result of the dollar threshold set forth above shall not exceed $1,000,000 in the aggregate during the immediately preceding twelve-month period. Nothing in this Section 4.02(a)(iii) shall be construed to permit or waive any Default or Event of Default arising from, directly or indirectly, any Casualty Event.

(iv) Within five (5) Business Days of the receipt by any Credit Party or any of its Subsidiaries of any Net Equity Proceeds from the issuance of any Capital Stock (other than Excluded Issuances) in excess of $1,000,000, Borrower shall prepay the Loans in an amount equal to one hundred percent (100%) of such Net Equity Proceeds in excess of $1,000,000, to be applied as set forth in Section 4.02(c). Nothing in this Section 4.02(a)(iv) shall be construed to permit or waive any Default or Event of Default arising, directly or indirectly, from any such issuance of Capital Stock.

(v) Within five (5) Business Days of the receipt by any Credit Party or any of its Subsidiaries of any proceeds from any Extraordinary Receipts in excess of $1,000,000, Borrower shall prepay the Loans in an amount equal to one hundred percent (100%) of such Extraordinary Receipts in excess of $1,000,000, to be applied as set forth in Section 4.02(c); provided, that the amount of Extraordinary Receipts not applied as a prepayment of Loans under this clause (v) as result of the dollar threshold set forth above shall not exceed $500,000 in the aggregate during the immediately preceding twelve-month period. Nothing in this Section 4.02(a)(v) shall be construed to permit or waive any Default or Event of Default arising, directly or indirectly, from any event or circumstance giving rise to any Extraordinary Receipts.

(vi) Reserved.

(vii) Immediately upon any acceleration of the Maturity Date of any Loans pursuant to Section 10.02, Borrower shall repay all the Loans, unless only a portion of all the Loans is so accelerated (in which case the portion so accelerated shall be repaid).

(b) Option to Decline Prepayment. Notwithstanding anything to the contrary herein, any mandatory prepayment pursuant to Section 4.02(a) may be declined in whole or in part by any Lender without prejudice to such Lender's rights hereunder to accept or decline any future payments in respect of any mandatory prepayment. If a Lender chooses not to accept payment in respect of a mandatory prepayment, in whole or in part, the other Lenders that accept such mandatory prepayment shall have the option to share such proceeds on a pro rata basis (and if declined by all Lenders, such declined proceeds shall be retained by Borrower). Each Lender shall have until the Business Day immediately preceding the Business Day on which such prepayment is due in order to decline such prepayment (and any election by a Lender delivered prior to such Business Day can be rescinded by such Lender at its discretion until such Business Day).

(c) Application of Payments. With respect to each prepayment of the Loans required by Section 4.02(a), the amounts prepaid shall be applied, so long as no Application Event shall have occurred and be continuing, first to pay any fees and expenses of the Agents and the Lenders under the Credit Documents until paid in full, second to any accrued and unpaid interest on the Loans on a ratable basis until paid in full and thereafter to the outstanding principal on the Loans on a ratable basis until the Loans are paid in full.

(d) Application of Collateral Proceeds. Notwithstanding anything to the contrary in Section 4.01 or this Section 4.02, all proceeds of Collateral received by the Collateral Agent or any other Person pursuant to the exercise of remedies against the Collateral, and all payments received upon and after the acceleration of any of the Obligations (an "***Application Event***") shall be applied as follows (subject to adjustments pursuant to any agreements entered into among the Lenders):

(i) first, to pay any costs and expenses of the Agents (in their respective capacity as Agent) and fees then due to the Agents (in their respective capacity as Agent) under the Credit Documents, including any indemnities then due to any Agents (in their respective capacity as Agent) under the Credit Documents, until paid in full,

(ii) second, to pay any fees and premiums then due to the Agents (in their respective capacity as Agent) under the Credit Documents until paid in full,

(iii) third, ratably to pay any costs, expense reimbursements, fees or premiums of Lenders and indemnities then due to any of the Lenders under the Credit Documents until paid in full,

(iv) fourth, ratably to pay interest due in respect of the outstanding Loans until paid in full,

(v) fifth, ratably to pay the outstanding principal balance of the Loans in the inverse order of maturity until the Loans are paid in full,

(vi) sixth, to pay any other Obligations, and

(vii) seventh, to Borrower or such other Person entitled thereto under Applicable Law.

SECTION 4.03 Payment of Obligations; Method and Place of Payment.

(a) The obligations of each Credit Party, Opco Mortgagor and Individual Guarantor hereunder and under each other Credit Document are not subject to counterclaim, set-off, rights of rescission, or any other defense. Subject to Section 4.03(b), and except as otherwise specifically provided herein, all payments under any Credit Document shall be made by Borrower, without set-off, rights of rescission, counterclaim or deduction of any kind, to the Administrative Agent for the ratable account of the Secured Parties entitled thereto, not later than 5:00 p.m. on the date when due and shall be made in immediately available funds in Dollars to the Administrative Agent. The Administrative Agent will thereafter cause to be distributed on the same day (if payment was actually received by the Administrative Agent prior to 5:00 p.m., on such day) like funds relating to the payment of principal or interest or Fees ratably to the Secured Parties entitled thereto.

(b) For purposes of computing interest or fees, any payments under this Agreement that are made later than 5:00 p.m., shall be deemed to have been made on the next succeeding Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall continue to accrue during such extension at the applicable rate in effect immediately prior to such extension.

(c) Borrower shall make each payment under any Credit Document by wire transfer to such deposit account as the Administrative Agent shall notify Borrower in writing from time to time within a reasonable time prior to such payment.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that Borrower will not make such payment, the Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the applicable Lenders, as the case may be, the amount due. With respect to any payment that the Administrative Agent makes for the account of the Lenders hereunder as to which the Administrative Agent determines (which determination shall be conclusive absent manifest error) that any of the following applies (such payment referred to as the "***Rescindable Amount***"): (i) Borrower has not in fact made such payment; (iii) the Administrative Agent has made a payment in excess of the amount so paid by the Borrower (whether or not then owed); or (ii) the Administrative Agent has for any reason otherwise erroneously made such payment, then each applicable Lender severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

SECTION 4.04 Taxes.

(a) Any and all payments by or on account of any obligation of any Credit Party, Opco Mortgagor and/or Individual Guarantor under any Credit Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Credit Party, Opco Mortgagor and/or Individual Guarantor shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 4.04) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Credit Parties, Opco Mortgagors and Individual Guarantors shall timely pay, and shall authorize the Administrative Agent to pay in their name, to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes. As soon as practicable after the date of any payment of Taxes or Other Taxes by any Credit Party, Opco Mortgagor and/or Individual Guarantor, the Credit Parties, Opco Mortgagors and/or Individual Guarantors shall furnish to Administrative Agent, at its address referred to in Section 12.02, the original or a certified copy of a receipt evidencing payment thereof or other evidence of payment reasonably satisfactory to the Administrative Agent.

(c) The Credit Parties, Opco Mortgagors and Individual Guarantors shall jointly and severally indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 4.04) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party, Opco Mortgagor or Individual Guarantor has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties, Opco Mortgagors and Individual Guarantors to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.06(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Credit Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Credit Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this Section 4.04(d).

(e) As soon as practicable after any payment of Taxes by any Credit Party, Opco Mortgagor and/or Individual Guarantor to a Governmental Authority pursuant to this Section 4.04, such Credit Party, Opco Mortgagor and/or Individual Guarantor shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to Borrower and the Administrative Agent, at the time or times reasonably requested by Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Borrower or the Administrative Agent as will enable Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 4.04(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code in customary form consistent with the Model Credit Agreement Provisions of the Loan Syndications and Trading Association (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) If any party determines, in its sole discretion exercised in good faith, that it has received a refund or credit of any Taxes as to which it has been indemnified pursuant to this Section 4.04 (including by the payment of additional amounts pursuant to this Section 4.04), it shall pay to the indemnifying party an amount equal to such refund or credit (but only to the extent of indemnity payments made under this Section 4.04 with respect to the Taxes giving rise to such refund or credit), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund or credit). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 4.04(g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund or credit to such Governmental Authority. Notwithstanding anything to the contrary in this Section 4.04(g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 4.04(g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund or credit had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Reserved.

(i) Each party's obligations under this Section 4.04 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, and the repayment, satisfaction or discharge of all obligations under any Credit Document.

SECTION 4.05 Reserved.

SECTION 4.06 Computations of Interest and Fees. All interest and fees shall be computed on the basis of the actual number of days occurring during the period for which such interest or fee is payable over a year comprised of 360 days. Payments due on a day that is not a Business Day shall (except as otherwise required by) be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees in connection with that payment. Each determination by the Administrative Agent of an interest rate and Fees hereunder shall be presumptive evidence of the correctness of such rates and Fees, absent manifest error.

ARTICLE V
Conditions Precedent to Signing, Restatement of the Original Credit Agreement and Funding of the Loans

SECTION 5.01 Signing Date. This Agreement shall be deemed executed by the parties hereto on the Signing Date upon the fulfillment, to the satisfaction of the Agents and each Lender, of each of the following conditions precedent on or before the Signing Date:

(a) Credit Documents. The Administrative Agent shall have received each of the following Credit Documents, duly executed by an Authorized Officer of each Credit Party party thereto and each other Person party thereto:

(i) this Agreement;

(ii) the Security Agreement; and

(iii) the Canadian Security Agreement.

(b) Resolutions. The Administrative Agent shall have received resolutions of each Credit Party's board of managers/directors (or other managing body, in the case of a Person that is not a corporation) then in full force and effect expressly and specifically authorizing, to the extent relevant, all aspects of the Credit Documents applicable to such Person and the execution, delivery and performance of each Credit Document, in each case, to be executed by such Person.

SECTION 5.02 Restatement Date. The effectiveness of this Agreement, and the obligation of each Lender to make the Loans on the Restatement Date as provided for hereunder is subject to the fulfillment, to the satisfaction of the Agents and each Lender, of each of the following conditions precedent on or before the Restatement Date, unless any such condition is waived in accordance with Section 12.01:

(a) Signing Date Credit Documents. Each Credit Party shall have affirmed its execution of each of Credit Documents it executed on the Signing Date in writing.

(b) Credit Documents. The Administrative Agent shall have received the following documents, duly executed by an Authorized Officer of each applicable Credit Party and each other relevant party:

(i) the Notes;

(ii) except as otherwise provided in Section 8.17, the Security Documents (other than the Security Agreement and the Canadian Security Agreement); and

(iii) except as otherwise provided in Section 8.17, each other Credit Document.

(c) Collateral.

(i) All Capital Stock, other than Excluded Property, of each Credit Party and Subsidiary (other than Parent) shall have been pledged pursuant to the Security Documents and the Collateral Agent shall have received all certificates, if any, representing such securities pledged under the Security Documents, accompanied by customary instruments of transfer and undated stock powers endorsed in blank.

(ii) All Capital Stock of the Opcos and the Miscellaneous Other Credit Parties owned by an Individual Guarantor and not pledged as of the Restatement Date shall have been pledged pursuant to an amendment of the Individual Pledge Agreement, in form an substance reasonably satisfactory to the Administrative Agent.

(iii) Except as otherwise provided in Section 8.17, the Collateral Agent shall have received the results of a search of the UCC and PPSA filings (or equivalent filings), in addition to tax Lien, judgment Lien, bankruptcy and litigation searches made with respect to each Credit Party, together with copies of the financing statements and other filings (or similar documents) disclosed by such searches, and accompanied by evidence reasonably satisfactory to the Collateral Agent that the Liens indicated in any such financing statement and other filings (or similar document) are Permitted Liens or have been released or will be released substantially simultaneously with the making of the Loans hereunder.

(iv) The Collateral Agent shall have received evidence, in form and substance reasonably satisfactory to the Collateral Agent, that appropriate UCC and PPSA (or equivalent) financing statements (including fixture filings) have been duly filed in such office or offices as may be necessary or, in the reasonable opinion of Collateral Agent, desirable, to perfect the Collateral Agent's Liens in and to the Collateral and certified searches reflecting the filing of all such financing statements.

(d) Legal Opinions. The Administrative Agent shall have received an executed legal opinion of Dorsey & Whitney LLP, counsel to the Credit Parties, Brotschul Potts LLC, local Illinois counsel to the Credit Parties, and Fasken Martineau DuMoulin LLP, Canadian counsel to the Credit Parties, which opinions shall be addressed to the Agents and the Secured Parties and shall be in form and substance reasonably satisfactory to the Administrative Agent.

(e) Secretary's Certificates. The Administrative Agent shall have received a certificate for each Credit Party, dated the Restatement Date, duly executed and delivered by such Credit Party's secretary or assistant secretary, managing director, managing member or general partner, as applicable, as to:

(i) resolutions of each such Person's board of managers/directors (or other managing body, in the case of a Person that is not a corporation) then in full force and effect expressly and specifically authorizing, to the extent relevant, all aspects of the Credit Documents applicable to such Person and the execution, delivery and performance of each Credit Document, in each case, to be executed by such Person;

(ii) the incumbency and signatures of its Authorized Officers and any other of its officers, managing member or general partner, as applicable, authorized to act with respect to each Credit Document to be executed by such Person and a list of all officers and directors of the Credit Parties; and

(iii) each such Person's Organization Documents, as amended, modified or supplemented as of Restatement Date, certified by the appropriate officer or official body of the jurisdiction of organization of such Person,

which certificates shall provide that each Secured Party may conclusively rely thereon until it shall have received a further certificate of the secretary, assistant secretary, managing director managing member or general partner, as applicable, of any such Person canceling or amending the prior certificate of such Person as provided in Section 8.01(h).

(f) Other Documents and Certificates. The Administrative Agent shall have received the following documents and certificates, each of which shall be dated the Restatement Date and duly executed by an Authorized Officer of each applicable Credit Party, in form and substance reasonably satisfactory to the Administrative Agent:

(i) a certificate of an Authorized Officer of Parent, certifying as to such items as reasonably requested by the Collateral Agent, including without limitation:

(A) the receipt of all required approvals and consents of all Governmental Authorities and other third parties, if applicable, with respect to the consummation of the Transactions and the operation of the Credit Parties' business, each of which shall be attached thereto and certified as being true, complete and correct copies thereof;

(B) both before and after giving effect to the Transactions, including the borrowing of the Loans on the Restatement Date, (1) no Default or Event of Default shall have occurred, (2) no default, event of default or material breach under any Material Contract shall have occurred and (3) each Material Contract remains in full force and effect and no Credit Party or Subsidiary has received any notice of termination or non-renewal from the other party thereto; and

(C) the representations and warranties set forth in Article VII are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof);

(ii) [reserved];

(iii) (A) certificates of good standing or letter or certificate of status (or the local equivalent thereof, if applicable) with respect to each Credit Party, each dated within a recent date on or prior to the Restatement Date, such certificates to be issued by the appropriate officer or official body of the jurisdiction of organization of such Credit Party, which certificate shall indicate that such Credit Party is in good standing (or the local equivalent thereof, if applicable) in such jurisdiction, and (B) certificates of good standing or status (or the local equivalent thereof, if applicable) with respect to each Credit Party, each dated within a recent date prior to the Restatement Date, such certificates to be issued by the appropriate officer of the jurisdictions where such Credit Party is qualified to do business as a foreign entity, which certificate shall indicate that such Credit Party is in good standing (or the local equivalent thereof, if applicable) in such jurisdictions; and

(iv) a certificate detailing the planned distribution of proceeds from the Loans and a funds flow memorandum (to be prepared by Administrative Agent) detailing the sources and uses of the Transactions.

(g) Solvency. The Administrative Agent shall be reasonably satisfied, based on financial statements (actual and pro forma), projections and other evidence provided by Credit Parties, or requested by the Administrative Agent, that Parent and its Subsidiaries (on a consolidated basis), after incurring the Loans, will be Solvent and the Administrative Agent shall have received and shall be reasonably satisfied with a Solvency Certificate of an Authorized Officer of Parent, on behalf of the Credit Parties, confirming the solvency of the Consolidated Companies (on a consolidated basis) after giving effect to the Transactions.

(h) Financial Information.

(i) The Administrative Agent shall have received a certificate in form and substance reasonably satisfactory to it, dated the Restatement Date and properly executed by an Authorized Officer of Parent, attaching the financial projections of the Consolidated Companies for each fiscal year of the Consolidated Companies during the period from the Restatement Date through December 31, 2022 (the "Projections") along with a balance sheet of the Consolidated Companies prepared on a Pro Forma Basis giving effect to the Transactions (including actual results for the twelve months ending February 28, 2021) (the "Pro Forma Balance Sheet"), each in form and substance reasonably satisfactory to the Administrative Agent. Such certificate shall contain a certification, with respect to the Projections and the Pro Forma Balance Sheet, consistent with the representations and warranties set forth in Section 7.08.

(ii) The Administrative Agent shall have received copies of the consolidated and consolidating balance sheets of the Consolidated Companies, and the related consolidated and consolidating statements of income and cash flows of the Consolidated Companies for the fiscal year ending December 31, 2020, such consolidated statements audited and certified without qualification, or exception as to the scope of such audit, by an independent public accounting firm reasonably acceptable to the Administrative Agent, together with a management discussion and analysis (with reasonable detail and specificity) of the results of operations for the fiscal periods reported.

(i) Insurance. Except as otherwise provided in Section 8.17, the Collateral Agent shall have received a certificate of insurance, together with the endorsements thereto, naming the Collateral Agent as an additional insured on behalf of the Lenders and lender loss payee as to casualty insurance, in each case, as to the insurance required by Section 8.03, in form and substance reasonably satisfactory to Administrative Agent.

(j) Payment of Outstanding Indebtedness. (a) On the Restatement Date, the Credit Parties and each of their respective Subsidiaries shall have no outstanding Indebtedness other than the Loans hereunder and the Indebtedness (if any) listed on Schedule 7.24 or otherwise permitted by Section 9.01, and the Administrative Agent shall have received copies of all documentation and instruments evidencing the discharge of all Indebtedness paid off in connection with the Transactions and the transactions contemplated by this Agreement, and (b) all Liens (other than Permitted Liens) securing payment of any such Indebtedness shall have been released and the Administrative Agent shall have received pay-off letters, all form UCC-3 and PPSA3C termination statements, all releases or terminations of intellectual property security agreements and other instruments as may be reasonably requested by Administrative Agent in connection therewith.

(k) Material Adverse Effect. The Administrative Agent shall have determined that, both immediately before and immediately after giving effect to the Transactions, no Material Adverse Effect has occurred since December 31, 2020 that is continuing.

(l) Fees, Expenses and Interest. Each of the Agents and Lenders shall have received, for its own respective account, (i) all documented fees and reasonable and documented expenses due and payable to such Person hereunder, and (ii) the reasonable and documented fees, costs and expenses due and payable to such Person pursuant Sections 3.01 and 12.05 (including the reasonable fees, disbursements and other charges of counsel).

(m) Patriot Act; Proceeds of Crime Act Compliance and Reference Checks. The Administrative Agent shall have received completed reference checks with respect to each Credit Party's senior management, and any required Patriot Act and Proceeds of Crime Act compliance, the results of which are reasonably satisfactory to Administrative Agent in its sole discretion.

(n) Due Diligence. The Administrative Agent shall have completed and be reasonably satisfied its business, legal, and collateral due diligence on Parent and its Subsidiaries, including: (i) corporate, capital and legal structure of Parent and its Subsidiaries; (ii) securities, labor, insurance, tax, litigation and environmental matters; (iii) review of all third party reports; and (iv) an independent quality of earnings report, a third-party accounting review and the results of Borrower's pipeline and backlog.

(o) Material Contracts. The Administrative Agent shall have received copies of each Material Contract (if written), and the results of the Administrative Agent's review thereof shall be reasonably satisfactory to Administrative Agent.

(p) No Default, Representations and Warranties and No Injunctions.

(i) No Default or Event of Default shall have occurred and be continuing;

(ii) all representations and warranties made by each Credit Party and Individual Guarantor contained herein or in the other Credit Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), in each case, with the same effect as though such representations and warranties had been made on and as of the Restatement Date (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof));

(iii) no injunction, writ, restraining order, or other order of any nature restricting or prohibiting, directly or indirectly, the Transactions shall have been issued and remain in force by any Governmental Authority against any Credit Party, any Individual Guarantor, any Agent or any Lender; and

(iv) there shall be no order or injunction or pending litigation in which there is a reasonable possibility of a decision that could reasonably be expected to have a Material Adverse Effect on Parent and its Subsidiaries, taken as a whole, or on any Opco Mortgagor or Individual Guarantor, and no pending litigation seeking to prohibit, enjoin or prevent any of the Transactions.

(q) Loan Amount. The aggregate principal amount of the 2021 Loans funded on the Restatement Date shall not exceed $100,000,000.

(r) New Mortgages. The Administrative Agent shall have received, with respect to each Mortgaged Property (other than any Mortgaged Property that was subject to a Mortgage in favor of Collateral Agent prior to the Restatement Date), each of the following (except as otherwise set forth on Schedule 8.17), in form and substance reasonably satisfactory to the Administrative Agent:

(i) an executed Mortgage;

(ii) evidence that a counterpart of such Mortgage has been recorded, or that arrangements for recording reasonably satisfactory to Administrative Agent have been made, in the place necessary, in the Administrative Agent's reasonable judgment, to create a valid and enforceable first priority Lien in favor of the Administrative Agent for the benefit of itself, the Lenders and the other Secured Parties; and

(iii) an ALTA or other mortgagee's title insurance policy with respect to such Mortgage.

(s) Mortgage Amendments. The Administrative Agent shall have received, with respect to each Mortgaged Property that was subject to a Mortgage in favor of Collateral Agent prior to the Restatement Date, each of the following in form and substance reasonably satisfactory to the Administrative Agent:

(i) an executed amendment to the Mortgage with respect to such Mortgaged Property;

(ii) evidence that a counterpart of such amendment to such Mortgage has been recorded, or that arrangements for recording reasonably satisfactory to Administrative Agent have been made, in the place necessary, in the Administrative Agent's reasonable judgment, to continue to create a valid and enforceable first priority Lien in favor of the Administrative Agent for the benefit of itself, the Lenders and the other Secured Parties; and

(iii) an ALTA or other mortgagee's title insurance policy with respect to such Mortgage (or a date-down endorsement with respect to the existing mortgagee's title insurance policy that was issued with respect to such Mortgage).

(t) Signing Date Updates. The Administrative Agent shall have received such updates and corrections to the Schedules to this Agreement and the Security Agreement, the resolutions provided on the Signing Date and the signature pages executed on the Signing Date, and such corrective amendments to this Agreement and the Security Agreement, as it shall reasonably request.

(u) Borrowing Request. The Borrower shall have delivered the borrowing request required pursuant to Section 2.05(a); provided, that such written request shall not be delivered by Borrower until such time that Administrative Agent has notified Borrower that the Administrative Agent is holding in escrow signed copies of the documents required to be delivered pursuant to this Section 5.01 (other than the delivery of such borrowing request) and that the other conditions precedent set forth in this Section 5.01 have been satisfied to the satisfaction of the Administrative Agent.

ARTICLE VI
Guarantee

SECTION 6.01 Guarantee.

(a) To induce the Lenders to make the Loans and each other Secured Party to make credit available to or for the benefit of one or more Credit Parties, each Entity Guarantor hereby, jointly and severally, absolutely, unconditionally and irrevocably, guarantees, as primary obligor and not merely as surety, the full and punctual payment when due, whether at stated maturity or earlier, by reason of acceleration, mandatory prepayment or otherwise in accordance with any Credit Document, of all the Obligations of Borrower and of the other Guarantors whether existing on the Original Closing Date or hereinafter incurred or created (the "***Guarantor Obligations***", which in no event shall include any Excluded Hedging Obligations). The Guarantor Obligations shall include, without limitation, interest accruing at the then applicable rate provided herein after the maturity thereof and interest accruing at the then applicable rate provided herein after the commencement of any Insolvency Event relating to Borrower or any other Credit Party, whether or not a claim for post-filing or post-petition interest is allowed or allowable in such proceeding, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with this Agreement or any other Credit Document, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel and other advisors retained by, or for the benefit of, the Agents or to the other Secured Parties that are required to be paid by Borrower pursuant to the terms of any of the foregoing agreements) and all obligations and liabilities of such Entity Guarantor that arise or may arise under or in connection with this Agreement or any other Credit Document to which such Entity Guarantor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel and other advisors retained by, or for the benefit of, the Agents or the other Secured Parties that are required to be paid by such Entity Guarantor pursuant to the terms of any such Credit Document) whether or not claims for any such amounts are allowed or allowable in any Insolvency Event. Each Entity Guarantor's guarantee hereunder constitutes a guarantee of payment and not of collection. Each Entity Guarantor acknowledges that it will derive a material benefit, directly or indirectly, from the making of the Loans to Borrower hereunder.

(b) Any term or provision of this Agreement or any other Credit Document to the contrary notwithstanding, the maximum aggregate amount for which any Entity Guarantor shall be liable under this guarantee shall not exceed the maximum amount for which such Entity Guarantor can be liable without rendering the obligations of such Entity Guarantor under this Agreement or any other Credit Document, as it relates to such Entity Guarantor, subject to avoidance under Applicable Laws relating to fraudulent conveyance or fraudulent transfer (including the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act and Section 548 of title 11 of the United States Code or any applicable provisions of comparable Applicable Laws) (collectively, the "***Fraudulent Transfer Laws***"). Any analysis of the provisions of this Article VI for purposes of the Fraudulent Transfer Laws shall take into account the right of contribution established in Section 6.02 and, for purposes of such analysis, give effect to any discharge of intercompany debt as a result of any payment made under this Article VI.

(c) Each Entity Guarantor agrees that the Obligations may at any time and from time to time exceed the amount of the liability of such Entity Guarantor hereunder without impairing this guarantee or affecting the rights and remedies of any Secured Party hereunder.

(d) This guarantee shall remain in full force and effect until the Termination Date occurs, notwithstanding that from time to time during the term of this Agreement no Guarantor Obligations may be outstanding.

(e) No payment made by Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by any Secured Party from Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Entity Guarantor hereunder, and each Entity Guarantor shall, notwithstanding any such payment (other than any payment made by such Entity Guarantor in respect of the Obligations or any payment received or collected from such Entity Guarantor in respect of the Obligations), remain liable for the Obligations up to the maximum liability of such Entity Guarantor hereunder until the Termination Date occurs.

SECTION 6.02 Right of Contribution. Each Entity Guarantor hereby agrees that to the extent that an Entity Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Entity Guarantor shall be entitled to seek and receive contribution from and against any other Entity Guarantor hereunder which has not paid its proportionate share of such payment. Each Entity Guarantor's right of contribution shall be subject to the terms and conditions of Section 6.03. The provisions of this Section 6.02 shall in no respect limit the obligations and liabilities of any Entity Guarantor to the Secured Parties, and each Entity Guarantor shall remain liable to the Secured Parties for the full amount guaranteed by such Entity Guarantor hereunder.

SECTION 6.03 No Subrogation. Notwithstanding any payment made by any Entity Guarantor hereunder or any set-off or application of funds of any Entity Guarantor by any Secured Party, no Entity Guarantor shall be entitled to be subrogated to any of the rights of any Secured Party against Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by any Secured Party for the payment of the Obligations, nor shall any Entity Guarantor seek or be entitled to seek any contribution or reimbursement from Borrower or any other Guarantor in respect of payments made by such Entity Guarantor under this guarantee, in each case, until after the Termination Date occurs. If any amount shall be paid to any Entity Guarantor on account of such subrogation rights at any time on or prior to the Termination Date, such amount shall be held by such Entity Guarantor for the benefit of Secured Parties, segregated from other funds of such Entity Guarantor, and shall, forthwith upon receipt by such Entity Guarantor, be turned over to the Collateral Agent in the exact form received by such Entity Guarantor (duly indorsed by such Entity Guarantor to the Collateral Agent, if required), to be applied against the Obligations, whether matured or unmatured, as the Collateral Agent may determine in accordance with Section 4.02(d) of this Agreement.

SECTION 6.04 Modification of the Entity Guarantor Obligations. Each Entity Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Entity Guarantor and without notice to or further assent by any Entity Guarantor, any demand for payment of any of the Guarantor Obligations made by any Secured Party may be rescinded by such Secured Party and any of the Guarantor Obligations continued, and the Guarantor Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered, subordinated or released by any Secured Party, and this Agreement and the other Credit Documents, and any other documents executed and delivered in connection therewith may be amended, amended and restated, supplemented or otherwise modified or terminated, in whole or in part, as the Agents (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by any Secured Party for the payment of the Guarantor Obligations may be sold, exchanged, waived, surrendered, subordinated or released. No Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Guarantor Obligations or for this Agreement or any other Credit Document or any property subject thereto.

SECTION 6.05 Guarantee Absolute and Unconditional. Each Entity Guarantor waives to the fullest extent permitted by Applicable Law any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by any Secured Party upon this Agreement or acceptance of the guarantee contained in this Article VI. The Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Article VI and all dealings between Borrower and any of the Entity Guarantors, on the one hand, and the Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Article VI. Each Entity Guarantor, to the fullest extent permitted by Applicable Law, waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon Borrower or any of the Guarantors with respect to the Obligations. Each Entity Guarantor waives, to the fullest extent permitted by law, any right such Entity Guarantor may now have or hereafter acquire to revoke, rescind, terminate or limit (except as expressly provided herein) the guarantee set forth in this Article VI or any of its obligations hereunder. Each Entity Guarantor understands and agrees, to the fullest extent permitted by Applicable Law, that the guarantee set forth in this Article VI shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity, enforceability or avoidability of this Agreement or any other Credit Document, any of the Guarantor Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Secured Party, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by Borrower or any other Person against any Secured Party, or (c) any other circumstance whatsoever (with or without notice to or knowledge of Borrower or any Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of Borrower with respect to any Obligations, or of such Entity Guarantor under this guarantee, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Entity Guarantor, any Secured Party may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against Borrower, any other Guarantor or any other Person or against any collateral security or guarantee for the Guarantor Obligations or any right of offset with respect thereto, and any failure by any Secured Party to make any such demand, to pursue such other rights or remedies or to collect any payments from Borrower, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of Borrower, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Entity Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of any Secured Party against any Entity Guarantor. For the purposes hereof, “demand” shall include the commencement and continuance of any legal proceedings.

SECTION 6.06 Reinstatement. The guarantee set forth in this Article VI shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Guarantor Obligations is rescinded or must otherwise be restored or returned by any Secured Party, including, without limitation, upon the insolvency, bankruptcy, examinership, dissolution, liquidation or reorganization of Borrower or any Entity Guarantor, or upon or as a result of the appointment of a receiver, examiner, intervenor or conservator of, or trustee or similar officer for, Borrower or any Entity Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

SECTION 6.07 Payments. Each Entity Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent, for the benefit of the Lenders, without set-off or counterclaim in Dollars in accordance with Section 4.03(c).

SECTION 6.08 Taxes. Each payment of the Guarantor Obligations will be made by each Entity Guarantor subject to the same provisions as are set forth in Section 4.04 hereof.

SECTION 6.09 Joint and Several (Canada). Notwithstanding the foregoing or any other provision contained herein or in any other Credit Document, if a “secured creditor” (as that term is defined under the *Bankruptcy and Insolvency Act* (Canada)) is determined by a court of competent jurisdiction not to include a Person to whom obligations are owed on a joint and several basis, then such Person’s Obligations (and the Obligations of each other Canadian Credit Party), to the extent such Obligations are secured, shall be several obligations and not joint and several obligations.

ARTICLE VII
Representations, Warranties and Agreements

In order to induce the Lenders to enter into this Agreement and continue the Loans as provided for herein, the Credit Parties make the following representations and warranties to, and agreements with, the Lenders, all of which shall survive the execution and delivery of this Agreement and the making of the Loans:

SECTION 7.01 Status. Each Credit Party (a) is a duly organized or formed and validly existing limited liability company, unlimited liability company or other registered entity in good standing (or local law equivalent, if applicable) under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact the business in which it is engaged and (b) has duly qualified and is authorized to do business and is in good standing (or local law equivalent, if applicable) in all jurisdictions where it does business or owns assets, except, in the case of this clause (b), where the failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

SECTION 7.02 Power and Authority. Each Credit Party has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Credit Documents to which it is a party. Each Credit Party has duly executed and delivered the Credit Documents to which it is a party and such Credit Documents constitute the legal, valid and binding obligation of such Credit Party enforceable against each Credit Party that is a party thereto in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, moratorium, examinership, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

SECTION 7.03 No Violation. None of (a) the execution, delivery and performance by any Credit Party of the Credit Documents to which it is a party and compliance with the terms and provisions thereof, (b) the consummation of the Transactions, or (c) the consummation of the other transactions contemplated hereby or thereby on the relevant dates therefor will (i) contravene any applicable provision of any material Applicable Law of any Governmental Authority, other than U.S. Federal Cannabis Laws, (ii) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of any Credit Party or Subsidiary (other than Liens created under the Credit Documents) pursuant to, (A) the terms of any material indenture, loan agreement, lease agreement, mortgage or deed of trust, or (B) any other Material Contract, in the case of any of clauses (A) and (B) to which any Credit Party or Subsidiary is a party or by which it or any of its property or assets is bound or (iii) violate any provision of the Organization Documents or Permit of any Credit Party or Subsidiary, except with respect to any conflict, breach or contravention or default (but not creation of Liens) referred to in clause (ii), to the extent that such conflict, breach, contravention or default could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.04 Litigation, Labor Controversies, etc. There is no pending or, to the knowledge of any Credit Party, threatened, litigation, action, proceeding or labor controversy (including without limitation, strikes, lockouts or slowdowns against the Credit Parties or any of their respective Subsidiaries pending or, to the knowledge of any Credit Party, threatened) (a) which could reasonably be expected to have a Material Adverse Effect (except as described in Section (a) of Schedule 7.04), (b) which purports to affect the legality, validity or enforceability of any Credit Document or the Transactions or (c) relating to any Indebtedness or purported Indebtedness of any Credit Party in excess of $1,000,000 for any such Indebtedness (except as described in Section (c) of Schedule 7.04). There is no outstanding judgment rendered by any court or tribunal against any Credit Party or Subsidiary which could reasonably be expected to have a Material Adverse Effect.

SECTION 7.05 Use of Proceeds; Regulations U and X. The proceeds of the Loans are intended to be and shall be used solely for the purposes set forth in and permitted by Section 8.12. No Credit Party is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of the Loans will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with Regulation U or Regulation X.

SECTION 7.06 Approvals, Consents, etc. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person, and no consent or approval under any contract or instrument (other than (a) those that have been duly obtained or made and which are in full force and effect, or if not obtained or made, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (b) the filing of UCC financing statements and other equivalent filings for foreign jurisdictions, and (c) the filings or other actions necessary to perfect Liens under the Credit Documents) is required for the consummation of the Transactions or the due execution, delivery or performance by any Credit Party of any Credit Document to which it is a party, or for the due execution, delivery or performance of the Credit Documents, in each case by any of the Credit Parties party thereto. There does not exist any judgment, order, injunction or other restraint issued or filed with respect to the transactions contemplated by the Credit Documents, the consummation of the Transactions, the making of the Loans or the performance by the Credit Parties of their Obligations under the Credit Documents.

SECTION 7.07 Investment Company Act. No Credit Party or Subsidiary is, or will be after giving effect to the Transactions and the transactions contemplated under the Credit Documents, an "investment company" or a company "controlled" by a Person required to be registered as an "investment company", within the meaning of the Investment Company Act of 1940.

SECTION 7.08 Accuracy of Information.

(a) None of the factual information and data (taken as a whole) at any time furnished by any Credit Party, any of their respective Subsidiaries or any of their respective authorized representatives in writing to any Agent or any Lender (including all information contained in the Credit Documents) for purposes of or in connection with this Agreement or any of the Transactions contains any untrue statement of a material fact or omits to state any material fact necessary to make such information and data (taken as a whole) not materially misleading, in each case, at the time such information was provided in light of the circumstances under which such information or data was furnished; provided that, to the extent any such information was based upon or constitutes a forecast or projection, the Credit Parties represent only that such projections and forecasts reflect the best available estimates of future financial performance and the Credit Parties acted in good faith and utilized assumptions believed to be reasonable at the time made and due care in the preparation of such information, it being understood that (i) such projections and forecasts are as to future events and are not to be viewed as facts, and that actual results during the period or periods covered by any such projections and forecasts may differ significantly from the projected and forecasted results and such differences may be material and (ii) forecasts and projections are subject to uncertainties and contingencies and no assurance can be given that any forecast or projection will be realized.

(b) The budget and pro forma financial information provided to the Administrative Agent were prepared in good faith based upon assumptions believed by the Credit Parties to be reasonable at the time made, it being recognized by the Administrative Agent and the Lenders that (i) such projections are as to future events and are not to be viewed as facts, and that actual results during the period or periods covered by any such projections may differ significantly from the projected results and such differences may be material and (ii) forecasts and projections are subject to uncertainties and contingencies and no assurance can be given that any forecast or projection will be realized.

SECTION 7.09 Financial Condition; Financial Statements. The tax returns and financial statements delivered to the Administrative Agent present fairly in all material respects the financial position and results of operations of Parent and its Subsidiaries at the respective dates of such information and for the respective periods covered thereby, subject in the case of unaudited financial information, to changes resulting from normal year-end audit adjustments and to the absence of footnotes. The tax returns, financial statements and all of the balance sheets, all statements of income and of cash flow and all other financial information furnished pursuant to Section 8.01 have been and will for all periods following the Restatement Date be prepared in accordance with IFRS, consistently applied. All of the financial information to be furnished pursuant to Section 8.01 will present fairly in all material respects the financial position and results of operations of Parent and its Subsidiaries at the respective dates of such information and for the respective periods covered thereby, subject in the case of unaudited financial information, to changes resulting from normal year-end audit adjustments and to the absence of footnotes. None of the Credit Parties or any of their respective Subsidiaries has any Indebtedness or other material obligations or liabilities, direct or contingent that, either individually or in the aggregate, has had or could reasonably be expected to have, a Material Adverse Effect.

SECTION 7.10 Tax Returns and Payments. Each Credit Party and its Subsidiaries has timely filed or caused to be timely filed all material Tax returns and reports required to have been filed (and all such Tax returns are true complete and correct in all material respects) and has paid or caused to be paid all material Taxes required to have been paid by it that are due and payable, except Taxes (or any requirement to file Tax returns with respect thereto) that are being contested in good faith by appropriate proceedings and for which the Credit Party or such Subsidiary, as applicable, has set aside on its books adequate reserves in accordance with IFRS. There are no proposed or pending tax assessments, deficiencies, audits or other proceedings with respect to any material amount of Taxes except such assessments, deficiencies, audits or other proceedings that relate to Taxes that are being contested in good faith by appropriate proceedings and for which the Credit Party or such Subsidiary, as applicable, has set aside on its books adequate reserves in accordance with IFRS. None of the Credit Parties nor any of their Subsidiaries has ever “participated” in a “reportable transaction” within the meaning of Section 1.6011-4 of the Treasury Regulations. None of the Credit Parties nor any of their Subsidiaries is a party to any tax sharing or similar agreement. Except as permitted by Section 9.02(i), no Tax Lien has been filed and no material claim is being asserted, with respect to any such Tax, fee, or other charge.

SECTION 7.11 Compliance with ERISA: Canadian Pension Plans.

(a) Each Plan (and each related trust, insurance contract or fund) is in compliance with its terms and with ERISA, the Code and all Applicable Laws; no Reportable Event has occurred (or is reasonably expected to occur) with respect to any Pension Plan; each Plan (and each related trust, if any) that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service, and nothing has occurred subsequent to the issuance of such determination letter which would prevent, or cause the loss of, such qualification; no Plan is insolvent or in reorganization or in endangered or critical status within the meaning of Section 432 of the Code or Section 4241 or 4245 of Title IV of ERISA (or is reasonably expected to be insolvent or in reorganization), and no written notice of any such insolvency or reorganization has been given to any of the Credit Parties, any of their respective Subsidiaries or any ERISA Affiliate; no Pension Plan is, or is reasonably expected to be, in "at risk" status (as defined in Section 430 of the Code or Section 303 of ERISA); no Pension Plan (other than a Multiemployer Plan) has failed to satisfy the minimum funding standard of Section 412 of the Code or Section 302 of ERISA (whether or not waived in accordance with Section 412(c) of the Code or Section 302(c) of ERISA), or is reasonably expected to do so, and no Pension Plan has applied for or received a waiver of the minimum funding standard or an extension of any amortization period within the meaning of Section 412 of the Code or Section 302, 303 or 304 of ERISA; no failure to make any required installment under Section 430(j) of the Code with respect to any Pension Plan or to make any required contribution to a Multiemployer Plan when due has occurred; none of the Credit Parties, any of their respective Subsidiaries or any ERISA Affiliate has incurred (or is reasonably expected to incur) any liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 436(f), 4971, 4975 or 4980 of the Code or has been notified in writing that it will incur any liability under any of the foregoing Sections with respect to any Plan; no proceedings have been instituted (or are reasonably expected to be instituted) to terminate or to reorganize any Pension Plan or to appoint a trustee to administer any Pension Plan, and no written notice of any such proceedings has been given to any of the Credit Parties, any of their respective Subsidiaries or any ERISA Affiliate; no Lien imposed under the Code or ERISA on the assets of any of the Credit Parties, any of their respective Subsidiaries or any ERISA Affiliate exists (or is reasonably expected to exist) nor have the Credit Parties, any of their respective Subsidiaries or any ERISA Affiliate been notified in writing that such a Lien will be imposed on the assets of any of the Credit Parties, any of their respective Subsidiaries or any ERISA Affiliate on account of any Pension Plan; no action, suit, proceeding, hearing, audit or investigation with respect to the administration, operation or the investment of assets of any Plan (other than routine claims for benefits) is pending, expected or threatened; there has been no violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Code by any fiduciary or disqualified person with respect to any Plan for which any of the Credit Parties, any of their respective Subsidiaries or any ERISA Affiliate may be directly or indirectly liable; and none of the Credit Parties, any of their respective Subsidiaries nor any ERISA Affiliate has filed, or is considering filing, an application under the United States Internal Revenue Service Employee Plans Compliance Resolution System or the Department of Labor's Voluntary Fiduciary Correction Program with respect to any Plan, except to the extent that a breach of any of the representations, warranties or agreements in this Section 7.11 could not result, individually or in the aggregate, in an amount of liability that would be reasonably expected to have a Material Adverse Effect. No Pension Plan (other than a Multiemployer Plan) has an Unfunded Current Liability that would, individually or when taken together with any other liabilities referenced in this Section 7.11, be reasonably expected to have a Material Adverse Effect. No employee welfare benefit plan within the meaning of §3(1) or §3(2)(B) of ERISA of any Credit Party or any of their respective Subsidiaries, provides benefit coverage subsequent to termination of employment except as required by Title I, Part 6 of ERISA or applicable state insurance laws. No liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA has been, or is reasonably expected to be, incurred, except as could not reasonably be expected to have a Material Adverse Effect. With respect to any Plan that is a Multiemployer Plan, the representations and warranties in this Section 7.11, other than any made with respect to (a) liability under Section 4201 or 4204 of ERISA or (b) liability for termination or reorganization of such Pension Plans under ERISA, are made to the best knowledge of the Credit Parties. To the extent applicable, each Foreign Plan has been maintained in compliance with its terms and with the requirements of any and all applicable requirements of Applicable Law and has been maintained, where required, in good standing with applicable regulatory authorities, except to the extent that the failure so to comply could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect. Neither any Credit Party nor any Subsidiary has incurred any material obligation in connection with the termination of or withdrawal from any Foreign Plan in an amount of liability that would be reasonably expected to have a Material Adverse Effect. The present value of the accrued benefit liabilities (whether or not vested) under each Foreign Plan that is funded, determined as of the end of the most recently ended fiscal year of the Credit Party or Subsidiary, as applicable, on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the property of such Foreign Plan by aa amount that would be reasonably expected to have a Material Adverse Effect.

(b) Except to the extent that a breach of any of the representations, warranties or agreements in this Section 7.11(b) would not result, individually or in the aggregate, in an amount of liability that would be reasonably expected to have a Material Adverse Effect, (i) the Canadian Pension Plans of the Credit Parties are duly registered under the Tax Act (Canada) (if such registration is required) and under all other applicable laws which require registration and no event has occurred which would reasonably be expected to cause the loss of such registered status, (ii) all obligations of each of the Credit Parties (including fiduciary, funding, investment and administration obligations) required to be performed in connection with its Canadian Pension Plans and the funding agreements therefor have been performed on a timely basis and in compliance with the terms of such plans and agreements, any applicable collective bargaining agreement and all laws, (iii) all employer and employee payments, contributions or premiums to be remitted, paid to or in respect of each Canadian Pension Plan have been paid or remitted in a timely fashion in accordance with the terms thereof, any funding agreement and all applicable laws, (iv) no Canadian Pension Termination Event has occurred or is reasonably expected to occur and (v) no action has been taken (including the enactment of any corporate resolution) by any Credit Party to terminate or wind up (in whole or in part) any Canadian Defined Benefit Plan nor has any such Canadian Defined Benefit Plan been terminated or wound-up prior to the date hereof. No Credit Party maintains, contributes or sponsors or has any liability with respect to any Canadian Defined Benefit Plan.

SECTION 7.12 Subsidiaries; Opcos. As of the Signing Date and the Restatement Date, none of the Credit Parties has any Subsidiaries other than the Subsidiaries listed on Schedule 7.12. Schedule 7.12 identifies, as of the Signing Date and the Restatement Date: (a) the direct and indirect ownership interest of each of the Credit Parties in each Subsidiary; (b) each Immaterial Subsidiary; (c) each Opco and Pending Opco, and (d) the Miscellaneous Other Credit Parties.

SECTION 7.13 Intellectual Property; Licenses, etc. Each Credit Party and each of its Subsidiaries owns, or possesses the right to use, all of the trademarks, service marks, trade names, Internet domain names, copyrights and copyrightable works, patents, inventions, trade secrets, know-how, proprietary computer software, franchises, intellectual property licenses and other intellectual property rights, including all registrations and applications to register any of the foregoing and all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof (collectively, the "IP Rights") that are reasonably necessary for the operation of their respective businesses. The conduct and operations of the businesses of each Credit Party and each of its Subsidiaries, to its knowledge, do not infringe, misappropriate, dilute, or otherwise violate in any material respect any intellectual property owned by any other Person, no other Person has challenged in writing or questioned any right, title or interest of any Credit Party or any of its Subsidiaries in any IP Rights of such Credit Party or Subsidiary, and no Credit Party or Subsidiary has received a written challenge from any other Person contesting the use of any IP Rights owned by such Credit Party or Subsidiary or the validity or enforceability of such IP Rights. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of such Credit Party threatened. Schedule 7.13 is a complete and accurate list, as of the Signing Date and the Restatement Date, of (i) all IP Rights registered or pending registration with the United States Copyright Office or the United States Patent and Trademark Office or the Canadian Intellectual Property Office and owned by each Credit Party and each of its Subsidiaries as of the Signing Date and the Restatement Date and (ii) all material license agreements or similar arrangements granting IP Rights of another Person to any Credit Party or any of its Subsidiaries, other than software license agreement for "off-the-shelf" or "click-through" agreements. As of the Signing Date and the Restatement Date, none of the IP Rights owned by any Credit Party or any of its Subsidiaries is subject to any licensing agreement, other than (i) non-exclusive licenses granted to customers in the ordinary business, or (ii) except as set forth on Schedule 7.13.

SECTION 7.14 Environmental Warranties.

(a) Except as set forth in Schedule 7.14:

(i) The Credit Parties, their Subsidiaries and their respective businesses, operations and Real Property are and have at all times during the Credit Parties' or their Subsidiaries' ownership, lease or operation thereof been in material compliance with, and the Credit Parties and their Subsidiaries have no material liability under, any applicable Environmental Law.

(ii) The Credit Parties and their Subsidiaries have obtained all material permits, licenses, certificates or authorizations required under Environmental Law ("***Environmental Permits***") and necessary for the conduct of their businesses and operations, and the ownership, operation and use of their Real Property. The Credit Parties and their Subsidiaries are in material compliance with the terms and conditions of such Environmental Permits, and all such Environmental Permits are valid and in good standing.

(iii) There has been no Release or threatened Release or any handling, management, generation, treatment, storage or disposal of Hazardous Materials in, on, at, under, to, or from any Real Property presently or, to the knowledge of any Credit Party, formerly owned, leased or operated by any of the Credit Parties, their Subsidiaries or their respective predecessors in interest that has resulted in, or is reasonably expected to result in, material liability or obligations by any of the Credit Parties under Environmental Law or result in a material Environmental Claim.

(iv) There is no material Environmental Claim pending or, to the knowledge of the Credit Parties, threatened against any of the Credit Parties or their Subsidiaries, or relating to the Real Property currently or formerly owned, leased or operated by any of the Credit Parties or their Subsidiaries or relating to the operations of the Credit Parties or their Subsidiaries, and, to the knowledge of the Credit Parties, there are no actions, activities, circumstances, conditions, events or incidents that are reasonably likely to form the basis of a material Environmental Claim.

(v) No person with an indemnity, contribution or other obligation to any of the Credit Parties or their Subsidiaries relating to compliance with or liability under Environmental Law is in default with respect to any such indemnity, contribution or other obligation.

(vi) No Real Property owned, leased or operated by the Credit Parties or their Subsidiaries and, to the knowledge of the Credit Parties, no Real Property or facility formerly owned, leased or operated by any of the Credit Parties or any of their predecessors in interest is (i) listed or proposed for listing on the National Priorities List as defined in and promulgated pursuant to CERCLA or (ii) listed on the Comprehensive Environmental Response, Compensation and Liability Information System promulgated pursuant to CERCLA or (iii) included on any similar list maintained by any governmental or regulatory authority that indicates that any Credit Party or Subsidiary has or may have an obligation to undertake investigatory or remediation obligations under applicable Environmental Laws.

(vii) No Lien has been recorded or, to the knowledge of any Credit Party, threatened under any Environmental Law with respect to any Real Property of the Credit Parties or their Subsidiaries.

(b) None of the matters, individually or in the aggregate, disclosed in Schedule 7.14 could reasonably be expected to have a Material Adverse Effect.

(c) The Credit Parties and their Subsidiaries have made available to the Administrative Agent all material reports, assessments, audits, studies and investigations in the possession, custody or control of the Credit Parties and their Subsidiaries concerning Environmental Claims or compliance with or liability or obligation under Environmental Law, including those concerning the condition of the Real Property or the existence of Hazardous Materials at Real Property or facilities formerly owned, operated, leased or used by any of the Credit Parties, their Subsidiaries or their predecessors-in-interest.

Any reference to "Subsidiaries" in this Section 7.14 shall, with respect to any Subsidiary that is not a Credit Party, be true and correct in all material respects with respect to such Subsidiary except to the extent the failure of such representation to be true and correct in all material respects with respect to such Subsidiary could not reasonably be expected to result in a Material Adverse Effect.

SECTION 7.15 Ownership of Properties. Set forth on Schedule 7.15, as updated from time to time pursuant to Section 8.01(d), is a list of all of the Real Property owned or leased by any of the Credit Parties or their respective Subsidiaries, indicating in each case whether the respective property is owned or leased, the identity of the owner or lessor and the location of the respective property. Each Credit Party and Subsidiary owns (a) in the case of owned Real Property, good and valid fee simple title to such Real Property, (b) in the case of owned personal property, good and valid title to such personal property, and (c) in the case of leased Real Property or material personal property, valid and enforceable (except as may be limited by bankruptcy, insolvency, examinership, moratorium, fraudulent conveyance or other laws applicable to creditors' rights generally and by generally applicable equitable principles, whether considered in an action at law or in equity) leasehold interests (as the case may be) in such leased property, in each case, free and clear in each case of all Liens or claims, except for Permitted Liens.

SECTION 7.16 No Default. None of the Credit Parties or any of their respective Subsidiaries is in default or material breach under or with respect to, or a party to, any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. On the Signing Date and the Restatement Date, after giving effect to the Transactions, none of the Credit Parties is in default under or with respect to any Contractual Obligation in respect of Indebtedness or purported Indebtedness.

SECTION 7.17 Solvency. On the Signing Date and the Restatement Date, after giving effect to the Transactions and the other transactions related thereto, Parent and its Subsidiaries, on a consolidated basis, are Solvent.

SECTION 7.18 Locations of Offices, Records and Collateral. The address of the principal place of business and chief executive office of each Credit Party is, and the books and records of each Credit Party and all of its Chattel Paper (as defined in the UCC) and records of Accounts (as defined in the UCC) are maintained exclusively in the possession of such Credit Party at, the address of such Credit Party specified in Schedule 7.18 (or, after the Restatement Date, at such other address permitted by Section 5.3(a)(i) of the Security Agreement). Schedule 7.15 specifies all Real Property of each Credit Party and Subsidiary as of the Signing Date and the Restatement Date and as updated from time to time pursuant to Section 8.01(d), and indicates whether each location specified therein is leased or owned by such Credit Party.

SECTION 7.19 Compliance with Laws and Permits; Authorizations.

(a) Each Credit Party and each of its Subsidiaries (a) is in material compliance with all Applicable Laws and Permits, including all applicable Canadian Cannabis Laws and U.S. State Cannabis Laws but excluding all U.S. Federal Cannabis Laws, and (b) has all requisite governmental licenses, Permits (including the Regulatory Licenses), authorizations, consents and approvals to operate its business as currently conducted, except in such instances in which (x) such requirement of Applicable Laws, Permits, government licenses, authorizations or approvals are being contested in good faith by appropriate proceedings diligently conducted or (y) the failure to have or comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. No Credit Party has received any written notice that is outstanding or unresolved to the effect that its operations are not in material compliance with any Environmental Law or Permit or are the subject of any investigation by any Governmental Authority evaluating whether any cleanup or other action is needed to respond to a Release or impose further controls on any existing discharge of Hazardous Materials to the environment.

(b) No Credit Party, nor any Subsidiary, nor, to the knowledge of the Credit Parties and their Subsidiaries, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction. No Credit Party is engaged in any Restricted Cannabis Activities.

(c) The Credit Parties and their Subsidiaries have conducted their business in compliance, to the extent applicable, with the United States Foreign Corrupt Practices Act of 1977, Canadian Economic Sanctions and Export Control Laws and the anti-bribery and anti-corruption laws of any jurisdictions applicable to the Credit Parties and their Subsidiaries, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

SECTION 7.20 No Material Adverse Effect. Since December 31, 2020, both immediately before and immediately after giving effect to the Transactions, (a) there has been no Material Adverse Effect, and (b) there has been no circumstance, event or occurrence, and no fact is known to the Credit Parties that could reasonably be expected to result in a Material Adverse Effect.

SECTION 7.21 Contractual or Other Restrictions. As of the Signing Date and the Restatement Date, no Credit Party or any of its Subsidiaries is a party to any agreement or arrangement or subject to any Applicable Law that limits its ability to (a) pay dividends to, or otherwise make Investments in or other payments to any Credit Party (except for such limitations set forth in the Credit Documents), (b) grant Liens in favor of the Collateral Agent or (c) perform the terms of the Credit Documents.

SECTION 7.22 Collective Bargaining Agreements. Set forth on Schedule 7.22 is a list of all collective bargaining or similar agreements between or applicable to any Credit Party or any of its Subsidiaries and any union, labor organization or other bargaining agent in respect of the employees of any Credit Party or any of its Subsidiaries.

SECTION 7.23 Insurance. The properties of each Credit Party and Subsidiary are insured with financially sound and reputable insurance companies not Affiliates of any Credit Party against loss and damage in such amounts, with such deductibles and covering such risks as are customarily carried by Persons of comparable size and of established reputation engaged in the same or similar businesses and owning similar properties in the general locations where such Credit Party or Subsidiary operates. As of the Signing Date and the Restatement Date, Schedule 7.23 sets forth all insurance policies maintained by or on behalf of the Credit Parties other than the Holding Companies and as otherwise set forth on Schedule 7.23. As of the Signing Date and the Restatement Date, all premiums with respect thereto that are due and payable have been duly paid and no Credit Party or Subsidiary has received or has knowledge of any notice of violation or cancellation thereof and each Credit Party and Subsidiary has complied in all material respects with the requirements of such policy.

SECTION 7.24 Evidence of Other Indebtedness. Schedule 7.24 is a complete and correct list of each credit agreement, loan agreement, indenture, purchase agreement, guarantee, letter of credit or other arrangement providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, any Credit Party or Subsidiary outstanding on the Signing Date and the Restatement Date which will remain outstanding after the Restatement Date (other than this Agreement and the other Credit Documents), in each case, in excess of $100,000 and the aggregate principal or face amount outstanding or that may become outstanding under each such arrangement as of the Signing Date and the Restatement Date is correctly described in Schedule 7.24. As of the Signing Date and the Restatement Date, the aggregate principal amount of all Indebtedness of (and all commitments for extensions of credit to) the Credit Parties and their Subsidiaries which is not disclosed on Schedule 7.24 by reason of the disclosure threshold set forth in the immediately preceding sentence does not exceed $500,000.

SECTION 7.25 Deposit Accounts and Securities Accounts. Set forth in Schedule 7.25, as updated from time to time pursuant to Section 8.01(d), is a list of all of the deposit accounts and securities accounts of each Credit Party, including, with respect to each bank or securities intermediary at which such accounts are maintained by such Credit Party (a) the name and location of such Person and (b) the account numbers of the deposit accounts or securities accounts maintained with such Person.

SECTION 7.26 Absence of any Undisclosed Liabilities. There are no material liabilities of any Credit Party of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in any such liabilities, other than those liabilities provided for or disclosed in the most recent financial statements delivered pursuant to Section 8.01.

SECTION 7.27 Material Contracts and Regulatory Matters.

(a) Schedule 7.27(a), as updated from time to time pursuant to Section 8.01(d), sets forth all Material Contracts (other than Regulatory Licenses and Opco Agreements) of the Credit Parties and their Subsidiaries. As of the Restatement Date, all Material Contracts are in full force and effect and no defaults currently exist thereunder.

(b) The Credit Parties and their Subsidiaries hold the applicable Regulatory Licenses material for such Credit Party or such Subsidiary to conduct its Business. Each Regulatory License material to the conduct of such Credit Party's or such Subsidiary's Business is in full force and effect in all material respects and has not been revoked, suspended, cancelled, rescinded, terminated, modified and has not expired. There are no pending actions or actions threatened in writing by or before any Governmental Authority to revoke, suspend, cancel, rescind, terminate and/or materially adversely modify any Regulatory License. Schedule 7.27(b), as updated from time to time pursuant to Section 8.01(d), sets forth all Regulatory Licenses held by the Credit Parties and their Subsidiaries.

(c) Schedule 7.27(c), as updated from time to time pursuant to Section 8.01(d), sets forth all Opco Agreements. As of the Restatement Date, all Opco Requirements have been satisfied except as otherwise set forth on Schedule 7.27(c).

SECTION 7.28 Anti-Terrorism Laws. No Credit Party or any Subsidiary is in violation of any Applicable Law relating to terrorism or money laundering including the Canadian Anti-Money Laundering & Anti-Terrorism Legislation ("***Anti-Terrorism Laws***"), including the Patriot Act and Executive Order No. 13224 on Terrorism Financing, effective September 24, 2001 (the "***Executive Order***"). No Credit Party, Subsidiary or agent acting or benefiting in any capacity in connection with the Loans is (a) a Person that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order, (c) a Person with whom any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) a Person who commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order, (e) a Person that is named as a "specially designated national and blocked person" on the most current list published by the United States Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list or (f) a Canadian Blocked Person. No Credit Party or Subsidiary or, to the Credit Parties' knowledge, other agents acting or benefiting in any capacity in connection with the Loans (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in the preceding sentence, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in any property blocked pursuant to the Executive Order, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Anti-Terrorism Laws. Notwithstanding the foregoing, the representations given in this Section 7.28 shall not be made by nor apply to any Person that qualifies as a corporation that is registered or incorporated under the laws of Canada or any province thereof and that carries on business in whole or in part in Canada within the meaning of Section 2 of the Foreign Extraterritorial Measures (United States) Order, 1992 passed under the *Foreign Extraterritorial Measures Act* (Canada) insofar as such representations would result in a violation of or conflict with the *Foreign Extraterritorial Measures Act* (Canada) or any similar law.

SECTION 7.29 Conduct of Business. As of the Signing Date and the Restatement Date, Schedule 7.29 sets forth all Sales Tracking Software of the Credit Parties and any bookkeeping or accounting software of the Credit Parties.

SECTION 7.30 Transactions with Affiliates. Except as set forth on Schedule 7.30, there are no existing or proposed agreements, arrangements, understandings or transactions between any Credit Party and any of the officers, members, managers, directors, stockholders, parents, holders of other Capital Stock, employees or Affiliates (other than Subsidiaries) of any Credit Party or any members of their respective immediate families, and none of the foregoing Persons are directly or indirectly indebted to or have any direct or indirect ownership, partnership, or voting interest in any Affiliate of any Credit Party or any Person with which any Credit Party has a business relationship or which competes with any Credit Party.

SECTION 7.31 Pending Opco. An Authorized Officer of a Credit Party Controls all Pending Opcos.

SECTION 7.32 Credit Parties. Each Subsidiary of Parent (other than any Immaterial Subsidiary) is a Credit Party. Each Credit Party has complied with Section 8.10.

SECTION 7.33 Holding Companies. Except as set forth on Schedule 7.33, no Holding Company engages in any business activities or holds any assets other than its ownership of Capital Stock in its Subsidiaries and administrative activities incidental thereto.

ARTICLE VIII
Affirmative Covenants

The Credit Parties hereby covenant and agree that on the Restatement Date and thereafter, until the Loans, together with interest, Fees and all other Obligations incurred hereunder (other than Unasserted Contingent Obligations) are paid in full in accordance with the terms of this Agreement:

SECTION 8.01 Financial Information, Reports, Notices and Information. The Credit Parties will furnish the Administrative Agent copies of the following financial statements, reports, notices and information:

(a) Monthly Financial Statements. As soon as available and in any event within twenty (20) days after the end of each month, unaudited (i) consolidated and consolidating balance sheets of Parent and its Subsidiaries as of the end of such month, and (ii) consolidated and consolidating statements of income and cash flow of Parent and its Subsidiaries as of the end of such month, in each case, including in comparative form (both in Dollar and percentage terms) the figures for the corresponding month in the preceding fiscal year of Parent and in the then-current Budget for such fiscal year, if applicable, and year-to-date portion of, the immediately preceding fiscal year of Parent.

(b) Quarterly Financial Statements. As soon as available and in any event within forty-five (45) days after the end of each fiscal quarter of Parent, (i) unaudited (A) consolidated and consolidating balance sheets of Parent and its Subsidiaries as of the end of such fiscal quarter, and (B) consolidated and consolidating statements of income and cash flow of Parent and its Subsidiaries for such fiscal quarter, in each case, and for the period commencing at the end of the previous fiscal year of Parent and ending with the end of such fiscal quarter, including (in each of clause (A) and (B) (if applicable)), in comparative form (both in Dollar and percentage terms) the figures for the corresponding fiscal quarter in, and year-to-date portion of, the immediately preceding fiscal year of Borrower and in the then-current Budget for such fiscal year, certified as complete and correct in all material respects by an Authorized Officer of Borrower, subject to normal year-end adjustments and the absence of footnotes pursuant to the audit required under Section 8.01(c) (provided that such year-end adjustments and footnotes shall not be materially adverse, individually or in the aggregate, to any Agent or any Lender), and (ii) a management discussion and analysis (with reasonable detail and specificity) of the results of operations for the fiscal periods reported, including, in comparative form the figures for the corresponding fiscal quarter in, and year-to-date portion of, the immediately preceding fiscal year of Borrower, and period commencing at the end of the previous fiscal year of Borrower and ending with the end of such fiscal quarter.

(c) Annual Financial Statements. As soon as available and in any event within ninety (90) days after the end of each fiscal year of Parent, copies of the consolidated and consolidating balance sheets of Parent and its Subsidiaries, and the related consolidated and consolidating statements of income and cash flows of Parent and its Subsidiaries for such fiscal year, setting forth in comparative form (both in Dollar and percentage terms) the figures for the immediately preceding fiscal year and in the then-current Budget for such fiscal year, such consolidated statements audited and certified without qualification, or exception as to the scope of such audit, by an independent public accounting firm reasonably acceptable to the Administrative Agent, together with a management discussion and analysis (with reasonable detail and specificity) of the results of operations for the fiscal periods reported.

(d) Compliance Certificates. Concurrently with the delivery of the financial information pursuant to clauses (a), (b) and (c) above, a Compliance Certificate, executed by an Authorized Officer of Borrower, (i) certifying that such financial information presents fairly in all material respects the financial condition, results of operations and cash flows of Parent and its Subsidiaries in accordance with IFRS at the respective dates of such information and for the respective periods covered thereby, subject in the case of unaudited financial information, to changes resulting from normal year-end audit adjustments and to the absence of footnotes, (ii) showing compliance with the Financial Performance Covenants (provided, that, with respect to the Compliance Certificate delivered concurrently with the financial information pursuant to clause (a) above, only compliance with the Financial Performance Covenant set forth in Section 9.13(a) shall be required to be shown on such Compliance Certificate), and stating that no Default or Event of Default has occurred and is continuing (or, if a Default or an Event of Default has occurred, specifying the details of such Default or Event of Default and the actions taken or to be taken with respect thereto) and containing the applicable certifications set forth in Section 7.09 with respect thereto, (iii) in the case of each Compliance Certificate delivered concurrently with the financial information pursuant to clause (c) above, specifying any change in the identity of the Subsidiaries as at the end of such fiscal year from the Subsidiaries provided to the Lenders on the Restatement Date or the most recent fiscal year, as the case may be, and (iv) in the case of each Compliance Certificate delivered concurrently with the financial information pursuant to clause (c) above, including (A) updated Schedules 7.15, 7.25, 7.27(a), 7.27(b) and 7.27(c) of this Agreement (if applicable); (B) a written supplement substantially in the form of Schedules 1-5, as applicable, to the Security Agreement with respect to any relevant additional assets and property acquired by any Credit Party after the Restatement Date, all in reasonable detail; and (C) a list of Subsidiaries that identifies each Immaterial Subsidiary as of the date of delivery of such Compliance Certificate or a confirmation that there is no change in such information since the later of the Restatement Date or the date of the last update such list.

(e) Additional Information. Promptly upon request, such other information concerning any Credit Party or Subsidiary as the Administrative Agent may from time to time may reasonably request.

(f) Budget. No later than thirty (30) days after the commencement of each fiscal year of Parent, the forecasted consolidated and consolidating financial projections for Parent and its Subsidiaries for the then current fiscal year (on a month-by-month basis) (including a projected consolidated and consolidating income statements and balance sheets of Parent and its Subsidiaries on a month-by-month basis as of the end of the then current fiscal year, the related consolidated statements of projected cash flow and projected changes in financial position and a description of the underlying assumptions applicable thereto), in each case, prepared by management of the Credit Parties in good faith based upon assumptions believed by the Credit Parties to be reasonable at the time made, consistent in scope with the financial statements provided pursuant to Section 8.01(c), setting forth the principal assumptions on which such projections are based (such projections, together with the projections delivered as of the Restatement Date pursuant to Section 5.01(g)(i), collectively, the "***Budget***").

(g) Reserved.

(h) Notices. The Credit Parties shall provide the Administrative Agent with a written notice promptly of the following (and in no event later than ten (10) Business Days after an Authorized Officer of any Credit Party becoming aware of any of the following, or such earlier date as set forth below):

(i) prompt notice (and in any event within three (3) Business Days) of any pending or threatened (in writing) litigation, action, proceeding or other controversy which purports to affect the legality, validity or enforceability of any Credit Document, or any other document or instrument referred to in Section 9.07, which notice shall be signed by an Authorized Officer of Parent and shall specify the nature thereof, and what actions the applicable Credit Parties propose to take with respect thereto, together with copies of all relevant documentation;

(ii) the commencement of, or any material development in, any litigation, investigation (formal or informal), document request or proceeding affecting any Credit Party or any Subsidiary thereof, in which (A) the amount of damages claimed is $500,000 (or its equivalent in another currency or currencies) or more, (B) injunctive or similar relief is or may be sought and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect, (C) the relief sought is or may be an injunction or other stay of the performance of this Agreement or any other Credit Document or (D) the SEC or any other Governmental Authority is involved;

(iii) prompt notice (or delivery, as applicable) of each of the following, in each case, (x) to the extent the occurrence of such event, lack of notice thereof by the Administrative Agent, could reasonably be expected to result in a Material Adverse Effect or (y) if otherwise requested by Administrative Agent:

(A) notice of any pending or threatened labor dispute, strike, walkout, or union organizing activity with respect to any employees of a Credit Party or Subsidiary;

(B) notice of (i) any default under any Material Contract or any breach by a Credit Party or Subsidiary of its obligations thereunder; or (ii) any termination or non-renewal of any Material Contract or the receipt by any Credit Party or Subsidiary of any notice from the other party to any Material Contract of such party's intent to terminate or not renew such Material Contract;

(C) copies of all amendments, consent letters, waivers or modifications to a Credit Party's Organization Documents (to the extent permitted hereunder), or by such Credit Party to any such Person;

(D) all significant written final reports submitted to the Credit Parties by its accountants in connection with each annual, interim or special audit or review of any type of the financial statements or related internal control systems, including any final comment letters delivered to management and all responses thereto;

(E) notice of any Credit Party or Subsidiary entering into any Material Contract or any Opco, Credit Party or Subsidiary obtaining any Regulatory License following the Restatement Date;

(F) copies of all material correspondence received by the Credit Parties, their respective Subsidiaries, the Opco Mortgagors or Individual Guarantors related to the Regulatory Licenses;

(G) the results of any inspection or facility audit by any Governmental Authority to the extent such results are material and negative;

(H) prompt notice (and in any event within three (3) Business Days) upon receipt of any rejection or non-renewal of a Regulatory License;

(I) prompt notice after receipt or delivery thereof, copies of any material notices that any Credit Party receives or delivers in connection with any leased real property;

(J) promptly upon, and in any event within three (3) Business Days after, receipt thereof, copies of all final "management letters" submitted to any Credit Party by the independent public accountants referred to in Section 8.01(c) in connection with each audit made by such accountants; and

(K) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by any Credit Party or any Subsidiary with the SEC, the BCSC or the OSC, or with any national securities exchange, or distributed by Parent to its shareholders generally, as the case may be.

(iv) prompt notice (and in any event within three (3) Business Days) of the discharge or withdrawal or resignation by Credit Parties' independent accountants;

(v) prompt notice (and in any event within three (3) Business Days) of any warning document, letter, notice or request for information from any Governmental Authority that would have a material and negative impact on any Regulatory License or the ability of the Credit Parties to conduct all or any material portion of their business, or which reveals that the Credit Parties are engaged in a Restricted Cannabis Activity;

(vi) promptly after submission to any Governmental Authority, all documents and information furnished to such Governmental Authority in connection with any investigation of any Credit Party other than (A) routine inquiries by such Governmental Authority, (B) to the extent prohibited by Applicable Law or written request of any Governmental Authority having authority over such Credit Party, or (C) to the extent such documents and information is subject to attorney-client or similar privilege that is not capable of being waived;

(vii) prompt notice (and in any event within three (3) Business Days) of any default under an agreement evidencing Indebtedness in a principal amount in excess of $1,000,000 owed to or from a Credit Party, an Opco Mortgagor, an Individual Guarantor or any of their respective Affiliates;

(viii) prompt notice (and in any event within thirty (30) calendar days unless required sooner pursuant to another provision of this Agreement) of (x) any Pending Opco or Opco (A) making any Investment; (B) incurring any Indebtedness; (C) making any Disposition; or (D) forming any Subsidiary; and (y) the formation of any Pending Opco or Opco;

(ix) (A) prompt notice (and in any event within thirty (30) calendar days unless required sooner pursuant to another provision of this Agreement) of any Credit Party or Subsidiary forming or acquiring another Subsidiary and (B) prompt notice of any Subsidiary that had been designated as an "Immaterial Subsidiary" ceasing to constitute an Immaterial Subsidiary as described in the definition thereof;

(x) as soon as possible and in any event within three (3) Business Days after an Authorized Officer of any Credit Party or any of their respective Subsidiaries obtains knowledge thereof, notice from an Authorized Officer of Borrower of (i) the occurrence of any event that constitutes a Default or an Event of Default, which notice shall specify the nature thereof, the period of existence thereof and what action the applicable Credit Parties propose to take with respect thereto, and (ii) (A) the occurrence of any material adverse development with respect to any litigation, action, proceeding or labor controversy described in Schedule 7.04 or (B) the commencement of any litigation, action, proceeding or labor controversy of the type and the materiality described in Section 7.04, and to the extent the Administrative Agent requests, copies of all documentation related thereto; and

(xi) prompt notice (and in any event within three (3) Business Days) of any event of the nature described in the preceding clauses (i) through (x), whether involving any Credit Party, Subsidiary, Opco or Pending Opco, in each case, to the extent such event has had, or could reasonably be expected to result in, a Material Adverse Effect.

(i) Bankruptcy, etc. Immediately upon becoming aware thereof, notice (whether involuntary or voluntary) of the bankruptcy, insolvency, examinership, receivership, reorganization of any Credit Party or Subsidiary, or the appointment of any trustee, assignee, receiver, interim receiver, monitor or similar estate fiduciary in connection with or anticipation of any such occurrence, or the taking of any step by any Person in furtherance of any such action or occurrence.

(j) Corporate Information. Promptly upon, and in any event within three (3) Business Days after, becoming aware of any additional corporate or limited liability company or unlimited liability company information of the type delivered pursuant to Section 5.01(d), or of any change to such information delivered on or prior to the Signing Date or pursuant to this Section 8.01 or otherwise under the Credit Documents, a certificate, certified to the extent of any change from a prior certification, from the secretary, assistant secretary, managing director, managing member or general partner of such Credit Party notifying the Administrative Agent of such information or change and attaching thereto any relevant documentation in connection therewith.

(k) Other Information. With reasonable promptness, such other information (financial or otherwise) as any Agent on its own behalf or at the request of any Lender may reasonably request in writing from time to time.

(l) Financial Statements. The Borrower may deliver any financial statements required to be delivered pursuant to clauses (b) or (c) of this Section 8.01 by publicly filing such financial statements with EDGAR or SEDAR.

SECTION 8.02 Books, Records and Inspections. The Credit Parties will, and will cause each of their respective Subsidiaries to, maintain proper books of record and account, in which entries that are full, true and correct in all material respects and are in conformity with IFRS (subject to normal year-end adjustments pursuant to the audit required under Section 8.01(c) (provided that such year-end adjustments shall not be materially adverse, individually or in the aggregate, to any Agent or any Lender)), consistently applied shall be made of all material financial transactions and matters involving the assets and business of the Credit Parties or such Subsidiary, as the case may be. The Credit Parties will, and will cause each of their respective Subsidiaries to, permit the Administrative Agent, one additional Lender on behalf of all Lenders, and their respective representatives and independent contractors, to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Credit Parties; provided that such visits or inspections shall be at reasonable times during normal business hours, upon reasonable advance notice to the Credit Parties, but not more often than two (2) times per year (except that none of the limitations in this proviso shall apply if an Event of Default then exists). Any information obtained by the Administrative Agent pursuant to this Section 8.02 may be shared with the Collateral Agent or any Lender upon the request of such Secured Party. The Administrative Agent shall give the Credit Parties the opportunity to participate in any discussions with the Credit Parties' independent public accountants.

SECTION 8.03 Maintenance of Insurance. The Credit Parties, other than the Holding Companies and as otherwise set forth on Schedule 7.23, will, and will cause each of their respective Subsidiaries to, at all times maintain in full force and effect, with insurance companies that such Credit Parties believe (in their reasonable business judgment) are financially sound and reputable at the time the relevant coverage is placed or renewed, insurance in at least such amounts and against at least such risks (and with such risk retentions) as are usually insured against in the same general area by companies engaged in businesses similar to those engaged in by such Credit Parties; and will furnish to the Collateral Agent for further delivery to the Lenders, upon written request from the Collateral Agent, information presented in reasonable detail as to the insurance so carried, including (i) endorsements to (A) all "All Risk" policies naming the Collateral Agent, on behalf of the Secured Parties, as lender loss payee and (B) all general liability and other liability policies naming the Collateral Agent, on behalf of the Secured Parties, as additional insured and (ii) legends providing that no cancellation, material reduction in amount or material change in insurance coverage thereof shall be effective until at least thirty (30) days (ten (10) days with respect to failure to pay premium) after receipt by the Collateral Agent of written notice thereof.

SECTION 8.04 Payment of Taxes. The Credit Parties will timely pay and discharge, and will cause each of their respective Subsidiaries to timely pay and discharge, all Taxes, assessments and governmental charges or levies imposed upon them or upon their income or profits, or upon any properties belonging to it, prior to the date on which such Tax, assessment or governmental charge is due, and all lawful claims that, if unpaid, could reasonably be expected to become a Lien having priority over the Collateral Agent's Liens (other than Permitted Liens) or an otherwise material Lien upon any properties of the Credit Parties or any of their respective Subsidiaries; provided that none of the Credit Parties or any of their respective Subsidiaries shall be required to pay any such Tax, assessment, charge, levy or claim that is being contested in good faith and by proper proceedings that stays execution and as to which such Credit Party has maintained adequate reserves with respect thereto in accordance with IFRS.

SECTION 8.05 Maintenance of Existence; Compliance with Laws, etc. Each Credit Party will, and will cause its Subsidiaries to (a) preserve and maintain in full force and effect its organizational existence (except in a transaction permitted by Section 9.03); provided that a Credit Party may, upon ten (10) days prior written notice to the Administrative Agent, make a change in its legal form if such Credit Party determines in good faith that such action is in the best interests of the Credit Party and is not materially disadvantageous to the Secured Parties, and Administrative Agent has not objected to such change during such ten (10) day period (such objection not to be made on an unreasonable basis); provided, further, that any requirements under any Credit Document with respect to such change shall be promptly satisfied, and (b) preserve and maintain its good standing under the laws of its state or jurisdiction of incorporation, organization or formation, and each state or other jurisdiction where such Person is qualified, or is required to be so qualified, to do business as a foreign entity, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect. Each Credit Party will, and will cause its Subsidiaries to, comply in all material respects with all Applicable Laws, rules, regulations and orders, including without limitation compliance with safety regulations applicable to such Credit Party or such Subsidiary, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.06 Environmental Compliance.

(a) Each Credit Party will, and will cause its Subsidiaries to, comply in all material respects with all Environmental Laws and Environmental Permits applicable to their business, operations and Real Property; obtain and maintain in full force and effect all material Environmental Permits applicable to its business, operations and Real Property; and conduct all response, investigation, remediation, cleanup or monitoring activity required by any governmental or regulatory authority or any applicable Environmental Laws, and in accordance with, the requirements of any governmental or regulatory authority and applicable Environmental Laws.

(b) Each Credit Party will, and will cause its Subsidiaries to, do or cause to be done all things required by Environmental Laws to prevent any Release of Hazardous Materials in, on, at, under, to or from any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries except in full compliance with applicable Environmental Laws or an Environmental Permit, and ensure that there shall be no Hazardous Materials in, on, at, under or from any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries except those that are present, used, stored, handled and managed in material compliance with applicable Environmental Laws.

(c) Each Credit Party will, and will cause its Subsidiaries to, undertake all actions, including response, investigation, remediation, cleanup or monitoring actions, necessary, at the sole cost and expense of the Credit Parties, (i) to address any Release of Hazardous Materials in, on, at, under, to or from any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries as required pursuant to Environmental Law or the requirements of any governmental or regulatory authority; (ii) to address as may be required by Environmental Law any environmental conditions relating to any Credit Party, Subsidiary, or their respective business or operations or to any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries pursuant to any reasonable written request of the Administrative Agent and, except for information and documents to the extent covered by attorney client privilege or attorney work product doctrine, share with the Administrative Agent all data, information and reports generated or prepared in connection therewith; (iii) to keep any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries free and clear of all Liens and other encumbrances pursuant to any Environmental Law, whether due to any act or omission of any Credit Party, Subsidiary or any other person; and (iv) to promptly notify the Administrative Agent in writing of: (1) any material Release or threatened Release of Hazardous Materials in, on, at, under, to, or from any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries, except those that are pursuant to and in compliance with the terms and conditions of an Environmental Permit, (2) any material non-compliance with, or violation of, any Environmental Law applicable to any Credit Party or Subsidiary, any Credit Party's or Subsidiary's business and any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries, (3) any Lien pursuant to Environmental Law imposed on any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries, (4) any response, investigation, remediation, cleanup or monitoring activity at any Real Property owned, leased or operated by any of the Credit Parties or their Subsidiaries required to be undertaken pursuant to Environmental Law, and (5) any notice or other communication received by any Credit Party from any person or governmental or regulatory authority relating to any material Environmental Claim or material liability or potential liability of any Credit Party or Subsidiary pursuant to any Environmental Law.

(d) If a Default caused by reason of a breach of Section 7.14 or this Section 8.06 shall have occurred and is not reasonably curable within ten (10) days or shall be continuing for more than thirty (30) days without the Credit Parties commencing activities reasonably likely to cure such Default, the Credit Parties shall, at the written request of the Administrative Agent, (i) provide to the Administrative Agent within forty-five (45) days after such request, at the expense of the Credit Parties, an environmental assessment report regarding the matters which are the subject of such Default, including, where appropriate, any soil and/or groundwater sampling, prepared by a nationally recognized environmental consulting firm reasonably acceptable to the Administrative Agent and in the form and substance reasonably acceptable to the Administrative Agent and evaluating the presence or absence of Hazardous Materials and the estimated cost of any compliance or response action to address such Default and findings; (ii) promptly undertake all actions required by applicable Environmental Law to address any non-compliance with or violation of Environmental Law; (iii) promptly undertake all response actions required by Environmental Laws to address any recognized environmental conditions identified in the environmental assessment report to the reasonable satisfaction of the Administrative Agent; and (iv) permit the Administrative Agent and its representatives to have access to all Real Property and all facilities owned, leased or operated by any of the Credit Parties and their Subsidiaries which are the subject of such Default for the purpose of conducting such environmental audits and testing as is reasonably necessary, including subsurface sampling of soil and groundwater, the cost for which shall be payable by the Credit Parties.

SECTION 8.07 ERISA; Canadian Pension Plans.

(a) As soon as possible and, in any event, within ten (10) days after any Credit Party, any of its Subsidiaries or any ERISA Affiliate knows or has reason to know of the occurrence of any of the following events, Borrower will deliver to the Agents and each Lender a certificate of an Authorized Officer of Borrower setting forth the full details as to such occurrence and the action, if any, that such Credit Party, such Subsidiary or such ERISA Affiliate is required or proposes to take, together with any notices (required, proposed or otherwise) given to or filed with or by such Credit Party, such Subsidiary, such ERISA Affiliate, the PBGC, a Plan participant (other than notices relating to an individual participant's benefits) or the Plan administrator with respect thereto: (i) the institution of any steps by any Person to terminate any Pension Plan; (ii) the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Sections 303(k) or 4068 of ERISA or under Section 430(k) of the Code; (iii) the taking of any action with respect to a Pension Plan which could result in the requirement that any Credit Party furnish a bond or other security to the PBGC or such Pension Plan; (iv) the occurrence of any event with respect to any Plan which could result in the incurrence by any Credit Party of any material liability, fine or penalty, notice thereof and copies of all documentation relating thereto; (v) that a Reportable Event has occurred (except to the extent that Borrower has previously delivered to the Agents and Lenders a certificate and notices (if any) concerning such event pursuant to the next clause hereof); (vi) that a contributing sponsor (as defined in Section 4001(a)(13) of ERISA) of a Pension Plan subject to Title IV of ERISA is subject to the advance reporting requirement of PBGC Regulation Section 4043.61 (without regard to subparagraph (b)(1) thereof), and an event described in subsection .62, .63, .64, .65, .66, .67 or .68 of PBGC Regulation Section 4043 is reasonably expected to occur with respect to such Plan within the following 30 days; (vii) that a failure to satisfy the minimum funding standard within the meaning of Section 430 of the Code or Section 303 of ERISA (whether or not waived in accordance with Section 412(c) of the Code or Section 302(c) of ERISA) has occurred (or is reasonably likely to occur) or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412, 430 or 431 of the Code or Section 302, 303 or 304 of ERISA with respect to a Pension Plan; (viii) that a Pension Plan having any material Unfunded Current Liability has been or is to be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA (including the giving of written notice thereof); (ix) that a Pension Plan has an Unfunded Current Liability that has or will result in a Lien under ERISA or the Code; (x) that proceedings may be or have been instituted to terminate a Pension Plan having an Unfunded Current Liability (including the giving of written notice thereof); (xi) that a proceeding may be or has been instituted against a Credit Party, a Subsidiary thereof or an ERISA Affiliate pursuant to Section 515 of ERISA to collect a delinquent contribution to a Pension Plan; (xii) that the PBGC has notified any Credit Party, any Subsidiary thereof or any ERISA Affiliate of its intention to appoint a trustee to administer any Pension Plan; (xiii) that any Credit Party, any Subsidiary thereof or any ERISA Affiliate has failed to make a required installment or other payment pursuant to Section 412 of the Code with respect to a Pension Plan; (xiv) that any Credit Party, any Subsidiary thereof or any ERISA Affiliate has incurred or will incur (or has been notified in writing that it will incur) any material liability (including any indirect, contingent or secondary liability) to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 436(f), 4971, 4975 or 4980 of the Code; or (xv) that any Credit Party, any Subsidiary thereof or any ERISA Affiliate may be directly or indirectly liable for a violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Code by any fiduciary or disqualified person with respect to any Plan.

(b) Promptly following any request therefor, copies of any documents described in Section 101(k) of ERISA that any Credit Party, any of its Subsidiaries or any ERISA Affiliate may request with respect to any Plan, any notices described in Section 101(l) of ERISA that any Credit Party, any of its Subsidiaries or any ERISA Affiliate may request with respect to any Plan and any information that any Credit Party, any of its Subsidiaries or any ERISA Affiliate may request with respect to any Multiemployer Plan in connection with Section 4221(e) of ERISA; provided, that if any Credit Party, any of its Subsidiaries or any ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Plan, the applicable Credit Party, the applicable Subsidiary(ies) or the ERISA Affiliate(s) shall promptly make a request for such documents or notices from such administrator or sponsor and shall provide copies of such documents and notices promptly after receipt thereof.

(c) The Canadian Credit Parties shall cause each of its Canadian Pension Plans to be duly qualified and administered in all material respects in compliance with, as applicable, the pensions benefit laws of the particular province and all other Applicable Laws (including regulations, orders and directives), and the terms of the Canadian Pension Plan and any agreements relating thereto. The Canadian Credit Parties shall ensure that: (i) all contribution amounts and any special catch up payments owing under any Canadian Pension Plan are current and not in arears; (ii) no Canadian Pension Plan has a material solvency deficiency, (iii) each of them does not engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Canadian Pension Plan that could reasonably be expected to result in a material liability, and (iv) each of them, without the consent of the Agent, shall not, nor shall they permit, the wind up and/or termination of any Canadian Pension Plan that would result in a material liability of it to any Canadian Pension Plan.

SECTION 8.08 Maintenance of Properties. Each Credit Party will, and will cause its Subsidiaries to, maintain, preserve, protect and keep its properties and assets in good repair, working order and condition (ordinary wear and tear excepted and subject to casualty, condemnation and dispositions permitted pursuant to Section 9.04), and make necessary repairs, renewals and replacements thereto and will maintain and renew as necessary all licenses, Permits (including the Regulatory Licenses) and other clearances necessary to use and occupy such properties and assets, in each case so that the business carried on by such Person may be properly conducted at all times, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect. Each Credit Party will, and will cause its Subsidiaries to, (a) perform and observe all the material terms and provisions of each Material Contract to be performed or observed by it, (b) maintain each such Material Contract in full force and effect (except to the extent such Person shall have entered into a replacement of any such Material Contract substantially concurrently with the expiration or termination thereof, on terms that are not materially adverse (taken as a whole) to the rights of any Credit Party or their Subsidiaries, or any Secured Party), and (c) enforce each such Material Contract in accordance with its terms.

SECTION 8.09 End of Fiscal Years; Fiscal Quarters. The Credit Parties will, for financial reporting purposes, cause (a) each of their, and each of their Subsidiaries' fiscal years to end on December 31 of each year and (b) each of their, and each of their Subsidiaries', fiscal quarters to end on dates consistent with such fiscal year-end and Borrower's past practice.

SECTION 8.10 Additional Guarantors and Grantors. Within thirty (30) calendar days after (a) the acquisition or creation of any Subsidiary (other than an Immaterial Subsidiary) or (b) any Subsidiary ceasing to be an Immaterial Subsidiary, in each case, cause to be delivered to Administrative Agent each of the following, as applicable, in each case reasonably acceptable to Administrative Agent and, as applicable, duly executed by the parties thereto: (i) a joinder agreement with respect to this Agreement, together with other Credit Documents reasonably requested by Administrative Agent, including all Security Documents and other documents reasonably requested by Administrative Agent to establish and preserve the Lien of Collateral Agent in all Collateral of such Subsidiary, subject to any limitations on Collateral set forth in the Security Agreement; (ii) UCC and PPSA, as applicable, financing statements, Documents (as defined in the UCC), 'documents of title' (as defined in the PPSA) and original collateral (including pledged Capital Stock, other securities and Instruments (as defined in the UCC and PPSA, as applicable)) and such other documents and agreements as may be reasonably requested by Administrative Agent, all as necessary or desirable to establish and maintain a valid, perfected Lien in all Collateral in which such Subsidiary has an interest consistent with the terms of the Credit Documents executed on the Signing Date or the Restatement Date (and subject to any limitations on Collateral set forth therein); (iii) if reasonably requested by the Administrative Agent, an opinion of counsel to such Subsidiary addressed to Administrative Agent and the Lenders, in form and substance reasonably consistent with the opinion letters delivered by counsel for the Borrowers and Entity Guarantors on the Restatement Date; provided, that, to the extent U.S. Federal Cannabis Laws change following the Restatement Date in a manner allowing for the issuance of a legal opinion in customary form for a non-cannabis company, such opinion letter shall be in such customary form and otherwise acceptable to the Administrative Agent; (iv) current copies of the Organization Documents of such Subsidiary, resolutions of the Board of Directors, partners, or appropriate committees thereof (and, if required by such Organization Documents or applicable law, of the shareholders, members or partners) of such Person authorizing the actions and the execution and delivery of documents described in this Section 8.10, all certified by an appropriate officer as Administrative Agent may elect. For the avoidance of doubt: (x) no Immaterial Subsidiary shall be required to guarantee or pledge its assets for any obligations of a Credit Party for so long as such Subsidiary constitutes an Immaterial Subsidiary; provided, that no Immaterial Subsidiary shall be permitted to (i) borrow, guaranty or otherwise provide security for, or have a payment obligation under, any Indebtedness; (ii) hold Capital Stock in a Subsidiary unless such Subsidiary is also an Immaterial Subsidiary; nor (ii) own a fee interest in any real property; and (y) no Subsidiary that is, or has at any time been, a Credit Party may be an Immaterial Subsidiary. The Credit Parties will promptly pledge to Collateral Agent, for the benefit of the Secured Parties, (i) all the Capital Stock of each Subsidiary (other than Excluded Property) formed or otherwise purchased or acquired after the Restatement Date and directly held by a Credit Party; and (ii) any promissory notes executed after the Restatement Date evidencing Indebtedness owing to any Credit Party in an amount of $250,000 or more for any one promissory note or $500,000 in the aggregate for all such promissory notes. The Credit Parties shall use commercially-reasonable efforts to cause the Individual Guarantors to promptly pledge, or cause to be pledged, to Collateral Agent for the benefit of the Secured Parties, all Capital Stock of each Opco owned by such Individual Guarantor.

SECTION 8.11 Reserved.

SECTION 8.12 Use of Proceeds. The proceeds of the Loans shall be used (i) for general working capital purposes; and (ii) to pay the transaction fees, costs and expenses incurred directly in connection with the Transactions.

SECTION 8.13 Further Assurances.

(a) The Credit Parties will execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, Mortgages and other documents), which may be required under any Applicable Law, or which the Collateral Agent may reasonably request, in order to grant, preserve, protect and perfect the validity, enforceability, priority and non-avoidability of the security interests created or intended to be created by any Credit Document, subject to the existence of Permitted Liens, all at the sole cost and expense of Borrower.

(b) Subject to any applicable limitations set forth in any applicable Security Document, if any Credit Party or Subsidiary acquires any fee simple interest in Real Property with a fair market value in excess of $200,000 (including, for the avoidance of doubt, any Permitted Third-Party Mortgaged Property and any Permitted Future Mortgaged Property), Borrower will notify the Collateral Agent and the Lenders thereof promptly (and in any event within five (5) Business Days) and, except as otherwise permitted pursuant to Section 9.02(q) with respect to any Permitted Third-Party Mortgaged Property, will cause such assets to be subjected to a Lien securing the applicable Obligations and will take, and cause the other Credit Parties to take, such actions as shall be necessary or reasonably requested by the Collateral Agent to grant and/or perfect such Liens consistent with the applicable requirements of the Security Documents, including actions described in Section 8.13(a), all at the sole cost and expense of Borrower; provided that in the case of leasehold interests, no Mortgage shall be required except to the extent requested by the Administrative Agent in its reasonable discretion. Any Mortgage delivered to the Collateral Agent in accordance with the preceding sentence shall be furnished to the Collateral Agent within forty-five (45) days of the acquisition of such Real Property accompanied by (A) a policy or policies (or unconditional binding commitment thereof) of title insurance issued by a nationally recognized title insurance company insuring the Lien of the Mortgage as a valid Lien (with the priority described therein) on the Real Property described therein, free of any other Liens except as expressly permitted by Section 9.02, together with such endorsements and reinsurance as the Collateral Agent may reasonably request, (B) a current ALTA survey of such Real Property, satisfactory in form and substance to Collateral Agent and the title insurance company issuing the title policies (or unconditional binding commitments thereof) referenced in (A) above, which is prepared by a licensed surveyor satisfactory to Collateral Agent, (C) a flood zone determination issued by a national certification agency to Collateral Agent indicating the flood zone for each Real Property, together with evidence that the mortgagee under the Mortgage carries flood insurance reasonably satisfactory to Collateral Agent if such Real Property is located in a special flood hazard area, and (D) if requested by the Collateral Agent, an opinion of local counsel to the applicable Credit Party(ies) in form and substance reasonably satisfactory to the Collateral Agent.

(c) Notwithstanding anything herein to the contrary, if the Collateral Agent determines that the cost of creating or perfecting any Lien on any property is excessive in relation to the practical benefits afforded to the Lenders thereby, then such property may be excluded from the Collateral for all purposes of the Credit Documents.

SECTION 8.14 Collateral Access Agreements. The Credit Parties shall deliver the Collateral Access Agreements to the Collateral Agent as required pursuant to Schedule 8.17 within the time frames set forth therein. The Credit Parties shall obtain a Collateral Access Agreement for any other leased location to the extent required by the Security Agreement or the Canadian Security Agreement.

SECTION 8.15 Access to Sales, Accounts Receivable and Securities and Bank Accounts.

(a) [Reserved].

(b) Promptly upon request by the Administrative Agent, the Credit Parties shall establish and deliver to Collateral Agent a Control Agreement with respect to each of their respective securities accounts and deposit accounts except for Excluded Accounts; provided, that, if any Credit Party is unable to obtain a Control Agreement with respect to any such account, such Credit Party shall move such account to a depositary bank that is able to provide a Control Agreement and, until such Control Agreement is delivered to the Collateral Agent, all cash maintained in such account, or to be maintained in such replacement account, shall be held in an existing deposit account that is already subject to a Control Agreement. The Credit Parties shall not allow any Collections to be deposited to any accounts other than those listed on Schedule 7.25 which are subject to a Control Agreement; provided that so long as no Event of Default has occurred and is continuing, the Credit Parties may establish new deposit accounts, commodities accounts or securities accounts so long as, prior to or concurrently with the time such account is established: (i) the Credit Parties have delivered to the Agents an amended Schedule 7.25 including such account and (ii) the Credit Parties have delivered to Collateral Agent a Control Agreement with respect to such account to the extent such account is not an Excluded Account. No more than twenty-five percent (25%) of the cash of the Credit Parties and their Subsidiaries shall be maintained at any time in Excluded Accounts described in clause (iv) of the defined term "Excluded Accounts". No more than ten percent (10%) of the cash of the Credit Parties and their Subsidiaries shall be maintained at any time in Excluded Accounts described in clauses (i) through (iii) of the defined term "Excluded Accounts".

(c) Each Control Agreement shall provide, among other things, that (i) upon notice (a "***Notice of Control***") from the Collateral Agent, the bank, securities intermediary or other financial institution party thereto will comply with instructions of the Collateral Agent directing the disposition of funds or other financial assets in the account without further consent by the applicable Credit Party; provided that the Collateral Agent agrees not to issue a Notice of Control unless an Event of Default has occurred and is then continuing, and (ii) the bank, securities intermediary or other financial institution party thereto has no rights of setoff or recoupment or any other claim against the account subject thereto, other than for payment of its service fees and other charges directly related to the administration of such account and for returned checks or other items of payment. In the event Collateral Agent issues a Notice of Control under any Control Agreement, all Collections or other amounts subject to such Control Agreement shall be transferred as directed by the Collateral Agent and used to pay the Obligations in the manner set forth in Section 4.02(d).

(d) If, notwithstanding the provisions of this Section 8.15, after the occurrence and during the continuance of an Event of Default, the Credit Parties receive or otherwise have dominion over or control of any Collections or other amounts, the Credit Parties shall hold such Collections and amounts in trust for the Collateral Agent and shall not commingle such Collections with any other funds of any Credit Party or other Person or deposit such Collections in any account other than those accounts set forth on Schedule 7.25 as amended as of such date.

(e) Within three (3) Business Days after written request by Administrative Agent, the Credit Parties shall provide the Collateral Agent with copies of all monthly (or other, periodic) bank (or other financial intermediary) statements of account with respect to all securities accounts, deposit accounts and investment property of the Credit Parties not previously provided to Collateral Agent.

(f) Within thirty (30) days of receipt of a written request from the Collateral Agent, the Credit Parties shall have granted to Collateral Agent view access with respect to its Sales Tracking Software and any bookkeeping or accounting software.

SECTION 8.16 Annual Lender Meeting. The Borrower will, upon the request by the Required Lenders, participate in a meeting of the Lenders, so long as no Event of Default or Default under Section 10.01(i) shall have occurred and be continuing, once each year, and otherwise as frequently as may be required by the Administrative Agent or Required Lenders, during each fiscal year, to be held via teleconference or in person at least once per year, at a time selected by the Administrative Agent and reasonably acceptable to the Lenders and Borrower. The purpose of this meeting shall be to present the Credit Parties' previous fiscal years' financial results and to present the Credit Parties' Budget for the current fiscal year.

SECTION 8.17 Post-Closing Covenants. The Credit Parties shall comply with the requirements set forth on Schedule 8.17 in accordance with the terms thereof.

SECTION 8.18 Sanctions; Anti-Corruption Laws.

(a) No Credit Party shall (or shall permit any Subsidiary to) directly or indirectly, use any Loan or the proceeds of any Loan, or lend, contribute or otherwise make available such Loan or the proceeds of any Loan to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender, Agent, Arranger or otherwise) of Sanctions.

(b) No Credit Party shall (or shall permit any Subsidiary to) directly or indirectly, use any Loan or the proceeds of any Loan for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the Canadian Economic Sanctions and Export Control Laws or and the anti-bribery and anti-corruption laws of any jurisdictions applicable to the Credit Parties and their Subsidiaries.

(c) Notwithstanding the foregoing, the covenants in this Section 8.18 shall not be made by nor apply to any Person that qualifies as a corporation that is registered or incorporated under the laws of Canada or any province thereof and that carries on business in whole or in part in Canada within the meaning of Section 2 of the Foreign Extraterritorial Measures (United States) Order, 1992 passed under the *Foreign Extraterritorial Measures Act* (Canada) insofar as such covenants would result in a violation of or conflict with the *Foreign Extraterritorial Measures Act* (Canada) or any similar law.

SECTION 8.19 Reserved.

SECTION 8.20 Regulatory Matters. The Credit Parties shall, and shall cause their Subsidiaries to, maintain in good standing and keep effective all Regulatory Licenses except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.21 Opco Requirements. Each Credit Party shall, and shall cause each of its Subsidiaries to, promptly, and in any event (a) with respect to each Restatement Date Opco, on or prior to the Restatement Date, and (b) (i) with respect to any Opco Management Agreement or other agreement with an Opco entered into after the Restatement Date, within ten (10) days of entering into such agreement and (ii) with respect to any Pending Opco that becomes an Opco after the Restatement Date, within ten (10) days of the consummation of the applicable acquisition:

(a) cause each Opco to be a party to an Opco Management Agreement; provided, that each such Opco Management Agreement shall be freely assignable by the Credit Party that is party thereto without any further consent of any other Person (including the Opco party thereto) and shall be in form and substance reasonably acceptable to Administrative Agent;

(b) cause each owner of the Capital Stock of each Opco to enter into an Opco Option Agreement (unless Applicable Law prohibits the execution and delivery of such an agreement); provided, that each such Opco Option Agreement shall (i) be freely assignable by the Credit Party that is party thereto without any further consent of any other Person (including the owner of the Capital Stock of the Opco party thereto), (ii) provide the Credit Party that is party thereto the irrevocable right to purchase or transfer, or cause the purchase or transfer of, the ownership of the Capital Stock issued by the applicable Opco to any other Person duly qualified to hold such Capital Stock under Applicable Law for nominal or no consideration (which right may be further set forth in the applicable Opco Management Agreement) and (iii) be in form and substance reasonably acceptable to Administrative Agent;

(c) (x) cause each Opco to grant a Lien on all or substantially all of its assets (except to the extent granting such a Lien is prohibited by Applicable Law) in favor of the Borrower or such other Credit Party that is party to the applicable Opco Management Agreement with such Opco pursuant to an Opco Security Agreement (which Lien shall be freely assignable by the Borrower or other applicable Credit Party without any further consent of any other Person (including the Opco party thereto)) and (y) cause the Person holding such Lien to file appropriate UCC or PPSA financing statements to cause the Liens granted in favor of such Person described in the immediately preceding clause (x) to be first priority perfected Liens in favor of such Person;

(d) (i) cause each Opco Agreement to which any Credit Party is a party to be collaterally assigned to Collateral Agent, for the benefit of the Secured Parties, pursuant to a Collateral Assignment and (ii) cause the relevant Credit Party to assign any UCC or PPSA financing statements filed in favor of such Credit Party to be assigned to Collateral Agent, for the benefit of the Secured Parties; and

(e) cause each Opco Agreement to be in form and substance reasonably expected to comply with all Applicable Law.

SECTION 8.22 Holding Companies. Except as set forth on Schedule 7.33, no Credit Party shall permit any Holding Company to engage in any business activities or hold any assets other than the ownership by such Holding Company of Capital Stock in its Subsidiaries and administrative activities incidental thereto.

SECTION 8.23 Reserved.

SECTION 8.24 Pending Opcos. Parent shall cause all Pending Opcos to be Controlled by an officer of a Credit Party.

ARTICLE IX
Negative Covenants

The Credit Parties hereby covenant and agree that until the Loans, together with interest, Fees and all other Obligations incurred hereunder (other than Unasserted Contingent Obligations) are paid in full in accordance with the terms of this Agreement:

SECTION 9.01 Limitation on Indebtedness. Each Credit Party will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee, suffer to exist or otherwise become directly or indirectly liable, contingently or otherwise with respect to any Indebtedness, except for:

(a) Indebtedness in respect of the Obligations;

(b) Indebtedness existing as of the Restatement Date which is identified on Schedule 7.24 and which is not otherwise permitted by this Section 9.01, and any Refinancing Indebtedness in respect of such Indebtedness;

(c) unsecured Indebtedness (i) incurred in the ordinary course of business of such Credit Party or Subsidiary in respect of open accounts extended by suppliers on normal trade terms in connection with purchases of goods and services which are not overdue for a period of more than ninety (90) days or, if overdue for more than ninety (90) days, as to which a dispute exists and adequate reserves in conformity with IFRS have been established on the books of such Credit Party or Subsidiary and (ii) in respect of performance, surety or appeal bonds provided in the ordinary course of business and consistent with past practice, but excluding (in each case) Indebtedness incurred through the borrowing of money or Contingent Liabilities in respect thereof;

(d) Indebtedness (i) evidencing the deferred purchase price of newly acquired property or incurred to finance the acquisition of equipment of such Credit Party or Subsidiary (pursuant to purchase money mortgages or otherwise, whether owed to the seller or a third party) used in the ordinary course of business of such Credit Party or Subsidiary (provided that such Indebtedness is incurred within sixty (60) days of the acquisition of such property), and (ii) constituting Capitalized Lease Obligations; provided that the principal amount of such Indebtedness under clauses (i) and (ii) shall not exceed $1,000,000 in the aggregate at any one time outstanding;

(e) Guarantee Obligations incurred by any Credit Party or Subsidiary in respect of Indebtedness incurred by any Credit Party after the Restatement Date (except for Indebtedness incurred under clauses (g), (n), (o), (p), (v) and (w) of this Section 9.01) to the extent such Indebtedness so guaranteed is permitted hereunder; provided that with respect to any Indebtedness that is required to be subordinated to the Obligations, Guarantee Obligations of such subordinated Indebtedness shall also be subordinated to the Obligations on substantially the same terms as such subordinated Indebtedness and;

(f) Hedging Obligations permitted pursuant to Section 9.11;

(g) unsecured Indebtedness of (i) any Credit Party owing to any other Credit Party, (ii) any Subsidiary that is not a Credit Party owing to another Subsidiary that is not a Credit Party, (iii) any Credit Party owing to any Subsidiary that is not a Credit Party so long as such Indebtedness is subject to a subordination agreement (or evidenced by a note which includes subordination terms) in form and substance satisfactory to Collateral Agent, and (iv) any Subsidiary that is not a Credit Party owing to any Credit Party; provided, that (A) the aggregate principal amount of all such Indebtedness incurred under clause (iv) shall not to exceed, when combined with the aggregate amount of Investments made pursuant to Section 9.05(d), $5,000,000; (B) such Indebtedness is not incurred during the continuance of any Event of Default, and (C) such Indebtedness shall not be evidenced by promissory notes unless such notes are delivered to the Administrative Agent and pledged to Collateral Agent pursuant to the Security Agreement or the Canadian Security Agreement;

(h) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(i) Indebtedness in respect of netting services, overdraft protection and otherwise in connection with deposit accounts or similar accounts incurred in the ordinary course of business;

(j) Indebtedness owed to any Person providing worker's compensation, health, disability or other employee benefits or property, casualty or liability insurance to any Credit Party or Subsidiary incurred in connection with such Person providing such benefits or insurance pursuant to customary reimbursement or indemnification obligations to such Person;

(k) Indebtedness in respect of surety bonds, performance bonds and similar instruments issued in an aggregate amount not to exceed (i) $500,000 in respect of each such surety bond, performance bond and similar instrument or (ii) $2,000,000 in respect of all such surety bonds, performance bonds and similar instruments in the aggregate, in each case for the preceding clauses (i) and (ii), incurred in the ordinary course of business;

(l) Indebtedness relating to judgments, including appeal bonds, or awards not constituting an Event of Default under Section 10.01(g);

(m) Indebtedness for reimbursement obligations with respect to letters of credit for the account of any Credit Party or Subsidiary intended to provide security for payment obligations in the ordinary course of business in an aggregate amount not exceeding $3,000,000;

(n) reserved;

(o) any Permitted Third-Party Mortgage Debt; provided, that the principal amount of the Permitted Third-Party Mortgage Debt for the (i) MA Property shall not exceed $10,000,000; (ii) NJ Property shall not exceed $8,850,000; and (iii) [***] shall not exceed $6,000,000;

(p) unsecured Guarantee Obligations incurred by Parent with respect to Indebtedness incurred by any Pending Opco (or upon designation of such Pending Opco as an Opco, such Opco) in connection with a Pending Opco Permitted Acquisition, including deferred purchase price obligations in the form of contractual obligations and earnouts and other similar contingent obligations incurred by any Pending Opco (or upon designation of such Pending Opco as an Opco, such Opco) in connection with a Pending Opco Permitted Acquisition;

(q) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(r) customary obligations or undertakings constituting the incurrence of Indebtedness attributable to (but not incurred to finance) the exercise of appraisal rights or the settlement of any claims or actions with respect to any acquisitions or dispositions consummated in accordance with the terms hereof;

(s) deferred purchase price obligations in the form of contractual obligations and earnouts and other similar contingent obligations, in each case, incurred by a Credit Party in connection with a Credit Party Permitted Acquisition;

(t) Indebtedness representing deferred compensation or other employment benefits owed to directors, officers, members of management or employees (in their capacities as such) of a Credit Party or Subsidiary incurred in connection with such Credit Party's or Subsidiary's employment programs, in each case, incurred in the ordinary course of business;

(u) Indebtedness of any Credit Party or Subsidiary consisting of the financing of insurance premiums in the ordinary course of business;

(v) the Permitted Future Mortgage Debt;

(w) Permitted Subordinated Indebtedness of any Credit Party so long as the Payment Conditions are satisfied prior to the incurrence of any such Permitted Subordinated Indebtedness;

(x) Indebtedness that may be deemed to exist pursuant to customary agreements providing for indemnification or purchase price adjustments in connection with Dispositions permitted under Section 9.04; and

(y) other Indebtedness of any Credit Party or Subsidiary; provided that the aggregate principal amount of such Indebtedness permitted by this clause (x) shall not exceed, at any time outstanding, the greater of (x) 5% of the Total Assets of the Credit Parties and (y) $5,000,000.

SECTION 9.02 Limitation on Liens. Each Credit Party will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien upon any property or assets of any kind (real or personal, tangible or intangible) of any such Person (including its Capital Stock), whether now owned or hereafter acquired, except for the following (collectively, the "***Permitted Liens***"):

(a) Liens securing payment of the Obligations;

(b) Liens existing as of the Restatement Date and disclosed in Schedule 9.02 securing Indebtedness permitted under Section 9.01(b), and Refinancing Indebtedness in respect of such Indebtedness; provided that no such Lien shall encumber any additional property and the amount of Indebtedness secured by such Lien shall not be increased or its term extended from that existing on the Restatement Date (as such Indebtedness may be permanently reduced subsequent to the Restatement Date) except to the extent permitted by Section 9.01(b);

(c) Liens securing Indebtedness of the type permitted under Section 9.01(d); provided that (i) such Lien is granted within ninety (90) days after such Indebtedness is incurred, (ii) the Indebtedness secured thereby does not exceed the lesser of the cost and the fair market value of the applicable property, improvements or equipment at the time of such acquisition (or construction) and (iii) such Lien secures only the assets that are the subject of the Indebtedness referred to in such clause and the proceeds thereof;

(d) Liens arising by operation of law in favor of carriers, warehousemen, mechanics, materialmen and landlords incurred in the ordinary course of business for amounts not yet overdue or being diligently contested in good faith by appropriate proceedings that stay execution of such Lien and for which adequate reserves in accordance with IFRS shall have been established on its books;

(e) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, leases or other similar obligations (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety, appeal or performance bonds;

(f) judgment Liens in existence for less than ninety (90) days after the entry thereof, or with respect to which execution has been bonded, stayed or the payment of which is covered in full by insurance, and which judgment Liens do not otherwise result in an Event of Default under Section 10.01(g);

(g) easements, rights-of-way, zoning restrictions, minor defects or irregularities in title and other similar encumbrances not interfering in any material respect with the value or use of the property to which such Lien is attached;

(h) servicing agreements, development agreements, site plan agreements, and other similar agreements (in each case, other than obligations representing Indebtedness for borrowed money) with Governmental Authorities pertaining to the use or development of assets, provided each is complied with in all material respects and does not materially interfere with the use of such assets in the operation of the business;

(i) Liens for Taxes, assessments or other governmental charges or levies not yet due and payable, or that are being diligently contested in good faith by appropriate proceedings that stays execution and for which adequate reserves in accordance with IFRS shall have been established on its books;

(j) Liens arising in the ordinary course of business by virtue of any contractual, statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies covering deposit or securities accounts (including funds or other assets credited thereto) or other funds maintained with a depository institution or securities intermediary, so long as the applicable provisions of Section 8.15 have been complied with, in respect of such deposit accounts;

(k) any interest or title of a lessor, licensor or sublessor under any lease, license or sublease (and precautionary UCC filings with respect thereto) entered into by any such Credit Party or Subsidiary in the ordinary course of its business and covering only the assets so leased, licensed or subleased;

(l) Liens solely on any cash earnest money deposits made by such Person in connection with any letter of intent or purchase agreement relating to an Investment or other transaction permitted hereunder;

(m) Liens of sellers of goods to such Person arising under Article II of the Uniform Commercial Code or similar provisions of Applicable Law (including the rights of suppliers under Section 8.1 of the Bankruptcy and Insolvency Act (Canada)) in the ordinary course of business, covering only the goods sold or securing only the unpaid purchase price of such goods and related expenses to the extent such Indebtedness is permitted hereunder;

(n) Liens on insurance policies and the proceeds thereof securing the financing of premiums with respect thereto to the extent such financing is permitted under Section 9.01(u);

(o) Any encumbrance with respect to the Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement to the extent permitted under Section 9.05;

(p) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds, letters of credit and other obligations of a like nature, in each case in the ordinary course of business;

(q) Liens securing the Permitted Third-Party Mortgage Debt so long as such Liens encumber only the applicable Permitted Third-Party Mortgaged Property; provided, that, for each such Permitted Third-Party Mortgaged Property, such Lien shall be permitted only if (A) such Permitted Third-Party Mortgaged Property shall be subject to a second-priority mortgage in favor of the Collateral Agent (subject only to the Lien securing such Permitted Third-Party Mortgage Debt, as applicable) to the extent permitted by the Permitted Third-Party Mortgage Documents; provided, that, (1) with respect to the MA Property, NJ Property and [***], the Permitted Third-Party Mortgage Documents shall be required to permit such second-priority mortgage in favor of the Collateral Agent (it being understood that, with respect to the MA Property, to the extent required by the applicable Permitted Third-Party Mortgage Documents in order to effectuate the second-priority nature of Collateral Agent's Mortgage, Collateral Agent shall release its Mortgage on such MA Property a moment in time before such first-priority mortgage is recorded and re-record its Mortgage on such MA Property a moment in time after such first-priority mortgage is recorded); and (2) with respect to any Permitted Third-Party Mortgaged Property other than the MA Property, NJ Property and [***], the Credit Parties shall use commercially reasonable efforts to cause the Permitted Third-Party Mortgage Documents to permit such second-priority mortgage in favor of the Collateral Agent; and (B) the Collateral Agent shall have been granted a first-priority perfected security interest in 100% of the Capital Stock of the fee owner of such Permitted Third-Party Mortgaged Property;

(r) [reserved];

(s) Liens securing the Permitted Future Mortgage Debt so long as such Liens encumber only the applicable Permitted Future Mortgaged Property; provided, that, in each case such Lien shall be permitted only if the Collateral Agent shall have been granted a first-priority perfected security interest in 100% of the Capital Stock of the fee owner of such Permitted Future Mortgaged Property; provided, further, that with respect to any such Lien securing such Permitted Future Mortgage Debt, such Lien shall only be permitted to be a first-priority mortgage if, after giving effect to the incurrence of such Permitted Future Mortgage Debt and the granting of any Liens required in connection therewith, the aggregate appraised value of all real property subject to a Mortgage in favor of the Collateral Agent shall equal no less than the product of (x) 110% *multiplied by* (y) the aggregate principal amount of Loans outstanding at such time; provided, however, for purposes of the calculation described in the immediately preceding proviso, if the Collateral Agent has a second-priority Mortgage on any real property then the appraised value of such real property shall be determined by reducing the value set forth on such appraisal by the aggregate outstanding balance of the first-priority mortgage encumbering such real property;

(t) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(u) any interest or title of a lessor under any operating lease or operating sublease entered into by a Credit Party or Subsidiary in the ordinary course of its business;

(v) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other assets relating to such letters of credit and products and proceeds thereof to the extent the obligations so secured are permitted by Section 9.01(m);

(w) Liens securing Permitted Subordinated Indebtedness;

(x) Canadian Statutory Liens; and

(y) Liens on assets (not constituting Collateral) not otherwise permitted above and securing Indebtedness and other obligations in an amount not exceeding the greater of (x) 5% of the Total Assets of the Parent and its Subsidiaries and (y) $1,000,000 at any time outstanding.

Notwithstanding anything to the contrary set forth in this Section 9.02, in no event shall any Credit Party create, incur, assume or suffer to exist any Lien (other than Canadian Statutory Liens, Liens in favor of the Collateral Agent pursuant to the Credit Documents and Liens described in Section 9.02(w)) upon the rights of any Credit Party under any Material Contract or any accounts receivable, Collections or proceeds arising thereunder or with respect thereto.

SECTION 9.03 Consolidation, Merger, etc. Each Credit Party will not, and will not permit any of its Subsidiaries, to liquidate or dissolve, consolidate or amalgamate with, or merge into or with, any other Person or purchase or otherwise acquire all or substantially all of the assets of any Person (or any division thereof); provided that (a) any Credit Party may liquidate or dissolve voluntarily into, and may merge or amalgamate with and into, another Credit Party (so long as in such a transaction involving Parent, Parent is the surviving entity), (b) any Immaterial Subsidiary may liquidate or dissolve voluntarily into, and may merge or amalgamate with and into, another Immaterial Subsidiary or a Credit Party; (c) all or substantially all of the assets or Capital Stock of any Credit Party may be purchased or otherwise acquired by another Credit Party (so long as in such a transaction involving Parent, Parent is the surviving entity), (d) all or substantially all of the assets or Capital Stock of any Immaterial Subsidiary may be purchased or otherwise acquired by another Immaterial Subsidiary or a Credit Party, and (e) any Credit Party or Subsidiary may merge into or amalgamate with any other Person as long as the surviving Person is or becomes a Credit Party (so long as in such a transaction involving Parent, Parent is the surviving entity).

SECTION 9.04 Permitted Dispositions. Each Credit Party will not, and will not permit any of its Subsidiaries, to make a Disposition, or enter into any agreement to make a Disposition, of such Credit Party's or such other Person's assets (including accounts receivable and Capital Stock of Subsidiaries) to any Person in one transaction or a series of related transactions unless such Disposition:

(a) is in the ordinary course of its business and is of obsolete, surplus or worn out property or property no longer used in its business;

(b) is made as a consequence of any loss, damage, distribution or other casualty or any condemnation or taking of such assets by eminent domain proceedings, provided that the proceeds thereof are applied in accordance with this Agreement;

(c) is for fair market value and the following conditions are met:

(i) the aggregate amount of Dispositions during any fiscal year shall not exceed 5.00% of the Total Assets of the Credit Parties.

(ii) immediately prior to and immediately after giving effect to such Disposition, no Event of Default or Material Default shall have occurred and be continuing or would result therefrom;

(iii) Borrower applies any Net Disposition Proceeds arising therefrom pursuant to Section 4.02(a)(ii); and

(iv) no less than eighty percent (80%) of the consideration received for such sale, transfer, lease, contribution or conveyance is received in cash;

(d) is a sale of Inventory (as defined in the UCC and PPSA, as applicable) in the ordinary course of business;

(e) is a sale or disposition of equipment or fixed assets to the extent that such equipment or fixed asset is exchanged for credit against the purchase price of similar replacement equipment or fixed asset, or the proceeds of such Dispositions are reasonably promptly applied to the purchase price of similar replacement equipment or fixed asset, all in the ordinary course of business and in accordance with Section 4.02(a)(ii);

(f) is an abandonment, failure to renew, or other Disposition in the ordinary course of business of any intellectual property that is not material to the conduct of the business of any Credit Party;

(g) is otherwise permitted by Section 9.03;

(h) is by (i) any Credit Party to any other Credit Party or (ii) any Credit Party to an Immaterial Subsidiary; provided, that the aggregate amount of Dispositions made pursuant to the preceding sub-clause (ii) shall not exceed $2,000,000 in any fiscal year;

(i) consists of the granting of Permitted Liens;

(j) consists of cash or Cash Equivalents;

(k) is a sale or discount of accounts receivable (or a promissory note evidencing accounts receivable or the settlement thereof) arising in the ordinary course of business in connection with the collection thereof;

(l) consists of the leasing (pursuant to leases entered into in the ordinary course of business) or licensing of real or personal property in the ordinary course of business;

(m) consists of a surrender or waiver of contract rights or a settlement, release or surrender of contract, tort or other claims, in each case, in the ordinary course of business;

(n) consists of a Disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements and the transfer of assets as part of the consideration for Investment in a joint venture permitted under Section 9.05;

(o) consists of Dispositions made in connection with the unwinding of Hedging Obligations permitted under Section 9.11 or a sale and leaseback transaction permitted under Section 9.08;

(p) consists of charitable donations made in cash and in the ordinary course of business, to the extent such assets are not material to the ability of the Credit Parties to conduct the Business;

(q) is a Disposition of Real Property to a Governmental Authority that results from a condemnation, provided that (other than with respect to Real Property with a first-lien mortgage in favor of a third party) the proceeds thereof are applied in accordance with this Agreement;

(r) is a Disposition set forth on Schedule 9.04;

(s) licenses, sublicenses, leases or subleases granted to third parties in the ordinary course of business (but limited, in the case of licenses of intellectual property, to non-exclusive licenses) so long as such licenses, sublicenses, leases or subleases (i) do not interfere with the business of the Credit Parties and (ii) are not materially adverse to the interests of the Secured Parties;

(t) is a Disposition of Real Property that is subject to a first-lien mortgage in favor of a third party;

(u) are Dispositions of Opco Agreements to third parties on an arms' length basis; and

(v) are Dispositions constituting Restricted Payments permitted under Section 9.06.

Notwithstanding anything to the contrary set forth in this Section 9.04, in no event shall any Credit Party sell, transfer, assign or otherwise dispose of (other than in connection with the grant of a Lien in favor of the Collateral Agent pursuant to the Credit Documents and Liens described in Section 9.02(w)) any of its rights under or in respect of any Material Contract (except as set forth in the preceding clauses (r) and (u)) or any accounts receivable, Collections or proceeds arising thereunder or with respect thereto; provided, that this sentence shall not prohibit Dispositions required to be made pursuant to Applicable Law so long as the Net Disposition Proceeds from such Disposition are applied as required by Section 4.02(a)(ii).

SECTION 9.05 Investments. Each Credit Party will not, and will not permit any of its Subsidiaries to, purchase, make, incur, assume or permit to exist any Investment in any other Person, except:

(a) Investments existing or contemplated on the Restatement Date and identified in Schedule 9.05;

(b) (i) Investments in cash and Cash Equivalents and (ii) Hedging Obligations permitted by Section 9.11;

(c) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(d) Investments by way of contributions to capital or purchases of Capital Stock by (i) any Credit Party in any of its respective Subsidiaries that are Credit Parties or by any Subsidiary that is not a Credit Party in any Credit Party or any other Subsidiary that is not a Credit Party; provided that such Credit Party or such Subsidiary shall be required to comply with Section 9.01(g)(iii) in the event such Investment constitutes Indebtedness of the party making such Investment, and (ii) any Credit Party in any Subsidiary that is not a Credit Party in an aggregate amount at any time not to exceed, when combined with the aggregate principal amount of Indebtedness incurred pursuant to Section 9.01(g)(iv), $5,000,000;

(e) Investments constituting (i) accounts receivable arising, (ii) trade debt granted, or (iii) deposits or prepayments made in connection with the purchase price of goods or services, in each case in the ordinary course of business;

(f) Investments consisting of the right of a Credit Party to receive the deferred portion of the sales price owed to such Credit Party in connection with any Disposition permitted under Section 9.04;

(g) Investments in joint ventures and acquisitions of Capital Stock that would constitute Credit Party Permitted Acquisitions but for the fact that Persons in which such Capital Stock are acquired do not become wholly-owned Subsidiaries of a Credit Party; provided that the sum of the aggregate amount of such Investments, plus the aggregate consideration paid in all such acquisitions, made under this clause (g) after the Restatement Date shall not exceed $5,000,000;

(h) intercompany Indebtedness permitted pursuant to Section 9.01(g) so long as the requirements set forth in such Section have been complied with;

(i) the maintenance of deposit accounts in the ordinary course of business so long as the applicable provisions of Section 8.15 have been complied with in respect of such deposit accounts;

(j) Guarantee Obligations to the extent permitted by Section 9.01(e) or 9.01(p);

(k) loans and advances to officers, directors and employees of any Credit Party for reasonable and customary business related travel expenses, entertainment expenses, moving expenses and similar expenses, in each case incurred in the ordinary course of business, in an aggregate principal amount at any time not to exceed $100,000;

(l) Investments consisting of loans made in lieu of Restricted Payments which are otherwise permitted under Section 9.06;

(m) Deposits, prepayments and other credits to suppliers and deposits in connection with lease obligations, taxes, insurance and similar items, in each case made in the ordinary course of business and securing contractual obligations of a Credit Party, in each case to the extent constituting a Permitted Lien;

(n) Investments made with the proceeds of the issuance of Capital Stock by Parent (other than Disqualified Capital Stock) after the Restatement Date so long as (i) such issuance of Capital Stock does not result in a Change of Control and (ii) such Investment is made contemporaneously with the issuance of such Capital Stock; and

(o) Credit Party Permitted Acquisitions;

(p) the [***]; and

(q) other Investments in an aggregate amount equal to the sum of (i) $10,000,000, *minus* (ii) the aggregate amount of Investments, determined at the time of making such Investment, made in reliance on this clause (q) from and after the Restatement Date, *plus* (iii) the aggregate amount of cash received by any Credit Party in respect of any Investment made in reliance on this clause (q) (including in the form of dividends, distributions, repayments and similar amounts) from and after the Restatement Date; provided, that in no event shall the amount added pursuant to the forgoing subclause (iii) for any Investment exceed the amount that had been subtracted pursuant to the forgoing subclause (ii) for such Investment;

provided that no Investment otherwise permitted under clauses (d)(ii), (f), (g), (l), (n), (o), (p) or (q) shall be permitted to be made if, at the time of making any such Investment, any Event of Default or Material Default has occurred and is continuing or would result therefrom; and

provided, further, that no Investment otherwise permitted under this Section 9.05 shall be made by any Credit Party or any Subsidiary to the extent that such Investment (x) constitutes an acquisition of all of the Capital Stock of any Person or all or substantially all of the assets of any Person (or a division thereof) except pursuant to clause (o) or (p); or (y) is an Investment in a joint venture or other acquisition of Capital Stock except pursuant to clause (g); and

provided, further, that no Investment otherwise permitted under this Section 9.05 shall be permitted unless such Investment is made entirely with cash (except for Investments under clauses (c), (e), (g), (i), (j) and (n)) or Capital Stock of Parent (other than Disqualified Capital Stock).

SECTION 9.06 Restricted Payments. Each Credit Party will not, and will not permit any of its Subsidiaries, to make any Restricted Payment, or make any deposit for any Restricted Payment, other than:

(a) Restricted Payments by any Subsidiary of a Credit Party to its direct or indirect parent, so long as such direct or indirect parent is a Credit Party;

(b) Restricted Payments by any Credit Party or any of its Subsidiaries to pay dividends with respect to its Capital Stock payable solely in additional shares of such Capital Stock (other than Disqualified Capital Stock);

(c) Restricted Payments by any Immaterial Subsidiary to another Immaterial Subsidiary;

(d) Restricted Payments pursuant to and in accordance with stock option plans or other benefit plans, in each case to the extent permitted hereunder, for management or employees of any Credit Party or any of its Subsidiaries; provided, that the aggregate amount of Restricted Payments made under this clause (d) does not exceed $2,500,000 in any calendar year;

(e) Permitted Subordinated Debt Payments so long as the Payment Conditions are satisfied; and

(f) Restricted Payments of cash actually paid in an aggregate amount not to exceed 50% of Consolidated EBITDA as of the last day of the most recently ended period of four fiscal quarters;

provided, that, no Restricted Payment otherwise permitted under this Section 9.06 shall be permitted unless such Restricted Payment is made entirely with cash (except for Restricted Payments under clause (b)); and

provided, further, that no Restricted Payment otherwise permitted under clause (d) or (f) shall be permitted to be made if, at the time of making any such Restricted Payment, any Event of Default or Material Default has occurred and is continuing or would result therefrom; provided, however, Parent may pay any dividend permitted under clause (f) within 30 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of this Agreement (including the other provisions of this Section 9.06) so long as the aggregate amount of such dividend does not exceed 12.50% of Consolidated EBITDA as of the last day of the most recently ended period of four fiscal quarters.

SECTION 9.07 Prepayments and Modification of Certain Agreements. Each Credit Party will not, and will not permit any of its Subsidiaries to:

(a) Except as expressly permitted by Section 9.06, make any payment on account of Indebtedness that has been contractually subordinated in right of payment to the Obligations if such payment is not permitted at such time under the subordination terms and conditions applicable thereto.

(b) Consent to any amendment, supplement, waiver or other modification of, or enter into any forbearance from exercising any rights with respect to the terms or provisions contained in (i) any Organization Documents, in each case, other than any amendment, supplement, waiver, termination, modification or forbearance that is not materially adverse to the Secured Parties, (ii) any document, agreement or instrument evidencing or governing any Permitted Subordinated Indebtedness unless such amendment, supplement, waiver or other modification is permitted under the terms of the subordination agreement applicable thereto, or (iii) any other Material Contract, in each case, other than any amendment, supplement, waiver or modification that is not materially adverse to the Secured Parties.

SECTION 9.08 Sale and Leaseback. Each Credit Party will not, and will not permit any of its Subsidiaries, directly or indirectly, to enter into any agreement or arrangement providing for the sale or transfer by it of any property (now owned or hereafter acquired) to a Person and the subsequent lease or rental of such property or other similar property from such Person.

SECTION 9.09 Transactions with Affiliates. Each Credit Party will not, and will not permit any of its Subsidiaries, to enter into or cause or permit to exist any arrangement, transaction or contract (including for the purchase, lease or exchange of property or the rendering of services) with any Affiliate (other than arrangements, transactions or contracts solely among the Credit Parties) except (a) on fair and reasonable terms no less favorable to such Credit Party or such Subsidiary than it could obtain in an arm's-length transaction with a Person that is not an Affiliate, (b) any transaction expressly permitted under Section 9.01(g), Section 9.01(p), Section 9.03, Section 9.04(h), Section 9.04(r), Section 9.04(v) Section 9.05(d), Section 9.05(h), Section 9.05(j), Section 9.05(k), Section 9.05(l) or Section 9.06, (c) any transactions solely among Credit Parties to the extent otherwise permitted by this Agreement; (d) [reserved], (e) so long as it has been approved by Parent's or its applicable Subsidiary's Board of Directors in accordance with Applicable Law, (i) customary fees to, and indemnifications of, non-officer directors of the Credit Parties and their respective Subsidiaries and (ii) the payment of reasonable and customary compensation and indemnification arrangements and benefit plans for officers and employees of the Credit Parties and their respective Subsidiaries in the ordinary course of business; and (f) transactions with joint ventures for the purchase or sale of goods, equipment and services entered into in the ordinary course of business and to the extent such transactions are not materially adverse to the Secured Parties. No Credit Party nor any Subsidiary shall hire or engage any officer or executive during the term of this Agreement without such officer or executive having entered into a non-competition and confidentiality agreement with such Credit Party or Subsidiary.

SECTION 9.10 Restrictive Agreements, etc. Except as set forth on Schedule 9.10, each Credit Party will not, and will not permit any of its Subsidiaries, to enter into any agreement (other than a Credit Document) prohibiting:

(a) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired;

(b) the ability of such Person to amend or otherwise modify any Credit Document or waive, consent to or otherwise deviate from any provision under any Credit Document; or

(c) the ability of such Person to make any payments, directly or indirectly, to Borrower, including by way of dividends, advances, repayments of loans, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments.

The foregoing prohibitions shall not apply to restrictions of the type described in clause (a) above (which do not prohibit the Credit Parties from complying with or performing the terms of this Agreement and the other Credit Documents) which are contained in any agreement (i) governing any Indebtedness permitted by Section 9.01(d) as to the transfer of assets financed with the proceeds of such Indebtedness, (ii) for the creation or assumption of any Lien on the sublet or assignment of any leasehold interest of any Credit Party or any of its Subsidiaries entered into in the ordinary course of business, (iii) for the assignment of any contract or licensed intellectual property entered into by any Credit Party or any of its Subsidiaries in the ordinary course of business, (iv) for the transfer of any asset pending the close of the sale of such asset pursuant to a Disposition permitted under this Agreement, (v) [reserved], (vi) arising under customary provisions set forth in licenses, governmental permits, leases and related contracts restricting the assignment thereof; or (vii) governing the Closing Date Joint Ventures to the extent in existence on the Restatement Date. The foregoing prohibitions shall not apply to customary restrictions of the type described in clause (c) above which are contained in any (A) agreement governing any Indebtedness permitted by Section 9.01(d) with respect to customary restrictions and conditions, including net worth, leverage and other financial covenants and customary covenants regarding business operations or encumbrances), (B) joint venture agreements entered into in the ordinary course of business to the extent permitted under Section 9.05 and consisting of customary prohibitions or restrictions on the activities of such joint ventures, (C) employment, compensation or separation agreement or similar arrangement entered into by a Credit Party or a Subsidiary in the ordinary course of business, or (D) agreements with surety companies that waive or prohibit subrogation of claims and/or prohibit parties to such agreements from collecting intercompany obligations until obligations to the applicable surety company have been paid or satisfied, in each case after a claim is made upon such surety company.

SECTION 9.11 Hedging Agreements. Each Credit Party will not, and will not permit any of its Subsidiaries to, enter into any Hedging Agreement other than Permitted Currency Hedging Agreements.

SECTION 9.12 Changes in Business and Fiscal Year.

(a) Each Credit Party will not, and will not permit any of its Subsidiaries to (i) engage in any business activity other than the Business; or (ii) modify or change its fiscal year or its method of accounting other than (x) a change in the method of accounting in connection with a Change in Accounting Principles; (y) as may be required to conform to IFRS or (z) to the extent consented to by the Administrative Agent (such consent not to be unreasonably withheld, conditioned or delayed).

(b) No Credit Party, Affiliate of a Credit Party, Individual Guarantor or any officer or stockholder of a Credit Party or an Affiliate of a Credit Party shall engage in the Business except through the Credit Parties, their Subsidiaries and, to the extent substantially consistent with their operations as of the Restatement Date, the Opcos.

SECTION 9.13 Financial Covenants. The Credit Parties will not permit:

(a) Liquidity. Liquidity, at any time, to be less than twenty percent (20%) of the aggregate principal amount of Loans outstanding at such time.

(b) Consolidated EBITDA. Consolidated EBITDA for any fiscal quarter, as of the last day of each fiscal quarter, to be less than $20,000,000.

(c) Consolidated Fixed Charge Coverage Ratio. The Consolidated Fixed Charge Coverage Ratio for any Applicable Fiscal Period, as of the last day of each fiscal quarter, to be less than 1.50:1.00.

SECTION 9.14 Pending Opcos.

(a) Parent will not permit any Pending Opco to make, directly or indirectly, any acquisition of the Capital Stock of any Person or all or substantially all of the assets of any Person (or a division thereof) unless such acquisition is a Pending Opco Permitted Acquisition.

(b) Parent will not permit any Pending Opco to enter into any agreement prohibiting: (i) the creation or assumption of any Lien upon the properties, revenues or assets of Parent or any of its Subsidiaries, whether now owned or hereafter acquired; (ii) the ability of Parent or any of its Subsidiaries to amend or otherwise modify any Credit Document or waive, consent to or otherwise deviate from any provision under any Credit Document; or (iii) the ability of any Subsidiary to make any payments, directly or indirectly, to Parent, including by way of dividends, advances, repayments of loans, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments; provided, that the foregoing clause (iii) shall not apply to any agreement governing Indebtedness of a Pending Opco that provides for customary restrictions and conditions to making such payments, including reserve requirements, restrictions arising from options, net worth, leverage and other financial covenants.

(c) Parent will not permit any Pending Opco to enter into, or cause or permit to exist any arrangement, transaction or contract (including for the purchase, lease or exchange of property or the rendering of services) with any Affiliate except (i) on fair and reasonable terms no less favorable to such Pending Opco than it could obtain in an arm's-length transaction with a Person that is not an Affiliate, and (b) any transaction expressly permitted under Section 9.01(p) (and Section 9.05(j) with respect to such Section 9.01(p)). No Pending Opco shall hire or engage any officer or executive during the term of this Agreement without such officer or executive having entered into a non-competition and confidentiality agreement with such Pending Opco, as applicable. No Pending Opco shall make any distribution to any officer of a Credit Party, or make any payment of a management fee (or other fee of a similar nature) to any officer of a Credit Party, in each case, whether directly or indirectly, so long as the Indebtedness described in Section 9.01(p) related to such Pending Opco remains outstanding.

(d) Notwithstanding anything herein to the contrary, upon the consummation of any acquisition or investment by a Pending Opco, such Pending Opco shall be automatically deemed to constitute an "Opco" hereunder and Borrower shall comply with the requirements set forth in Section 8.21 with respect to such Opco within the timeframe set forth therein (and, for the avoidance of doubt, such Opco shall no longer be deemed to constitute a Pending Opco hereunder).

SECTION 9.15 Canadian Defined Benefit Plans. None of the Credit Parties shall, without the consent of the Agent, maintain, administer, contribute or have any liability in respect of any Canadian Defined Benefit Plan or acquire an interest in any Person if such Person sponsors, maintains, administers or contributes to, or has any liability in respect of any Canadian Defined Benefit Plan

ARTICLE X
Events of Default

SECTION 10.01 Listing of Events of Default. Each of the following events or occurrences described in this Section 10.01 shall constitute an "***Event of Default***":

(a) Non-Payment of Obligations. Borrower shall default in the payment of:

(i) any principal of any Loan when such amount is due; or

(ii) any interest on any Loan for more than five (5) calendar days from the date when due; provided, that no more than two (2) such delinquent interest payments shall occur during the term of this Agreement; or

(iii) any fee described in Article III or any other monetary Obligation.

(b) Breach of Representations or Warranties. Any representation or warranty by any Credit Party made or deemed to be made in any Credit Document (including any certificates delivered pursuant to Article V), is or shall be incorrect in any material respect when made or deemed to have been made.

(c) Non-Performance of Certain Covenants and Obligations. Any Credit Party shall default in the due performance or observance of any of its obligations under Section 8.01, Section 8.02, Section 8.03, Section 8.04, Section 8.05 (solely with respect to such Credit Party's existence in its jurisdiction of organization), Section 8.10, Section 8.12, Section 8.13, Section 8.15, Section 8.17, Section 8.18 or Section 8.20, Section 8.24, Article IX (other than Sections 9.07(b)(i) or 9.07(b)(iii)) or Article XIII, or any Credit Party shall default in the due performance or observance of its obligations under any covenant applicable to it under any Security Document.

(d) Non-Performance of Other Covenants and Obligations. Any Credit Party shall default in the due performance or observance of any of its obligations under Section 8.05 (solely with respect to such Credit Party's maintenance of good standing in its jurisdiction of organization), Section 8.06, Section 8.07, Section 8.16, Section 8.21 or Sections 9.07(b)(i) or 9.07(b)(iii), and in each case such default shall continue unremedied for a period of more than ten (10) days after the occurrence thereof.

(e) Non-Performance of Other Covenants and Obligations. Any Credit Party shall default in the due performance and observance of any obligation contained in any Credit Document executed by it (other than as specified in Sections 10.01(a), 10.01(b), 10.01(c), or 10.01(d)), and in each case such default shall continue unremedied for a period of more than fifteen (15) days after the Administrative Agent delivers to such Credit Party notice thereof.

(f) Default on Other Indebtedness. (i) a default shall occur in the payment of any amount when due (subject to any applicable grace or cure period), whether by acceleration or otherwise, of any principal or stated amount of, or interest or fees on, any Indebtedness (other than the Obligations) of any Credit Party or Subsidiary having a principal or stated amount, individually or in the aggregate, in excess of $1,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to any such Indebtedness if the effect of such default is to accelerate the maturity of such Indebtedness, or (ii) any Indebtedness of any Credit Party or Subsidiary having a principal or stated amount, individually or in the aggregate, in excess of $1,000,000 shall otherwise be required to be prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to be made, prior to its expressed maturity; provided, further, that, an Event of Default under this clause (f) caused by the occurrence of a breach or default with respect to Indebtedness in excess of the $1,000,000 shall be cured for purposes of this Agreement upon the Person asserting such breach or default waiving such breach or default in writing or such Person delivering written notice to the applicable Credit Party or Subsidiary that such breach or default has been cured in accordance with the terms of such Indebtedness if, at the time of such waiver or such cure neither the Administrative Agent nor the Lenders has exercised any remedies with respect to such Event of Default.

(g) Judgments; Fines. Any judgment, order for the payment of money, fines, settlements or enforcement penalties, in an amount individually or in the aggregate in excess of $1,000,000 (exclusive of any amounts covered by insurance (less any applicable deductible) so long as a written request for coverage has been submitted to the insurer and such insurer has not denied coverage) shall be rendered against any Credit Party or any of its Subsidiaries and such judgment, order, fine, settlement or penalty shall not have been vacated or discharged or stayed or bonded pending appeal within thirty (30) days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order.

(h) Plans. Any of the following events shall occur with respect to any Plan or Canadian Pension Plan, as applicable:

(i) the institution of any steps by any Credit Party, any Subsidiary of a Credit Party, any ERISA Affiliate or any other Person to terminate or partially terminate a Plan of any Credit Party or any Subsidiary of any Credit Party if, as a result of such termination or partial termination, any Credit Party or Subsidiary of any Credit Party could be required to make a contribution to such Plan, or could reasonably be expected to incur a liability or obligation to such Plan, in excess of $100,000 in the aggregate;

(ii) there is or arises any potential withdrawal liability under Section 4201 of ERISA, if any Credit Party, any Subsidiary of a Credit Party or any ERISA Affiliate were to completely or partially withdraw from one or more Multiemployer Plans, in excess of $100,000, in the aggregate;

(iii) a contribution failure occurs with respect to any Plan sufficient to give rise to a Lien under Sections 303(k) or 4068 of ERISA or Section 430(k) of the Code; or

(iv) a Canadian Pension Termination Event occurs or exists or a Lien arises in respect of a Canadian Pension Plan (save for contribution amounts not yet due) which results in a liability or obligation of a Canadian Credit Party to such Canadian Pension Plan in excess of $100,000 in the aggregate.

(i) Bankruptcy, Insolvency, etc. Any Credit Party or any of its Subsidiaries shall:

(i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, its debts as they become due;

(ii) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, interim receiver, sequestrator, examiner, monitor or other custodian for any substantial part of the assets or other property of any such Person, or make a general assignment for the benefit of creditors;

(iii) in the absence of such application, consent or acquiesce to or permit or suffer to exist, the appointment of a trustee, receiver, interim receiver, sequestrator, examiner, monitor or other custodian for a substantial part of the property of any thereof, and such trustee, receiver, interim receiver,, sequestrator, examiner, monitor or other custodian shall not be discharged within sixty (60) days; provided that each Credit Party hereby expressly authorizes each Secured Party to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Credit Documents;

(iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law or any dissolution, examinership, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by such Person, such case or proceeding shall be consented to or acquiesced in by such Person, or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed; provided that each Credit Party hereby expressly authorizes each Secured Party to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Credit Documents; or

(v) take any action authorizing, or in furtherance of, any of the foregoing.

(j) Impairment of Security, etc. Any Credit Document or any Lien granted thereunder shall (except in accordance with its terms), in whole or in part, terminates, ceases to be effective or ceases to be the legally valid, binding and enforceable obligation of any Credit Party party thereto with respect to Collateral in an aggregate amount in excess of $500,000, or any Credit Party or any other Person shall, directly or indirectly, contest or limit in any manner such effectiveness, validity, binding nature or enforceability; or, except as permitted under any Credit Document, any Lien (subject only to Permitted Liens) securing any Obligation shall, in whole or in part, cease to be a perfected Lien with respect to Collateral in an aggregate amount in excess of $500,000 (other than as a result of voluntary and intentional discharge of the Lien by the Collateral Agent).

(k) Change of Control. Any Change of Control shall occur.

(l) Hedging Agreement. Any Credit Party or any of its Subsidiaries shall (i) default in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment due on early termination of, any Hedging Agreement, in each case beyond the period of grace, if any, provided in such Hedging Agreement, or (ii) defaults in the observance or performance of any other agreement or condition relating to any such Hedging Agreement, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, after the giving of notice if required or the elapse of any grace period, a liquidation, acceleration or early termination of such Hedging Agreement.

(m) Restraint of Operations; Loss of Assets. If any Credit Party or any Subsidiary of a Credit Party is enjoined, restrained, or in any way prevented by court order or other Governmental Authority from continuing to conduct all or any material part of its business affairs or if any material portion of any Credit Party's or any of its Subsidiary's assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any third Person and the same is not discharged before the earlier of sixty (60) days after the date it first arises or 5 days prior to the date on which such property or asset is subject to forfeiture by such Credit Party or such Subsidiary of a Credit Party.

(n) Material Adverse Effect. Any Material Adverse Effect shall occur.

(o) Regulatory Licenses. If any Regulatory License ceases to be valid, subsisting and in good standing or if any Permit material to the business of Credit Parties is withdrawn, cancelled, suspended or adversely amended in a manner which, in each case, could reasonably be expected to result in a Material Adverse Effect.

(p) Change in Cannabis Law; Restricted Cannabis Activity. If a Change in Cannabis Law shall occur, or if Parent or any of its Subsidiaries shall engage in any Restricted Cannabis Activity.

(q) Pending Opcos. If a Credit Party shall fail to exercise the option granted to such Credit Party by a Pending Opco (or upon designation of such Pending Opco as an Opco, such Opco) to acquire the target of a Pending Opco Permitted Acquisition consummated by such Pending Opco (or upon designation of such Pending Opco as an Opco, such Opco); provided, that no Event of Default shall exist if (A) Parent has not guaranteed any Indebtedness of such Pending Opco (or upon designation of such Pending Opco as an Opco, such Opco); (B) the exercise of such option by Parent is prohibited by Applicable Law; or (C) the exercise of such option by Parent is administratively burdensome as determined in good faith by Parent in consultation with the Administrative Agent.

(r) Opco Mortgagors. If an event of default shall occur under any Opco Mortgagor Guaranty Agreement or Opco Mortgagor Mortgage.

SECTION 10.02 Remedies Upon Event of Default. If any Event of Default under Section 10.01(i) shall occur for any reason, whether voluntary or involuntary, all of the outstanding principal amount of the Loans and other Obligations shall automatically be due and payable and any commitments shall be terminated, in each case, without further notice, demand or presentment. If any Event of Default (other than any Event of Default under Section 10.01(i)) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Administrative Agent may, and upon the direction of the Required Lenders, the Administrative Agent shall, by notice to Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable and any commitment shall be terminated, whereupon the full unpaid amount of such Loans and other Obligations that shall be so declared due and payable shall be and become immediately due and payable, in each case, without further notice, demand or presentment. The Lenders and the Collateral Agent shall have all other rights and remedies available at law or in equity or pursuant to any Credit Documents.

ARTICLE XI
The Agents

SECTION 11.01 Appointment. Each Lender (and, if applicable, each other Secured Party) hereby appoints Chicago Atlantic as its Collateral Agent under and for purposes of each Credit Document, and hereby authorizes the Collateral Agent to act on behalf of such Lender (or if applicable, each other Secured Party) under each Credit Document, and, in the absence of other written instructions from the Lenders pursuant to the terms of the Credit Documents received from time to time by the Collateral Agent, to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Collateral Agent by the terms hereof and thereof, together with such powers as may be incidental thereto. Each Lender (and, if applicable, each other Secured Party) hereby appoints Chicago Atlantic as its Administrative Agent under and for purposes of each Credit Document and hereby authorizes the Administrative Agent to act on behalf of such Lender (or, if applicable, each other Secured Party) under each Credit Document and, in the absence of other written instructions from the Lenders pursuant to the terms of the Credit Documents received from time to time by the Administrative Agent, to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Administrative Agent by the terms hereof and thereof, together with such powers as may be incidental thereto. Each Lender (and, if applicable, each other Secured Party) hereby designates and appoints each Agent as the agent of such Lender. Notwithstanding any provision to the contrary elsewhere in this Agreement, no Agent shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender or other Secured Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against any Agent. Anything contained in any of the Credit Documents to the contrary notwithstanding, Borrower, the Administrative Agent, the Collateral Agent and each Secured Party hereby agree that (i) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Security Agreement or any other Security Documents, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Agents, on behalf of the Secured Parties in accordance with the terms hereof and all powers, rights and remedies under the Security Documents may be exercised solely by the Agents, and (ii) in the event of a foreclosure by any of the Agents on any of the Collateral pursuant to a public or private sale or other disposition, any Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and each Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations (including Obligations owed to any other Secured Party) as a credit on account of the purchase price for any Collateral payable by such Agent at such sale or other disposition.

For the purposes of holding any hypothec granted pursuant to the laws of the Province of Quebec to secure the prompt payment and performance of any and all Obligations by any Credit Party, each of the Lenders (and, if applicable, each other Secured Party) hereby irrevocably appoints and authorizes Collateral Agent and, to the extent necessary, ratifies the appointment and authorization of Collateral Agent, to act as the hypothecary representative of the present and future creditors as contemplated under Article 2692 of the Civil Code of Quebec (in such capacity, the "Hypothecary Representative"), and to enter into, to take and to hold on their behalf, and for their benefit, any hypothec, and to exercise such powers and duties that are conferred upon the Hypothecary Representative under any related deed of hypothec. The Hypothecary Representative shall: (i) have the sole and exclusive right and authority to exercise, except as may be otherwise specifically restricted by the terms hereof, all rights and remedies given to the Hypothecary Representative pursuant to any such deed of hypothec and applicable law, and (ii) benefit from and be subject to all provisions hereof with respect to Agents *mutatis mutandis*, including, without limitation, all such provisions with respect to the liability or responsibility to and indemnification by the Lenders and the Credit Parties. Any Person who becomes a Lender (and, if applicable, each other Secured Party) shall, by its execution of an Assignment and Acceptance, be deemed to have consented to and confirmed the Hypothecary Representative as the Person acting as hypothecary representative holding the aforesaid hypothecs as aforesaid and to have ratified, as of the date it becomes a Lender (and, if applicable, each other Secured Party), all actions taken by the Hypothecary Representative in such capacity. The substitution of Agent pursuant to the provisions of this Section 11 also constitutes the substitution of the Hypothecary Representative. Agent, acting as the Hypothecary Representative, shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favor of Agent in this Agreement, which shall apply *mutatis mutandis* to Agents acting as Hypothecary Representative.

SECTION 11.02 Delegation of Duties. Each Agent may execute any of its duties under this Agreement and the other Credit Documents by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

SECTION 11.03 Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys in fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Credit Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence, bad faith or willful misconduct) or (b) responsible in any manner to any of the Lenders or any other Secured Party for any recitals, statements, representations or warranties made by any Credit Party or any officer thereof contained in this Agreement or any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Credit Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Credit Document or for any failure of any Credit Party or other Person to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Credit Document, or to inspect the properties, books or records of any Credit Party.

SECTION 11.04 Reliance by Agents. Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Credit Parties), independent accountants and other experts selected by such Agent. The Agents may deem and treat the payee of any note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Agents. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all or other requisite Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Agents shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Credit Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans and all other Secured Parties.

SECTION 11.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder, except with respect to any Default or Event of Default in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders unless the Administrative Agent has received notice from a Lender or Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Collateral Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Collateral Agent has received notice from a Lender or Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that an Agent receives such a notice, such Agent shall give notice thereof to the other Agent and the Lenders. Each Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders or any other instructing group of Lenders specified by this Agreement); provided that unless and until each Agent shall have received such directions, the Agents may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as such Agent shall deem advisable in the best interests of the Secured Parties.

SECTION 11.06 Non-Reliance on Agents and Other Lenders. Each Lender (and, if applicable, each other Secured Party) expressly acknowledges that neither the Agents, the Arranger, nor any of their respective officers, directors, employees, agents, attorneys in fact or Affiliates have made any representations or warranties to it and that no act by any Agent or Arranger hereafter taken, including any review of the affairs of a Credit Party or any Affiliate of a Credit Party, shall be deemed to constitute any representation or warranty by any Agent or Arranger to any Lender or any other Secured Party. Each Lender (and, if applicable, each other Secured Party) represents to the Agents and the Arranger that it has, independently and without reliance upon any Agent, Arranger or any other Lender or any other Secured Party, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Credit Parties and their Affiliates and made its own decision to make its Loans hereunder. Each Lender (and, if applicable, each other Secured Party) also represents that it will, independently and without reliance upon any Agent, Arranger or any other Lender or any other Secured Party, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Credit Parties and their Affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by any Agent or Arranger hereunder, the Agents and Arranger shall not have any duty or responsibility to provide any Lender or any other Secured Party with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Credit Party or any Affiliate of a Credit Party that may come into the possession of such Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

SECTION 11.07 Indemnification. The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Credit Parties and without limiting the obligation of the Credit Parties to do so), ratably according to their respective Total Credit Exposure in effect on the date on which indemnification is sought under this Section 11.07 (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Total Credit Exposure immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Credit Documents, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence, bad faith or willful misconduct. The agreements in this Section 11.07 shall survive the payment of the Loans and all other amounts payable hereunder.

SECTION 11.08 Agent in Its Individual Capacity. Each Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Credit Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it, each Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender", "Lenders", "Secured Party" and "Secured Parties" shall include each Agent in its individual capacity.

SECTION 11.09 Successor Agents. Either Agent may resign as Agent upon twenty (20) days' notice to the Lenders, such other Agent and Borrower. If either Agent shall resign as such Agent in its applicable capacity under this Agreement and the other Credit Documents, then the Required Lenders shall appoint a successor agent, which successor agent shall (unless an Event of Default shall have occurred and be continuing) be subject to approval by Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of such Agent in its applicable capacity, and the term "Administrative Agent" or "Collateral Agent", as the case may be, shall mean such successor agent effective upon such appointment and approval, and the former Agent's rights, powers and duties as Agent in its applicable capacity shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders of the Loans. If no applicable successor agent has accepted appointment as such Agent in its applicable capacity by the date that is twenty (20) days following such retiring Agent's notice of resignation, such retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of such Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Agent's resignation as the Administrative Agent or the Collateral Agent, as applicable, the provisions of this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement and the other Credit Documents.

SECTION 11.10 Agents Generally. Except as expressly set forth herein, no Agent shall have any duties or responsibilities hereunder in its capacity as such. No Arranger shall have any obligations or duties whatsoever in such capacity under this Agreement or any other Credit Document and shall incur no liability hereunder or thereunder in such capacity, but all such persons shall have the benefit of the indemnities provided for hereunder.

SECTION 11.11 Restrictions on Actions by Secured Parties; Sharing of Payments.

(a) Each of the Lenders agrees that it shall not, without the express written consent of the Collateral Agent, and that it shall, to the extent it is lawfully entitled to do so, upon the written request of Collateral Agent, set off against the Obligations, any amounts owing by such Lender to any Credit Party or any of their respective Subsidiaries or any deposit accounts of any Credit Party or any of their respective Subsidiaries now or hereafter maintained with such Lender. Each of the Lenders further agrees that it shall not, unless specifically requested to do so in writing by Collateral Agent, take or cause to be taken any action, including, the commencement of any legal or equitable proceedings to enforce any Credit Document against any Credit Party or to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) Subject to Section 12.08(a), if, at any time or times any Lender shall receive (i) by payment, foreclosure, setoff, or otherwise, any proceeds of Collateral or any payments with respect to the Obligations, except for any such proceeds or payments received by such Lender from the Agents pursuant to the terms of this Agreement, or (ii) payments from the Agents in excess of such Lender's pro rata share of all such distributions by Agents, such Lender promptly shall (A) turn the same over to the Collateral Agent, in kind, and with such endorsements as may be required to negotiate the same to the Collateral Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (B) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their pro rata shares; provided that to the extent that such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

(c) The benefit of the provisions of the Credit Documents directly relating to the Collateral or any Lien granted thereunder shall extend to and be available to any Secured Party that is not an Agent or a Lender as long as, by accepting such benefits, such Secured Party agrees, as among the Agents and all other Secured Parties, that such Secured Party is bound by (and, if requested by any Agent, shall confirm such agreement in a writing in form and substance acceptable to the such Agent) this Article XI, including Sections 11.11(a) and (b), and the decisions and actions of the Agents and the Required Lenders (or, where expressly required by the terms of this Agreement, a greater proportion of the Lenders) to the same extent a Lender is bound; provided that, notwithstanding the foregoing, (i) except as set forth specifically herein, each Agent and each Lender shall be entitled to act in its sole discretion, without regard to the interest of such Secured Party, regardless of whether any Obligation to such Secured Party thereafter remains outstanding, is deprived of the benefit of the Collateral, becomes unsecured or is otherwise affected or put in jeopardy thereby, and without any duty or liability to such Secured Party or any such Obligation and (ii) except as specifically set forth herein, such Secured Party shall not have any right to be notified of, consent to, direct, require or be heard with respect to, any action taken or omitted in respect of the Collateral or under any Credit Document.

(d) Without limitation of any other provision in this Agreement, if at any time the Administrative Agent makes a payment hereunder in error to any Lender, whether or not in respect of an Obligation due and owing by the Borrower at such time, where such payment is a Rescindable Amount, then in any such event, such Lender receiving a Rescindable Amount severally agrees to repay to the Administrative Agent forthwith on demand the Rescindable Amount received by such Lender in immediately available funds in the currency so received, with interest thereon, for each day from and including the date such Rescindable Amount is received by it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Each Lender irrevocably waives any and all defenses, including any "discharge for value" (under which a creditor might otherwise claim a right to retain funds mistakenly paid by a third party in respect of a debt owed by another) or similar defense to its obligation to return any Rescindable Amount. The Administrative Agent shall inform each Lender promptly upon determining that any payment made to such Lender comprised, in whole or in part, a Rescindable Amount.

SECTION 11.12 Agency for Perfection. Collateral Agent hereby appoints each other Secured Party as its agent and as sub-agent for the other Secured Parties (and each Secured Party hereby accepts such appointment) for the purpose of perfecting all Liens with respect to the Collateral, including with respect to assets which, in accordance with Article VIII or Article IX, as applicable, of the Uniform Commercial Code of any applicable state can be perfected only by possession or control. Should any Secured Party obtain possession or control of any such Collateral, such Secured Party shall notify Collateral Agent thereof, and, promptly upon Collateral Agent's request therefor shall deliver possession or control of such Collateral to Collateral Agent and take such other actions as agent or sub-agent in accordance with the Collateral Agent's instructions to the extent, and only to the extent, so authorized or directed by the Collateral Agent.

SECTION 11.13 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of any Credit Party or Subsidiary, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments or this Agreement;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement;

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84- 14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of any Credit Party or Subsidiary, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related hereto or thereto).

ARTICLE XII
Miscellaneous

SECTION 12.01 Amendments and Waivers. Neither this Agreement nor any other Credit Document, nor any terms hereof or thereof, may be amended, supplemented, modified or waived except in accordance with the provisions of this Section 12.01. The Required Lenders may, or, with the prior written consent of the Required Lenders, the Administrative Agent may, from time to time, enter into with the relevant Credit Party or Credit Parties written amendments, supplements or modifications hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or the Credit Parties hereunder or thereunder, waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences or consent to any acts or omissions of the Credit Parties hereunder or under any other Credit Document that, but for such consent, would constitute a Default or Event of Default hereunder or thereunder; provided that no such waiver, amendment, supplement, modification, consent or waiver shall directly or indirectly:

(i) (A) reduce or forgive any portion of any Loan or extend the final scheduled maturity date of any Loan or reduce the stated interest rate (provided that only the consent of the Required Lenders shall be necessary to waive any obligation of Borrower to pay interest at the "default rate" or amend Section 2.09(c)); or (B) reduce or forgive any portion or extend the date for the payment, of any interest or fee payable hereunder (other than as a result of waiving the applicability of any post-default increase in interest rates and other than as a result of a waiver or amendment of any mandatory prepayment of Loans (which shall not constitute an extension, forgiveness or postponement of any date for payment of principal, interest or fees));

(ii) amend or modify any provisions of Section 4.02(d) or any other provision that provides for the *pro rata* nature of disbursements by or payments to Lenders, in each case without the written consent of each Lender;

(iii) amend, modify or waive any provision of this Section 12.01 or reduce the percentages specified in the definitions of the term "Required Lenders" or consent to the assignment or transfer by any Credit Party of its rights and obligations under any Credit Document to which it is a party (except as permitted pursuant to Section 9.03), in each case without the written consent of each Lender directly and adversely affected thereby;

(iv) increase the aggregate amount of any Commitment of any Lender without the consent of such Lender;

(v) amend, modify or waive any provision of Article XI without the written consent of the then-current Collateral Agent and Administrative Agent; or

(vi) release all or substantially all of the Guarantors under Article VI hereof (except as expressly permitted by such Article VI), or release any Liens in favor of the Agents or Lenders on all or substantially all of the Collateral under the Security Documents (except as expressly permitted thereby and in Section 12.18), in each case without the prior written consent of each Lender.

SECTION 12.02 Notices and Other Communications; Facsimile Copies.

(a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder or under any other Credit Document shall be in writing (including by facsimile transmission). All such written notices shall be mailed, faxed or delivered to the applicable address, facsimile number or electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Credit Parties or the Agents, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 12.02 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to Borrower and the Agents.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, three (3) Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail (which form of delivery is subject to the provisions of Section 12.02(c)), when delivered; provided that notices and other communications to the Agents pursuant to Article II shall not be effective until actually received by such Person.

(b) Effectiveness of Facsimile Documents and Signatures. Credit Documents may be transmitted and/or signed by facsimile or other electronic communication. The effectiveness of any such documents and signatures shall have the same force and effect as manually signed originals and shall be binding on all Credit Parties, the Agents and the Lenders.

(c) Reliance by Agents and Lenders. The Agents and the Lenders shall be entitled to rely and act upon any notices purportedly given by or on behalf of any Credit Party even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. All telephonic notices to either Agent may be recorded by such Agent, and each of the parties hereto hereby consents to such recording.

SECTION 12.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of any Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Credit Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

SECTION 12.04 Survival of Representations and Warranties. All representations and warranties made hereunder and in the other Credit Documents shall survive the execution and delivery of this Agreement and the making of the Loans hereunder.

SECTION 12.05 Payment of Expenses and Taxes; Indemnification. Borrower agrees, (a) to pay or reimburse the Agents and Arranger for all their reasonable out-of-pocket costs and expenses incurred in connection with due diligence in respect of the transactions contemplated by this Agreement, the development, preparation and execution of, and any amendment, supplement, or modification to, this Agreement and the other Credit Documents, including in connection with an initial syndication, and any other documents prepared in connection herewith or therewith, and the consummation, monitoring, oversight and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges of counsel retained by, or for the benefit of, the Agents, (b) to pay or reimburse each Lender and the Agents for all their reasonable out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Credit Documents and any such other documents, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans, and including the reasonable fees, disbursements and other charges of counsel to each Lender and of counsel retained by or for the benefit of the Agents, (c) to pay, indemnify, and hold harmless each Lender and the Agents from any and all Other Taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Credit Documents and any such other documents, (d) to pay or reimburse Collateral Agent for all reasonable fees, costs and expenses incurred in exercising its rights under Section 8.16 and (e) to pay, indemnify and hold harmless each Lender, Arranger and the Agents and their respective Related Parties from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, and reasonable out-of-pocket costs, expenses or disbursements of any kind or nature whatsoever, including reasonable fees, disbursements and other charges of counsel, with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Credit Documents and any such other documents, including any of the foregoing relating to the violation of, noncompliance with or liability under, any Environmental Law or any actual or alleged presence of Hazardous Materials applicable to the operations of each Credit Party, any of their respective Subsidiaries or any of their Real Property (all the foregoing in this clause (e), collectively, the "***Indemnified Liabilities***"); provided that the Credit Parties shall not have any obligation hereunder to the Agents, Arranger or any Lender nor any of their Related Parties with respect to Indemnified Liabilities (i) to the extent that any such claimed Indemnified Liability is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from (x) any of the Agent's, Arranger's, any Lender's, or any of their Related Parties' bad faith, gross negligence or willful misconduct or (y) a material breach of such he Agent's, Arranger's, any Lender's, or any of their Related Parties' obligations hereunder or under any other Credit Document or (ii) with respect to any dispute solely among or between the Agents, Arranger, any Lender, or any of their Related Parties that does not arise out of any act or omission of any Credit Party or any its Subsidiaries. The agreements in this Section 12.05 shall survive repayment of the Loans and all other amounts payable hereunder and termination of this Agreement. The indemnification provisions of this Section 12.05 shall not apply with respect to Taxes other than Taxes that represent losses, claims and damages arising from a non-Tax loss, claim or damage and Other Taxes. To the fullest extent permitted by Applicable Law, neither any Agent, Lender or Credit Party shall assert, and each Agent, Lender and Credit Party hereby waives, any claim against any such other party and their respective Related Parties, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Loans or the use of the proceeds thereof. No Lender, Arranger, Agent nor any of their respective Related Parties shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby.

SECTION 12.06 Successors and Assigns; Participations and Assignments; Replacement of Lender.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) except as set forth in Section 9.03, no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Credit Party without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 12.06. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section 12.06) and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement. Notwithstanding anything to the contrary herein, (x) any Lender shall be permitted to pledge or grant a security interest in all or any portion of such Lender's rights hereunder including, but not limited to, any Loans (without the consent of, or notice to or any other action by, any other party hereto) to secure the obligations of such Lender or any of its Affiliates to any Person providing any loan, letter of credit or other extension of credit to or for the account of such Lender or any of its Affiliates and any agent, trustee or representative of such Person and (y) the Agents shall be permitted to pledge or grant a security interest in all or any portion of their respective rights hereunder or under the other Credit Documents, including, but not limited to, rights to payment (without the consent of, or notice to or any other action by, any other party hereto), to secure the obligations of such Agent or any of its Affiliates to any Person providing any loan, letter of credit or other extension of credit to or for the account of such Agent or any of its Affiliates and any agent, trustee or representative of such Person.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments or the Loans at the time owing to it) to a Person that is not a Competitor (or, during the continuance of any Event of Default, to any Person) with the prior written consent (which consent, in each case, shall not be unreasonably withheld, conditioned or delayed) of the Administrative Agent and the Borrower; provided that (x) no consent of the Administrative Agent or the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender or an Approved Fund and the withholding of consent by the Administrative Agent to an assignment to any Affiliate of Borrower shall be deemed to be not unreasonable; provided, further, that no consent of the Borrower shall be needed for any assignment occurring during the continuance of an Event of Default; and (y) the Borrower shall be deemed to have consented to any assignment unless it shall object thereto by written notice to the Administrative Agent within ten days after having received notice thereof.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, the amount of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000, unless the Administrative Agent otherwise consents, which consent, in each case, shall not be unreasonably withheld or delayed; provided, however, that contemporaneous assignments to a single assignee made by Affiliates or related Approved Funds and contemporaneous assignments by a single assignor to Affiliates or related Approved Funds shall be aggregated for purposes of meeting the minimum assignment amount requirement stated above;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement as to the Loans so assigned; provided that this paragraph shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect its Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500; provided that only one such fee shall be payable in connection with simultaneous assignments to two or more Approved Funds;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and

(E) unless consented to by the Required Lenders, no assignment may be made to a Credit Party or an Affiliate of a Credit Party.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(v) of this Section 12.06, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.10, 4.04 and 12.05). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 12.06 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section 12.06.

(iv) The Administrative Agent, acting for this purpose on behalf of Borrower (but not as an agent, fiduciary or for any other purposes), shall maintain a copy of each Assignment and Acceptance delivered to it and a register in the United States for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "***Register***"). Further, the Register shall contain the name and address of the Administrative Agent and the lending office through which each such Person acts under this Agreement. The entries in the Register shall be conclusive absent manifest error, and the Credit Parties, the Agents and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register, as in effect at the close of business on the preceding Business Day, shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder) and any written consent to such assignment required by paragraph (b)(i) of this Section 12.06, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless and until it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of Borrower or the Agents, sell participations to one or more banks or other entities (each, a "***Participant***") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) Borrower, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (D) no such Participant may be a Credit Party or an Affiliate of a Credit Party. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and, as between such Lender, the Credit Parties, the Agents and the other Lenders, to approve any amendment, modification, consent or waiver of any provision of this Agreement or any other Credit Document; provided that, notwithstanding the foregoing, such agreement or instrument may provide that (x) if such Participant is an Affiliate of such Lender, the Participant may, as between itself and such Lender (but not as between such Lender, the Agents, the Credit Parties and the other Lenders), approve any amendment, modification, consent or waiver of any provision of this Agreement or any other Credit Document and (y) such Lender will not, without the consent of the Participant agree to any amendment, modification, consent or waiver described in clause (i) of the first proviso to Section 12.01. Subject to paragraph (c)(ii) of this Section 12.06, Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.09, 2.10 and 4.04 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 12.06. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 12.08(a) as though it were a Lender; provided that such Participant agrees to be subject to Section 12.08(a) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Sections 2.09, 2.10 or 4.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, (A) unless the sale of the participation to such Participant is made with Borrower's prior written consent, and (B) except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 4.04(b) that are greater than the applicable Lender unless Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of Borrower, to comply with Section 4.04(a) and Section 4.04(c) as though it were a Lender.

(iii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain at one of its offices in the United States a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Credit Documents (the "***Participant Register***"). The entries in the Participant Register shall be conclusive absent manifest error, and the Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement. No Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Nothing herein is intended to prevent, impair, limit or otherwise restrict the ability of a Lender to collaterally assign or pledge all or any portion of its interests in the Loans and the other rights and benefits under the Credit Documents to an unaffiliated third party lender of such Lender (each such Person, a "***Collateral Assignee***"); provided that unless and until Borrower receives notification from a Collateral Assignee of such assignment directing payments to be made to such Collateral Assignee, any payment made by Borrower for the benefit of such Lender in accordance with the terms of the Credit Documents shall satisfy Borrower's obligations thereunder to the extent of such payment. Any such Collateral Assignee, upon foreclosure of its security interests in the Loans pursuant to the terms of such assignment and in accordance with Applicable Law, shall succeed to all the interests of or shall be deemed to be a Lender, with all the rights and benefits afforded thereby, and such transfer shall not be deemed to be a transfer for purposes of and otherwise subject to the provisions of this Section 12.06. Notwithstanding the foregoing, Lender shall remain responsible for all obligations and liabilities arising hereunder or under any other Credit Document, and, except as otherwise expressly set forth in any applicable pledge or assignment, nothing herein is intended or shall be construed to impose any obligations upon or constitute an assumption by a Collateral Assignee thereof.

SECTION 12.07 Pledge of Loans. The Credit Parties hereby acknowledge that the Lenders and their Affiliates may pledge the Loans as collateral security for loans to the Lenders or their Affiliates. The Credit Parties shall, to the extent commercially reasonable, cooperate with the Lenders and their Affiliates to effect such pledges at the sole cost and expense of such Lender. Notwithstanding the foregoing, no pledge shall release the Lender party thereto from any of its obligations hereunder.

SECTION 12.08 Adjustments; Set-off.

(a) If any Lender (a "***Benefited Lender***") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 10.01(j), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans or interest thereon, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loans, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The foregoing provisions of this Section 12.08 shall not apply to payments made and applied in accordance with the terms of this Agreement and the other Credit Documents.

(b) After the occurrence and during the continuance of an Event of Default, to the extent consented to by Administrative Agent, in addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to Borrower or any other Credit Party, any such notice being expressly waived by the Credit Parties to the extent permitted by Applicable Law, upon any amount becoming due and payable by Borrower hereunder (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final, but excluding deposit accounts used solely to fund payroll or employee benefits, or deposit accounts that consist of cash collateral subject to Permitted Liens), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of Borrower, as the case may be. Each Lender agrees promptly to notify Borrower and the Agents after any such set-off and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

SECTION 12.09 Counterparts. This Agreement and the other Credit Documents may be executed by one or more of the parties thereto on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Any signature page delivered by telecopy machine or transmitted electronically in Portable Document Format (".pdf") shall be valid and binding to the same extent as an original signature page. Any party who delivers such a signature page agrees to later deliver an original counterpart to any party who requests it. A set of the copies of this Agreement signed by all the parties shall be lodged with Borrower, the Collateral Agent and the Administrative Agent.

SECTION 12.10 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 12.11 Integration. This Agreement and the other Credit Documents represent the agreement of the Credit Parties, the Agents and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by any party hereto or thereto relative to the subject matter hereof not expressly set forth or referred to herein or in the other Credit Documents.

SECTION 12.12 GOVERNING LAW. THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS (UNLESS EXPRESSLY PROVIDED OTHERWISE THEREIN) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF ILLINOIS, WITHOUT REFERENCE TO CONFLICTS OF LAW PROVISIONS WHICH WOULD RESULT IN THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

SECTION 12.13 Submission to Jurisdiction; Waivers. Each party hereto hereby irrevocably and unconditionally:

(a) submits, for itself and its property, to the exclusive jurisdiction of any state court of the State of Illinois sitting in Cook County and of the United States District Court of the Northern District of Illinois, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Credit Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such Illinois State court or, to the extent permitted by Applicable Laws, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Laws. Nothing in this Agreement or any other Credit Document or otherwise shall affect any right that the Administrative Agent, the Collateral Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against any Credit Party or its properties in the courts of any jurisdiction in connection with the exercise of any rights under any Security Document or the enforcement of any judgment;

(b) consents that any such action or proceeding shall be brought in such courts, and agrees not to plead or claim and waives, to the fullest extent permitted by Applicable Laws, any objection that it may now or hereafter have to the venue of any such action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in Section 12.13(a). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the applicable party at its respective address set forth in Schedule 12.02 or on Schedule 1.01 or at such other address of which the Agents shall have been notified pursuant thereto. Nothing in this Agreement or any other Credit Document will affect the right of any party to this Agreement to serve process in any other manner permitted by Applicable Law;

(d) waives, to the maximum extent not prohibited by law, all rights of rescission, setoff, counterclaims, and other defenses in connection with the repayment of the Obligations; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 12.13 any special, exemplary, punitive or consequential damages.

SECTION 12.14 Acknowledgments. Each Credit Party hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) neither the Agents, Arranger, nor any Lender has any fiduciary relationship with or duty to the Credit Parties arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between any Agent, Arranger and Lenders, on one hand, and the Credit Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Credit Parties and the Lenders.

SECTION 12.15 WAIVERS OF JURY TRIAL. THE CREDIT PARTIES, THE AGENTS AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

SECTION 12.16 Confidentiality. Each Agent and Lender shall hold all non-public information relating to any Credit Party or any Subsidiary of any Credit Party obtained pursuant to the requirements of this Agreement or in connection with such Lender's evaluation of whether to become a Lender hereunder ("***Confidential Information***") confidential in accordance with its customary procedure for handling confidential information of this nature and (in the case of a Lender that is a bank) in accordance with safe and sound banking practices; provided that Confidential Information may be disclosed by any Agent or Lender:

(a) as required or requested by any governmental or regulatory agency or representative thereof;

(b) pursuant to legal or regulatory process;

(c) in connection with the enforcement of any rights or exercise of any remedies by such Agent or Lender under this Agreement or any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document;

(d) to such Agent's or Lender's attorneys, professional advisors, accountants, independent auditors, clients, service providers or Affiliates who will be informed of the confidential nature of such information,

(e) in connection with:

(i) the establishment of any special purpose funding vehicle with respect to the Loans,

(ii) any pledge permitted under Section 12.08;

(iii) any prospective assignment of, or participation in, its rights and obligations pursuant to Section 12.06, to prospective assignees or Participants, as the case may be (it being understood that each such Persons will be informed of the confidential nature of such information and shall have been instructed to keep such information confidential on the same terms as this Section 12.16); and

(iv) any actual or proposed credit facility for loans, letters of credit or other extensions of credit to or for the account of such Agent or Lender or any of its Affiliates, to any Person providing or proposing to provide such loan, letter of credit or other extension of credit or any agent, trustee or representative of such Person (it being understood that each such Persons will be informed of the confidential nature of such information and shall have been instructed to keep such information confidential on the same terms as this Section 12.16); or

(f) to any rating agency;

(g) with the consent of Borrower;

(h) to the extent required, or to the extent counsel to the Agents or to any Lender reasonably determines is required to be disclosed in connection with any public filing by Agents or such Lender;

(i) in connection with the Promotional Rights (as defined below);

provided that in the case of clause (e) hereof, the Person to whom Confidential Information is so disclosed is advised of and has been directed to comply with the provisions of this Section 12.16.

Notwithstanding the foregoing, Agents and each Lender shall have the right to publicize, for general marketing and related promotional purposes, with the prior written consent of Borrower, which consent cannot be unreasonably conditioned, withheld, or delayed, their relationship to Borrower and the fact that they have extended the Loan to Borrower (the "***Promotional Rights***") and, in connection therewith, Borrower hereby grants to each Agent and each Lender a royalty free, non-exclusive limited license to use Borrower's name, trade name, trademarks, logos, trade dress and other identifying intellectual property, now existing or hereafter acquired, in any literature, advertisements, websites, promotional or other marketing materials now or hereafter used by such Agent or Lender.

Notwithstanding the foregoing, no Agent or Lender shall have any obligation to keep information confidential if such information: (i) is or becomes public from a source other than an Agent or a Lender, or one of an Agent's or a Lender's Affiliates, consultants or legal or financial advisors in breach of this Agreement, (ii) is, was or becomes known on a non-confidential basis (to the best of such Agent's or Lender's knowledge after reasonable inquiry) to or discovered by an Agent or Lender, Lenders or any of their Affiliates, consultants or legal or financial advisors independently from communications by or on behalf of any Credit Party, or (iii) is independently developed by an Agent without use of such confidential information, provided that, the source of such information was not known to be bound by a confidentiality agreement with (or subject to any other contractual, legal or fiduciary obligation of confidentiality to) the relevant Credit Party.

EACH LENDER ACKNOWLEDGES THAT CONFIDENTIAL INFORMATION (AS DEFINED IN THIS SECTION 12.16) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING WAIVERS AND AMENDMENTS, FURNISHED BY THE CREDIT PARTIES OR ANY AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE CREDIT PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE CREDIT PARTIES AND THE AGENTS THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 12.17 Press Releases, etc. Each Credit Party will not, and will not permit any of its respective Subsidiaries, directly or indirectly, to publish any press release or other similar public disclosure or announcements (including any marketing materials) regarding this Agreement, the other Credit Documents, or any of the Transactions, without the consent of the Administrative Agent, which consent shall not be unreasonably withheld.

SECTION 12.18 Releases of Guarantees and Liens. (a) Notwithstanding anything to the contrary contained herein or in any other Credit Document, the Collateral Agent is hereby irrevocably authorized by each Secured Party (without requirement of notice to or consent of any Secured Party) to take any action requested by Borrower having the effect of releasing any Liens on Collateral or guarantee obligations (i) to the extent necessary to permit consummation of any transaction not prohibited by any Credit Document or that has been consented to in accordance with Section 12.01 or (ii) under the circumstances described in paragraph (b) below.

(b) At such time as (i) the Loans and the other Obligations (other than Unasserted Contingent Obligations) shall have been paid in full and (ii) the Commitments have been terminated, the Collateral shall be released from the Liens created by the Security Documents, and the Security Documents and all obligations (other than those expressly stated to survive such termination) of the Collateral Agent and each Credit Party under the Security Documents shall terminate, all without delivery of any instrument or performance of any act by any Person.

(c) Upon request by the Collateral Agent at any time, the Required Lenders will confirm in writing the Collateral Agent's authority to release its interest in particular types or items of property, or to release any guarantee obligations pursuant to this Section 12.18. In each case as specified in this Section 12.18, the Collateral Agent will (and each Lender irrevocably authorizes the Collateral Agent to), at Borrower's expense, execute and deliver to the applicable Credit Party such documents as such Credit Party may reasonably request to evidence the release of such item of Collateral or guarantee obligation from the assignment and security interest granted under the Security Documents, in each case in accordance with the terms of the Credit Documents and this Section 12.18.

SECTION 12.19 USA Patriot Act. Each Lender hereby notifies each Credit Party that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "***Patriot Act***"), it is required to obtain, verify and record information that identifies the Credit Parties, which information includes the name and address of each Credit Party and other information that will allow such Lender to identify each Credit Party in accordance with the Patriot Act. Each Credit Party agrees to provide all such information to the Lenders upon request by any Agent at any time, whether with respect to any Person who is a Credit Party on the Restatement Date or who becomes a Credit Party thereafter.

Without limiting the foregoing, the Credit Parties further acknowledge that, pursuant to the Canadian Anti-Money Laundering & Anti-Terrorism Legislation and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Lenders may be required to obtain, verify and record information regarding the Credit Parties and their respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Credit Parties, and the transactions contemplated hereby. The Borrower shall (and shall cause each Credit Party to) promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or any prospective assignee or Participant of any Lender, in order to comply with any applicable AML Legislation, whether now or hereafter in existence. If Agent has ascertained the identity of any Credit Party or any authorized signatories of any Credit Party for the purposes of applicable AML Legislation, then Agent, (i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and Agent within the meaning of the applicable AML Legislation; and (ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

SECTION 12.20 No Fiduciary Duty. Each Credit Party, on behalf of itself and its Subsidiaries, agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Credit Parties, their respective Subsidiaries and Affiliates, on the one hand, and the Agents, the Arranger, the Lenders and their respective Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Agents, the Arranger, the Lenders or their respective Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

SECTION 12.21 Authorized Officers. The execution of any certificate requirement hereunder by an Authorized Officer shall be considered to have been done solely in such Authorized Officer's capacity as an officer of the applicable Credit Party (and not individually). Notwithstanding anything to the contrary set forth herein, the Secured Parties shall be entitled to rely and act on any certificate, notice or other document delivered by or on behalf of any Person purporting to be an Authorized Officer of a Credit Party and shall have no duty to inquire as to the actual incumbency or authority of such Person.

SECTION 12.22 Judgment Currency. (a) The obligations of the Credit Parties hereunder and under the other Credit Documents to make payments in a specified currency (the "***Obligation Currency***") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by a Secured Party of the full amount of the Obligation Currency expressed to be payable to it under this Agreement or another Credit Document. If, for the purpose of obtaining or enforcing judgment against any Credit Party in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "***Judgment Currency***") an amount due in the Obligation Currency, the conversion shall be made, at the rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the Business Day immediately preceding the date on which the judgment is given (such Business Day being hereinafter referred to as the "***Judgment Currency Conversion Date***").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, Borrower covenants and agrees to pay, or cause to be paid, or remit, or cause to be remitted, such additional amounts, if any (but in any event not a lesser amount), as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining any rate of exchange or currency equivalent for this Section 12.23, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

SECTION 12.23 Subordination of Intercompany Indebtedness. The Credit Parties hereby agree that all present and future Indebtedness of any Credit Party to any other Credit Party ("***Intercompany Indebtedness***") shall be subordinate and junior in right of payment and priority to the Obligations, and each Credit Party agrees not to make, demand, accept or receive any payment in respect of any present or future Intercompany Indebtedness, including any payment received through the exercise of any right of setoff, counterclaim or cross claim, or any collateral therefor, unless and until such time as the Obligations shall have been indefeasibly paid in full; provided that, so long as no Event of Default or Material Default shall have occurred and be continuing and no Event of Default or Material Default shall be caused thereby and such Indebtedness is expressly permitted hereunder, the Credit Parties may make and receive such payments in respect of Intercompany Indebtedness as shall be customary in the ordinary course of the Credit Parties' business. Without in any way limiting the foregoing, in any Insolvency Event, or any receivership, liquidation, reorganization, dissolution or other similar proceedings relative to any Credit Party or to its businesses, properties or assets, the Lenders shall be entitled to receive payment in full of all of the Obligations before any Credit Party shall be entitled to receive any payment in respect of any present or future Intercompany Indebtedness.

SECTION 12.24 Public Lenders. Each Credit Party agrees that the Administrative Agent may, but shall not be obligated to, make the Communications available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system (the "***Platform***"). The Platform is provided "as is" and "as available." Borrower hereby acknowledges that (a) the Administrative Agent may, but shall not be obligated to, make available to the Lenders materials and/or information provided by or on behalf of Borrower hereunder (collectively, the "***Borrower Materials***") by posting Borrower Materials on the Platform and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to Borrower or its securities) (each, a "***Public Lender***"). Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders by the Administrative Agent through the Platform shall be clearly and conspicuously marked "PUBLIC" by the Borrower which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," Borrower shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to Borrower or its securities for purposes of United States federal and state securities laws and Canadian securities laws (provided, however, that to the extent such Borrower Materials constitute Confidential Information, they shall be treated as set forth in Section 12.16); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated as "Public Investor;" and (z) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not marked as "Public Investor." Notwithstanding the foregoing, the following Borrower Materials shall be deemed to have been marked "PUBLIC", unless Borrower notifies the Administrative Agent promptly that any such document contains material non-public information: (1) the Credit Documents and (2) any financial statements delivered by Borrower pursuant to Section 8.01(a), (b) or (c) hereof.

SECTION 12.25 Reserved.

SECTION 12.26 Original Issue Discount. The Credit Parties, Administrative Agent and Lenders, as applicable, agree (i) that the Notes are debt for federal income Tax purposes, (ii) that the Notes issued to the Lenders constitute a single debt instrument for purposes of Sections 1271 through 1275 of the Code and the Treasury Regulations thereunder (pursuant to Treasury Regulations Section 1.1275-2(c)), that such debt instrument is issued with original issue discount ("OID"), and that such debt instrument is described in Treasury Regulations Section 1.1272-1(c)(2) and therefore is governed by the rules set out in Treasury Regulations Section 1.1272-1(c), including Section 1.1272-1(c)(5), and is not governed by the rules set out in Treasury Regulations Section 1.1275-4, (iii) that the Lenders shall have thirty (30) days to review and approve any calculation by the Credit Parties regarding the amount of OID for any accrual period on the Notes, such approval not to be unreasonably withheld, (iv) not to file any Tax Return, report or declaration inconsistent with the foregoing, unless otherwise required by applicable law and (v) any such OID shall constitute principal for all purposes under this Agreement.

SECTION 12.27 Tax Treatment. Borrower and Lenders agree that the Loans are indebtedness of Borrower for U.S. federal income Tax purposes. Each party to this Agreement agrees not to take any Tax position inconsistent with such Tax characterization and shall not report the transactions arising under this Agreement in any manner other than the issuance of debt obligations on all applicable Tax returns unless otherwise required by a final determination within the meaning of Section 1313(a) of the Code (or a similar final determination under state or local Applicable Law).

ARTICLE XIII
Additional Covenants and Agreements.

SECTION 13.01 Cannabis Laws. The Agents and Credit Parties acknowledge that although Canadian Cannabis Laws and certain U.S. State Cannabis Laws have legalized the cultivation, distribution, sale, transfer and possession of cannabis and related products, (a) the nature and scope of U.S. Federal Cannabis Laws may result in circumstances where activities permitted under Canadian Cannabis Laws and U.S. State Cannabis Laws may contravene U.S. Federal Cannabis Laws and (b) engagement in Restricted Cannabis Activities may contravene U.S. Federal Cannabis Laws. Accordingly, for the purpose hereof, each representation, covenant and other provision hereof relating to compliance with Applicable Law will be subject to the following: (i) engagement in any activity that is permitted by Canadian Cannabis Laws or U.S. State Cannabis Laws but contravenes U.S. Federal Cannabis Laws, and in respect of which the applicable Governmental Authority has agreed, or are bound by Applicable Law (e.g., the proposed Secure and Fair Enforcement (SAFE) Banking Act (H.R. 1595) and the proposed Clarifying Law Around Insurance of Marijuana (CLAIM) Act (H.R. 4074 and Senate Bill 2201)), to forego or have otherwise suspended prosecution and enforcement of such U.S. Federal Cannabis Laws will not, in and of itself, be deemed to be non-compliance with Applicable Law; (ii) engagement in any Restricted Cannabis Activity will be deemed to be non-compliance with Applicable Law; and (iii) if any Change in Cannabis Law results in the business activities of any Credit Party becoming Restricted Cannabis Activities, such Change in Cannabis Law will be deemed to have had a Material Adverse Effect. Nothing contained in this Agreement shall require Credit Parties to violate any provision of the Canadian Cannabis Law or U.S. State Cannabis Law or its attending regulations, as applicable.

SECTION 13.02 Amendment and Restatement. This Agreement amends and restates, but does not extinguish and is not a novation or an accord and satisfaction of, the Original Credit Agreement, and any indebtedness outstanding thereunder shall be deemed to be outstanding under this Agreement. All commitments to extend credit under the Original Credit Agreement shall be irrevocably terminated upon the effectiveness of this Agreement. Nothing in this Agreement shall be deemed to release or otherwise adversely affect any Lien, mortgage or security interest securing any indebtedness outstanding under the Original Credit Agreement or any rights of the Agents or any Lender against any guarantor, surety or other party primarily or secondarily liable for such indebtedness. The Credit Parties hereby acknowledge and agree that all Liens securing the "Obligations" under, and as defined in, the Original Credit Agreement are hereby ratified, renewed, and extended to secure the Obligations (as defined in this Agreement).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK - SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

BORROWER:

[SIGNATURE BLOCKS TO BE INSERTED WHEN FINAL.]

ADMINISTRATIVE AGENT AND COLLATERAL AGENT:

CHICAGO ATLANTIC ADVISERS, LLC

By: _____
Name: Andreas Bodmeier
Title: Authorized Person

LENDERS:

[***]

By: [***]
Name: [***]
Title: Authorized Person

[***]

By: [***]
Name: [***]
Title: Authorized Person

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By: [***]
Name: [***]
Title: Authorized Person

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Name: [***]
Title:

SCHEDULE 1.01
Commitments

[***]

Schedule 7.04
Litigation

[***]

Schedule 7.12
Subsidiaries; Opcos

[***]

Schedule 7.13
Intellectual Property

[***]

Schedule 7.14
Environmental Matters

[***]

Schedule 7.15
Real Property

[***]

Schedule 7.18
Principal Place of Business/Chief Executive Office

[***]

Schedule 7.21
Contractual or Other Restrictions

[***]

Schedule 7.22
Collective Bargaining Agreements

[***]

Schedule 7.23
Insurance

[***]

Schedule 7.24
Existing Indebtedness

[***]

Schedule 7.25
Deposit Accounts and Securities Accounts

[***]

Schedule 7.27
Material Contracts; Regulatory Licenses; Opco Agreements

[***]

Schedule 7.29
Sales Tracking Software and Accounting Software

[***]

Schedule 7.30
Transactions with Affiliates

[***]

Schedule 7.33
Holding Companies

[***]

Schedule 9.02
Liens

[***]

Schedule 9.04
Dispositions

[***]

Schedule 9.05
Investments

[***]

Schedule 9.10
Restrictive Agreements

[***]

SCHEDULE 12.02
Addresses for Notices

[***]

Exhibit 4.7

Certain confidential information contained in this document, marked by brackets, was omitted because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential. "[***]" indicates where the information has been omitted from this document.

OMNIBUS AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT AND AMENDED AND RESTATED SECURITY AGREEMENT

THIS OMNIBUS AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT AND AMENDED AND RESTATED SECURITY AGREEMENT (this "Amendment") is dated as of May 20, 2021, among VERANO HOLDINGS CORP., a British Columbia corporation (the "Parent"), the other Credit Parties (as defined in the hereinafter-defined Credit Agreement), the Lenders (as defined in the Credit Agreement) party hereto, CHICAGO ATLANTIC ADMIN, LLC, a Delaware limited liability company (as assignee of Chicago Atlantic Advisers, LLC, a Delaware limited liability company; hereafter, "Chicago Atlantic"), as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent") and Chicago Atlantic, as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent", and together with the Administrative Agent, collectively, the "Agents" and each, an "Agent"), and the Individual Guarantors party hereto.

Recitals:

WHEREAS, reference is made to (a) that certain Amended and Restated Credit Agreement dated as of May 10, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms in the Credit Agreement), among the Borrower, the other Credit Parties from time to time party thereto, the Lenders from time to time party thereto and the Agents, and (b) that certain Amended and Restated Security Agreement dated as of May 10, 2021, among the Credit Parties from time to time party thereto and the Collateral Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement") among the Credit Parties party thereto and the Collateral Agent;

WHEREAS, the Credit Parties have requested that the Agents and the Lenders agree to amend certain provisions of the Credit Agreement and the Security Agreement, and, subject to the terms and conditions of this Amendment, the Agents and the Lenders have agreed to such request; and

WHEREAS, this Amendment is required to be entered into as a condition to the effectiveness of the Credit Agreement and the Security Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendments to Credit Agreement.

(a) The list of Schedules included after the Table of Contents in the Credit Agreement is hereby modified and amended by amending and restating such list in its entirety as follows:

SCHEDULES

Schedule 1.01	Commitments
Schedule 7.04	Litigation
Schedule 7.12	Subsidiaries
Schedule 7.13	Intellectual Property
Schedule 7.14	Environmental Matters
Schedule 7.15	Real Property
Schedule 7.18	Principal Place of Business
Schedule 7.22	Collective Bargaining Agreements

Schedule 7.23	Insurance
Schedule 7.24	Existing Indebtedness
Schedule 7.25	Accounts
Schedule 7.27(a)	Material Contracts
Schedule 7.27(b)	Regulatory Licenses
Schedule 7.27(c)	Opco Agreements
Schedule 7.29	Sales Tracking Software
Schedule 7.33	Holding Companies
Schedule 7.30	Transactions with Affiliates
Schedule 8.17	Post-Closing Covenants
Schedule 9.02	Liens
Schedule 9.04	Dispositions
Schedule 9.05	Investments
Schedule 9.10	Restrictive Agreements
Schedule 12.02	Addresses for Notices

(b) Section 1.01 of the Credit Agreement, Defined Terms, is hereby modified and amended by amending and restating the definitions of "Excluded Accounts", "Individual Pledge Agreement", "Individual Reaffirmation Agreement" and "Liquidity" in their respective entirety as follows:

""***Excluded Accounts***" means (i) deposit accounts used solely to fund payroll or employee benefits, (ii) escrow or trust accounts, (iii) zero balance accounts and (iv) unless the Collateral Agent receives a Control Agreement with respect thereto, those deposit accounts noted as "Excluded Account (<25%)" on Schedule 7.25 as of the Signing Date.

"***Individual Pledge Agreement***" shall mean that certain Amended and Restated Limited Recourse Guaranty and Pledge Agreement dated as of the Restatement Date from certain Individual Guarantors in favor of the Collateral Agent, for the benefit of the Secured Parties, as may be amended or modified from time to time.

"***Individual Reaffirmation Agreement***" shall mean [reserved].

"***Liquidity***" shall mean the sum, for the Credit Parties, of unrestricted cash and Cash Equivalents, in each case, which is held in a deposit account subject to the Lien of the Collateral Agent and a Control Agreement."

(c) Section 2.05 of the Credit Agreement, Disbursement of Funds, is hereby modified and amended by amending and restating the first sentence of such Section in its entirety as follows:

"The borrowing of Loans to be made on the Restatement Date shall be requested in writing by Borrower to the Administrative Agent at least one (1) Business Day prior to the Restatement Date, which such written request shall be irrevocable and shall be in form and substance acceptable to the Administrative Agent."

(d) Section 11.09 of the Credit Agreement, Successor Agents, is hereby modified and amended by amending and restating such Section in its entirety as follows:

"SECTION 11.09 Successor Agents. Either Agent may resign as Agent upon twenty (20) days' notice to the Lenders, such other Agent and Borrower. If either Agent shall resign as such Agent in its applicable capacity under this Agreement and the other Credit Documents, then the Required Lenders shall appoint a successor agent, which successor agent shall (unless an Event of Default shall have occurred and be continuing) be subject to approval by Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of such Agent in its applicable capacity, and the term "Administrative Agent" or "Collateral Agent", as the case may be, shall mean such successor agent effective upon such appointment and approval, and the former Agent's rights, powers and duties as Agent in its applicable capacity shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders of the Loans. If no applicable successor agent has accepted appointment as such Agent in its applicable capacity by the date that is twenty (20) days following such retiring Agent's notice of resignation, such retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of such Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Agent's resignation as the Administrative Agent or the Collateral Agent, as applicable, the provisions of this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement and the other Credit Documents. Notwithstanding the foregoing, Chicago Atlantic may resign as either or both Agents, and choose a successor for each applicable capacity, without notice to, or the consent of, the other Agent, the Lenders (including Required Lenders) or Borrower if such successor is an Affiliate of Chicago Atlantic, and the Lenders and Borrower are deemed to have consented to any such resignation and choice of successor prior to the effectiveness of this sentence."

(e) The Credit Agreement is hereby modified and amended by deleting all references to "Restatement Date" in the definitions of Parent Pledge Agreement, Patent Security Agreements and Trademark Security Agreements, Section 5.02(e), the second line of Section 5.02(f) and Section 5.02(h)(i) and in place thereof inserting "May 20, 2021."

(f) The Credit Agreement is hereby further modified and amended by amending and restating the Schedules to the Credit Agreement in their respective entirety as set forth in Exhibit A attached hereto.

2. Amendment to Security Agreement. The Security Agreement is hereby modified and amended by amending and restating the Schedules to the Security Agreement in their respective entirety as set forth in Exhibit B attached hereto.

3. Representations, Warranties and Acknowledgments of the Credit Parties and the Individual Guarantors.

(a) Representations and Warranties of the Credit Parties. In order to induce the Lenders and the Agents to enter into this Amendment and to induce the Lenders to make the Loans under the Credit Agreement, each Credit Party hereby represents and warrants to the Lenders and the Agents on and as of the Restatement Date that:

(i) Each Credit Party (A) is a duly organized or formed and validly existing limited liability company or other registered entity in good standing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact the business in which it is engaged and (B) has duly qualified and is authorized to do business and is in good standing in all jurisdictions where it does business or owns assets, except, in the case of this clause (b), where the failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

(ii) Each Credit Party has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of this Amendment and the other Credit Documents to which it is a party and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Amendment and the other Credit Documents to which it is a party. Each Credit Party has duly executed and delivered this Amendment and the other Credit Documents to which it is a party and such Credit Documents constitute the legal, valid and binding obligation of such Credit Party enforceable against each Credit Party that is a party thereto in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, moratorium, examinership, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

(iii) None of (A) the execution, delivery and performance by any Credit Party of this Amendment or the other Credit Documents to which it is a party and compliance with the terms and provisions thereof, (B) the consummation of the Transactions or the other Credit Documents will (1) contravene any applicable provision of any material Applicable Law of any Governmental Authority, other than U.S. Federal Cannabis Laws, (2) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of any Credit Party or Subsidiary (other than Liens created under the Credit Documents) pursuant to, (I) the terms of any material indenture, loan agreement, lease agreement, mortgage or deed of trust, or (II) any other Material Contract, in the case of any of clauses (I) and (II) to which any Credit Party or Subsidiary is a party or by which it or any of its property or assets is bound or (3) violate any provision of the Organization Documents or Permit of any Credit Party or Subsidiary, except with respect to any conflict, breach or contravention or default (but not creation of Liens) referred to in clause (2), to the extent that such conflict, breach, contravention or default could not reasonably be expected to have a Material Adverse Effect.

(iv) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person, and no consent or approval under any contract or instrument (other than those that have been duly obtained or made and which are in full force and effect, or if not obtained or made, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect) is required for the consummation of the Transactions or the due execution, delivery or performance by any Credit Party of this Amendment or any other Credit Document to which it is a party, or for the due execution, delivery or performance of this Amendment or the other Credit Documents, in each case by any of the Credit Parties party thereto. There does not exist any judgment, order, injunction or other restraint issued or filed with respect to the transactions contemplated by the Credit Documents, the consummation of the Transactions, the making of the Loans or the performance by the Credit Parties of their Obligations under this Amendment and the other Credit Documents.

(v) The representations and warranties of each Credit Party set forth in the Credit Agreement and in any other Credit Document are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the Restatement Date (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date).

(b) Representations and Warranties of the Individual Guarantors. In order to induce the Lenders and the Agents to enter into this Amendment and to induce the Lenders to make the Loans under the Credit Agreement, each Individual Guarantor hereby represents and warrants to the Lenders and the Agents on and as of the Restatement Date that:

(i) Such Individual Guarantor has duly executed and delivered this Amendment and the other Credit Documents to which it is a party and such Credit Documents constitute the legal, valid and binding obligation of such Individual Guarantor enforceable against such Individual Guarantor that is a party thereto in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, moratorium, examinership, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

(ii) None of (A) the execution, delivery and performance by any Individual Guarantor of this Amendment or the other Credit Documents to which it is a party and compliance with the terms and provisions thereof, (B) the consummation of the Transactions or the other Credit Documents will (1) contravene any applicable provision of any material Applicable Law of any Governmental Authority, other than U.S. Federal Cannabis Laws, or (2) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Individual Guarantor (other than Liens created under the Credit Documents) pursuant to, (I) the terms of any material indenture, loan agreement, lease agreement, mortgage or deed of trust, or (II) any other Material Contract, in the case of any of clauses (I) and (II) to which such Individual Guarantor is a party or by which it or any of its property or assets is bound, except with respect to any conflict, breach or contravention or default (but not creation of Liens) referred to in clause (2), to the extent that such conflict, breach, contravention or default could not reasonably be expected to have a Material Adverse Effect.

(iii) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person, and no consent or approval under any contract or instrument (other than those that have been duly obtained or made and which are in full force and effect, or if not obtained or made, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect) is required for the consummation of the Transactions or the due execution, delivery or performance by such Individual Guarantor of this Amendment or any other Credit Document to which it is a party, or for the due execution, delivery or performance of this Amendment or the other Credit Documents, in each case by such Individual Guarantor. There does not exist any judgment, order, injunction or other restraint issued or filed with respect to the transactions contemplated by the Credit Documents, the consummation of the Transactions, the making of the Loans or the performance by such Individual Guarantor of its Obligations under this Amendment and the other Credit Documents.

(iv) The representations and warranties of such Individual Guarantor set forth in the Individual Pledge Agreement and in any other Credit Document are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the Restatement Date (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date).

4. Reaffirmation of Obligations. Each of the Credit Parties and the Individual Guarantors hereby (a) reaffirms and confirms (i) the execution and delivery of, and all of its obligations under, the Credit Documents to which it is a party, including, without limitation, the Credit Agreement and the Security Agreement, and agrees that this Amendment does not operate to reduce or discharge any Credit Party's or any Individual Guarantor's obligations under such Credit Documents or constitute a novation of any indebtedness or other obligations under any Credit Documents, and (ii) its guarantees, pledges, grants and other undertakings under the Credit Agreement and the other Credit Documents to which it is a party, (b) agrees that (i) each Credit Document to which it is a party shall continue to be in full force and effect and (ii) all guarantees, pledges, grants and other undertakings thereunder shall continue to be in full force and effect and shall accrue to the benefit of the Secured Parties, and (c) reaffirms and confirms the continuing security interests in its respective assets granted in favor of the Collateral Agent pursuant to each of the Security Documents. Each of the Credit Parties and the Individual Guarantors hereby acknowledges and consents to the transactions contemplated by, and the execution and delivery of, this Amendment and the other Credit Documents.

5. Conditions Precedent to Effectiveness. This Amendment shall become effective as of the Restatement Date when, and only when, (a) the Administrative Agent shall have received counterparts of this Amendment executed by the Credit Parties, the Agent and the Lenders constituting Required Lenders, in form and substance satisfactory to the Administrative Agent and (b) Restatement Date shall be occurred.

6. Incorporation by Reference. Sections 12.05, 12.13 and 12.15 of the Credit Agreement are hereby incorporated by reference, mutatis mutandis, as if such Sections were set forth in full herein.

7. Miscellaneous.

(a) Amendment, Modification and Waiver. This Amendment may not be amended and no provision hereof may be waived except pursuant to a writing signed by each of the parties hereto.

(b) Governing Law. This Amendment and any claims controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Amendment and the transactions contemplated hereby shall be governed by, and construed in accordance with, the laws of the State of Illinois, without reference to conflicts of law provisions which would result in the application of the laws of any other jurisdiction.

(c) Severability. Any term or provision of this Amendment that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Amendment or affecting the validity or enforceability of any of the terms or provisions of this Amendment in any other jurisdiction. If any provision of this Amendment is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.

(d) Counterparts; Integration; Effectiveness. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment, the Credit Agreement (as amended hereby) and the other Credit Documents constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4 hereof, this Amendment shall become effective when it shall have been executed by Agent and when Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Amendment.

(e) Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(f) Reference to and Effect on the Credit Agreement and the Other Credit Documents. On and after the Restatement Date, (i) each reference in the Credit Agreement to “this Agreement”, “hereunder”, “herein” or words of like import referring to the Credit Agreement, and each reference in the other Credit Documents to the “Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment and (ii) each reference in the Security Agreement to “this Agreement”, “hereunder”, “herein” or words of like import referring to the Security Agreement, and each reference in the other Credit Documents to the “Security Agreement”, “thereunder”, “thereof” or words of like import referring to the Security Agreement shall mean and be a reference to the Security Agreement as amended by this Amendment. Except as specifically amended by this Amendment, the Credit Agreement, the Security Agreement and the other Credit Documents shall remain in full force and effect and are hereby ratified and confirmed and this Amendment shall not be considered a novation. The execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of Agent or Lender under, the Credit Agreement or any of the other Credit Documents. This Amendment shall be deemed to be a Credit Document as defined in the Credit Agreement.

8. Construction. This Amendment has been prepared through the joint efforts of all of the parties hereto. Neither the provisions of this Amendment, nor any alleged ambiguity herein, shall be interpreted or resolved against any party on the grounds that such party or its counsel drafted this Amendment, or based on any other rule of strict construction. Each of the parties represents that such party has carefully read this Amendment and that such party knows the contents hereof and has signed the same freely and voluntarily.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered effective as of the Restatement Date.

CREDIT PARTIES:

VERANO HOLDINGS CORP.

By: */s/ "George Archos"*
Name: George P. Archos
Title: Chief Executive Officer

[***]
By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

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By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

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By: its Manager, [***]

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Name: George Archos
Title: Chief Executive Officer

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Name: George Archos
Title: Chief Executive Officer

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Name: George Archos
Title: Chief Executive Officer

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By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

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Name: George Archos
Title: Manager

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By: */s/ "George Archos"*
Name: George Archos
Title: Manager

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By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

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By: */s/ "George Archos"*
Name: George Archos
Title: Manager

ALTMED, LLC

By: */s/ "George Archos"*
Name: George Archos
Title: Manager

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By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

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By: its Manager, [***]

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Name: George Archos
Title: Chief Executive Officer

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Name: George Archos
Title: Manager

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By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

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By: */s/ "George Archos"*
Name: George Archos
Title: Director

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By: its Manager, [***]
By: its Manager, [***]

By:
Name: George Archos
Title: Chief Executive Officer

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By: its Manager, [***]

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Name: George Archos
Title: Chief Executive Officer

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Title: Manager

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By: its Manager, [***]

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Title: Chief Executive Officer

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Title: Chief Executive Officer

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Name: George Archos
Title: Chief Executive Officer

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By: its sole member, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

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By: its Manager, [***]

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Name: George Archos
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By: its sole member, [***]

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Name: George Archos
Title: Chief Executive Officer

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By: its sole member, [***]

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Title: Chief Executive Officer

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Title: Chief Executive Officer

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Title: Chief Executive Officer

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By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

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By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Authorized Person

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By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

[***]

By: */s/ "George Archos"*
Name: George Archos
Title: Manager

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By: its Manager, [***]
By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Trustee

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By: */s/ "George Archos"*
Name: George Archos
Title: Manager

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By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

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By: */s/ "George Archos"*
Name: George Archos
Title: Authorized Person

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By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Chief Executive Officer

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By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Trustee

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Title: Manager

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Title: Manager

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Title: Manager

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Name: George Archos
Title: Manager

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By: its Manager, [***]
By: its Manager, [***]

By: */s/ "George Archos"*
Name: George Archos
Title: Trustee

ADMINISTRATIVE AGENT AND COLLATERAL AGENT:

CHICAGO ATLANTIC ADMIN, LLC

By: _____
Name: Andreas Bodmeier
Title: Authorized Person

LENDERS:

[***]

By: [***]
Name: [***]
Title: Authorized Person

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By: [***]
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Title: Authorized Person

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By: [***]
Name: [***]
Title:

SCHEDULE 1.01
Commitments

[***]

Schedule 7.04
Litigation

[***]

Schedule 7.12
Subsidiaries; Opcos

[***]

Schedule 7.13
Intellectual Property

[***]

Schedule 7.14
Environmental Matters

[***]

Schedule 7.15
Real Property

[***]

Schedule 7.18
Principal Place of Business/Chief Executive Office

[***]

Schedule 7.21
Contractual or Other Restrictions

[***]

Schedule 7.23
Insurance

[***]

Schedule 7.24
Existing Indebtedness

[***]

Schedule 7.25
Deposit Accounts and Securities Accounts

[***]

Schedule 7.27
Material Contracts; Regulatory Licenses; Opco Agreements

[***]

Schedule 7.29
Sales Tracking Software and Accounting Software

[***]

Schedule 7.30
Transactions with Affiliates

[***]

Schedule 7.33
Holding Companies

[***]

Schedule 8.17
Post-Closing Covenants

[***]

Schedule 9.02
Liens

[***]

Schedule 9.04
Dispositions

[***]

Schedule 9.05
Investments

[***]

Schedule 9.10
Restrictive Agreements

[***]

SCHEDULE 12.02
Addresses for Notices

[***]

Certain confidential information contained in this document, marked by brackets, was omitted because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential. "[***]" indicates where the information has been omitted from this document.

LICENSE AND CONSULTING AGREEMENT

THIS LICENSE AND CONSULTING AGREEMENT (the "Agreement") is entered into as of February 20, 2020, by and between, THE CIMA GROUP LLC, a Colorado limited liability company, with its principal place of business located at 1668 Valtec Lane Boulder, CO 80301 **("Licensor")**, and Plants of Ruskin LLC with its principal place of business located at 5909 US Highway 41 North, Apollo Beach, FL 33616 **("Licensee").** Licensor and Licensee are each a **"Party"** and together the **"Parties"**.

Recitals

A. Licensor is the developer and owner of the "Intellectual Property" or "Licensed IP" (as defined below) related to cannabinoid-infused products.

B. Licensor has experience developing a market for sales of its cannabinoid-infused products.

C. Licensee wishes to use the Intellectual Property and Licensor's expertise in connection with the manufacture, sale and distribution of the "Licensed Products" (as defined below) in the state of Florida (the "Territory").

Agreement

IN CONSIDERATION OF the mutual promises and covenants contained in this Agreement, the Parties agree as follows:

1. Grant of License. Licensor hereby grants to Licensee, subject to the terms and conditions of this Agreement, a non-transferable, revocable, exclusive license (the "License") to the Licensed IP to create, produce, manufacture, advertise, promote, market and sell the products set forth on Exhibit A (the **"Licensed Products") in** the Territory until the expiration or early termination of this Agreement. "Licensed **IP"** (sometimes referred to in this Agreement as "Intellectual Property" means, with respect to the Licensed Products in the Territory: (a) test results, databases, and notebook entries developed or made as a result of the performance of this Agreement, all of which shall immediately become the property of Licensor, whether created by Licensor or Licensee **("Data");** (b) Any art or process, method, machine, manufacture, design, formulation, or composition of matter, or any new and useful improvement thereof, developed or made as a result of this Agreement which is or may be patentable under the patent laws of the United States, all of which shall immediately become the property of Licensor, whether created by Licensor or Licensee ("Inventions"; (c) Standard operating procedures, formulations, recipes, production technology, packaging methodologies, information, distribution and sales networks and skills **("Know How");** and (d) Brands, trademarks, trade dress and service marks, whether registered or unregistered **("Marks").** In consideration for the License, Licensee shall pay to Licensor the License Fee set forth on Exhibit B. Notwithstanding anything to the contrary, **"Licensed IP"** shall not include any industry standard or generic formulations, recipes, or combinations, and shall not include any of the foregoing that relate to products other than the Licensed Products.

2. Acceptance of License. Licensee hereby accepts the License and shall create, produce, manufacture, advertise, promote, market and sell the Licensed Products only in accordance with the terms and conditions set forth in this Agreement. Licensee shall notify Licensor promptly, in writing, if Licensee becomes aware of any uses of the Licensed Names or names that are confusingly similar to the Licensed Names.

3. Term.

(a) Subject to the provisions below, the term of this Agreement shall be one (1) year, commencing thirty (30) days after the retail sale of the Licensed Products becomes legal in the Territory **("Initial Term").** The Parties shall meet three (3) months prior to the expiration of the Initial Term, to discuss the potential renewal of this Agreement in accordance with this Section. The Parties may agree (but shall have no obligation) to extend the term of the current Agreement **("Extended Term")** and/or negotiate new or additional rights and/or obligations under the Agreement at any time during the Initial Term, pursuant to a written agreement signed by both Parties. The Initial Term and any and all Extended Term(s) shall be referred to collectively as the **"Term".**

(b) Notwithstanding Section 3(a), this agreement shall automatically renew for two (2) years after the Initial Term if either: i) Licensee's gummy edible market share, measured as a percentage of total edible gummy sales, in the immediately preceding calendar month is within the top two (2) of all Medical Marijuana Treatment Clinics in Florida, or, ii) (if such a calculation of market share cannot be made using available market sales data) Licensee can prove an average minimum sales threshold of $12,000.00 per month, for each store open more than one (1) year, during the final three months of the initial term.

(c) Notwithstanding Section 3(a), Licensor shall have the right to terminate, or renegotiate, this Agreement prior to the expiration of the Term for: i) a change in Florida state law that results in the removal of current vertical integration requirements; and ii) if said change in Florida state law results in the Licensee's inability to demonstrate the cultivation and manufacturing capacity to meet market demand for the Licensed Products.

(d) Notwithstanding Section 3(a), either Party may terminate this Agreement prior to the expiration of the Term for breach of this Agreement as follows: Following a breach, the non-breaching Party shall give the breaching Party written notice of the breach. If the breach remains uncured for 14 days after the date of such written notice, then the non-breaching Party may terminate this Agreement by giving thirty (30) days written notice of termination. For purposes of this Section 3, the inability of Licensee to meet the agreed upon launch schedule or agreed upon modifications to the schedule shall be considered a breach of this Agreement. Licensor may terminate this Agreement prior to the expiration of the Term without Licensee having a right to cure for: i) material violation by Licensee of Applicable Law; or ii) the inability to produce a sufficient quantity of the Licensed Products to meet reasonably anticipated demand.

(e) Notwithstanding Section 3(a), Licensor shall have the right to terminate this Agreement prior to the expiration of the Term for a change in Licensor's ownership as follows: If 50% or more of the ownership of Licensor (cumulatively) is transferred to a third-party that is unrelated to any of the other, current owners, then Licensor shall have the right to terminate this Agreement by giving thirty (30) days written notice of termination and by paying Licensee eight times the amount of the immediately preceding three-months' revenue for Licensee's sale of products subject to this Agreement.

(f) Notwithstanding Section 3(a), Licensee shall have the right to terminate this Agreement prior to the expiration of the Term for a change in Licensee's ownership as follows: If 50% or more of the ownership of Licensee (cumulatively) is transferred to a third-party that is unrelated to any of the other, current owners, then Licensee shall have the right to terminate this Agreement by giving thirty (30) days written notice of termination and by paying Licensor four times the amount of the immediately preceding three-months' revenue for Licensee's sale of products subject to this Agreement.

(g) Notwithstanding Section 3(a), Licensor shall have the right to terminate this Agreement prior to the expiration of the Term for a change in federal laws allowing the interstate shipment of cannabis products by giving thirty (30) days written notice of termination.

(h) Notwithstanding Section 3(a), if a change is made to Florida state law, allowing for the sale of recreational cannabis products, Licensor and Licensee shall renegotiate the terms of this Agreement prior to the expiration of the Term.

(i) Notwithstanding Section 3(a), either Party shall have the right to terminate this Agreement prior to the expiration of the Term if the Florida Department of Health, or successor agency, fails to grant any variance necessary to implement this Agreement, including, but not limited to: the dispensing or sale of edible gummies; production, branding, packaging or marketing; floor plan and facility layout; and, standard operating procedures.

4. Effects of Expiration and/or Termination: Upon termination or expiration of this Agreement for any reason, the obligations of each Party shall cease, except that Licensee shall (a) pay to Licensor the License Fee and any and all monies owed pursuant to the Exhibit B for charges for all services performed by Licensor and (b) have sixty (60) days **("Sell-Off Period")** to sell any Licensed Product in Licensee's possession or which is a work-in-process at the time of expiration and/or termination. Any Licensed Products sold by Licensee during the Sell-Off Period shall be subject to the License Fee described in Exhibit B. Upon the expiration or termination of the Agreement, Licensee shall immediately: a) cease all use of the Licensed IP; b) cease all manufacturing, marketing and/or sale of the Licensed Products; c) destroy and/or return to Licensor any and all marketing materials related to the Licensed Products and/or Licensed **IP;** and d) return to Licensor all.

5. License Fee. No later than the fifteenth (I5th) day of each calendar month, Licensee shall provide a calculation of the license fee earned by Licensor for the previous calendar month,

in accordance with Exhibit B **("License Fee").** No later than the last day of each calendar month, Licensee shall pay to Licensor the License Fee earned by Licensor for the previous calendar month, in the amount set forth on the calculation. Licensee shall pay to Licensor interest at the rate of one and one-half percent (1.5%) per month, compounded monthly, on any amounts not paid when due.

6. Training.

(a) Licensor shall provide up to 15 days of on-site **R&D,** training in Colorado and on-site training at Licensee's facility and six months of remote support **("Initial Training")** to Licensee's employees in the manufacture of the Licensed Products and SOPs related to the Licensed Products. After the Initial Training, Licensee has the right to obtain additional training and support **("Additional Training")** at the rates outlined in Exhibit B upon reasonable notice. Licensee shall reimburse Licensor for its travel and other reasonable out-of-pocket expenses incurred in providing any and all training beyond the Initial Training following receipt of an invoice therefor. "Training" means a reference to Initial Training and/or Additional Training as the context requires. If the kitchen leadership of Licensee changes during the term of this Agreement, Licensee will send the new leadership to Colorado for training, at Licensee's expense. **"Kitchen Management"** is defined as the person or persons who train Licensee's staff on Cima's processes.

(b) Licensor shall provide up to 10 days of sales training split between Colorado and Licensee's Territory.

7. Development of Marketing and Market Share Goals. Licensor shall consult with

Licensee to help Licensee to develop a marketing strategy for the Licensed Products in the Territory. Licensee shall collect such data as is necessary and desirable to allow the Parties to develop a marketing strategy and market share goals.

(a) Licensor may provide visual merchandising displays and materials at Licensee's request and expense for use by Licensee's customers in the retail sales of the Licensed Products. Licensee shall use commercially reasonable attempts to have its customers for the Licensed Products use such displays and materials.

(b) Within 30 days before the projected launch date, both Parties shall agree on minimum sales targets for the Territory for the first 6 months **("Initial Launch Period").** After the Initial Launch Period, Licensor and Licensee shall compare the sales targets with actual sales. If Licensee was unable to meet the minimum sales targets, there shall be no penalty, and Licensor and Licensee shall work together to set reasonable sales targets. Sales targets shall be reassessed by both Parties biannually. After the Initial Launch Period, if Licensee is unable to meet the agreed-upon sales targets for two or more 6-month periods, (a) other than due to the fault, action, or inaction of Licensor or due to regulatory matters outside Licensee's control, Licensor may terminate this Agreement or revoke exclusivity of the Licensed Products at its sole discretion, or (b) Due to regulatory changes outside of Licensee's control, the Parties shall work together to make appropriate modifications to the sales targets to address such regulatory changes; if such modifications cannot be agreed upon, then Licensor may terminate this Agreement.

8. Licensor's Obligations.

(a) Licensor shall provide to Licensee a copy of Licensor's detailed Standard Operating Procedures **("SOPs"),** including any and all Licensed IP for any and all aspects of production, manufacture, & quality assurance, for the Licensed Products.

(b) Licensor shall provide to Licensee any and all Intellectual Property related to the Licensed Products and their packaging, labeling, and advertising as is reasonably necessary to allow Licensee to produce, package, advertise and/or sell the Licensed Products.

(c) Licensor shall provide to Licensee a list of (i) required equipment for the production and packaging of the Licensed Products **("Required Equipment"),** however, Licensee may choose to use their own equipment as long as it produces a product of equal or better quality; (ii) requirements for the safety, use and operation of Required Equipment; and (iii) all required raw material.

(d) Licensor shall provide to Licensee a floor plan and facility layout specific to the processing and manufacturing premises. Licensor and Licensee will mutually agree upon layout.

(e) At its facility, Licensor shall design the packaging for the Licensed Products in compliance with Applicable Law. **"Applicable Law"** means the state laws of the Territory.

9. Licensee's Obligations. Licensee shall:

(a) Adhere to the recipes provided as part of the Licensed IP and other SOPs and to follow the quality assurance protocols for production and delivery as defined by Licensor in Exhibit C unless otherwise instructed by Licensor or agreed by the Parties in writing.

(b) Participate in production audits and oversight monitoring of all Licensed IP (using Licensor's internal team or a third-party auditor) and regulatory audits (using a third-party compliance or consulting firm) as reasonably required to ensure operational and regulatory compliance as specified in, and subject to the terms of, Exhibit C.

(c) Make no changes to any branding, packaging, or marketing materials provided by Licensor.

(d) Use the appropriate **TM** or ® symbol in connection with the Licensed Names.

(e) Provide or purchase all of the marijuana or its derivatives, and all other ingredients necessary for Licensee to produce a sufficient amount of the Licensed Products to meet the reasonably anticipated demand in the Territory for the Licensed Products.

(f) Provide or purchase all of the Required Equipment necessary for the production, packaging and storage of the Licensed Products.

(g) Provide or purchase all of the packaging materials reasonably necessary for the packaging of the Licensed Products.

(h) Provide, in its reasonable discretion, adequate personnel to manufacture, market, sell and deliver the Licensed Products.

(i) Have on hand for the first training session all Required Equipment, and sufficient raw materials, for the production of a three-month Supply of Licensed Products. Three-month supply is to be determined by the Parties based upon agreed forecasted sales.

(j) Have on hand for R&D trip all Required Equipment and sufficient raw materials, as set forth by the Licensee Coordinator. Failure to have the Required Equipment and sufficient raw materials on site will result in Licensee reimbursing Licensor $500 per day for Licensor's time, as well as reimbursing all travel expenses.

(k) Purchase labels or pre-printed packaging for Licensed Products from Licensor's prescribed vendor, or if Licensee chooses a vendor, Licensor shall first approve the vendor.

(1) Provide licensed facilities that comply with Applicable Law in which to produce the Licensed Products.

(m) Provide kitchen and packaging areas that are climate controlled, not to exceed an average of 40% humidity.

(n) Provide and pay for utilities, insurance and all other operating requirements for Licensee's facility.

(o) Conduct sales, marketing and distribution of the Licensed Products, and collect all monies owed in connection with such sales and distribution.

(p) Spend a minimum of $1,500.00 per month to promote and educate budtenders and consumers about Licensor's products including PR, promotional materials, and event support for a minimum of six months after launch. In conjunction with such expenditure the Parties shall, within one month after the beginning of the Term, agree upon plans for allowing Licensee to provide its wholesale customers with samples in compliance with state licensing laws (the **"Customer Sampling Plan"),** the cost of the Customer Sampling Plan to be shared equally by the Parties. In connection with the Customer Sampling Plan, the "cost" to be shared shall be Licensee's direct production costs, issued as a credit towards Licensees monthly License Fee payment.

(q) Provide to Licensor copies of all production and laboratory test results pertaining to the quality and strength of all marijuana derivatives to be used in the production of the Licensed Products and pertaining to the manufactured Licensed Products.

(r) Timely pay to Licensor all fees described in Exhibit B. Licensee's failure to pay fees to Licensor within fifteen days after written notice shall be a non-curable breach of this Agreement. If Licensor has given two such notices to Licensee during the term of this Agreement, any subsequent failure of Licensee to timely pay to Licensor its fees shall be a non-curable breach of this Agreement without any notice by Licensor.

(s) Ensure that Licensed Products are available within 30 days after the commencement of the Term. If Licensee fails to meet this requirement, it shall pay to Licensor $5,000.00 for every month (i.e., 30 days), or portion of a month until Licensee makes the Licensed Products available.

(t) Purchase pectin from Licensor at Licensor's cost plus the actual cost of shipping and a fee of 10% of the product cost to account for handling.

(u) Always carry a minimum inventory of Licensed Products equal to three-fourths of the previous calendar month's sales, unless otherwise agreed by the Parties in writing.

(v) Fill and ship all orders within three calendar days.

(w) Use all commercially reasonable efforts to achieve agreed-upon market penetration goals.

(x) Alert Licensor of any regulatory changes in a timely manner.

(y) Notify Licensor of any trade or cash discounts offered on the licensed products listed in Exhibit A.

(z) In territories where the program is available, participate in BDS Analytics' retail sales tracking program by sharing Licensee's retail sales data with BDS Analytics monthly, either manually through a data export or via API.

(aa) Use THC distillate in the manufacture of the Licensed Products that meets the color and potency standards outlined in Exhibit E.

10. Mutual Indemnification. Licensee shall indemnify, defend, and hold harmless Licensor, its affiliates, managers, directors, officers, agents and employees, at its sole expense, against any and all proceedings, suits, claims, demands, causes of action, debts or liabilities, including reasonable attorneys' fees and amounts paid in settlement arising out of or in connection with: (1) Licensee's breach of any representation, warranty, covenant, restriction, obligation or other agreement contained in this Agreement; or (2) any claim or allegation of a third-party of personal injury or property damage attributable to the acts, omissions or negligence of Licensee or Licensee's employees or agents; or 3) any false or misleading claims made by Licensee in connection with the use of Licensed IP and/or Licensed Products. Licensor shall indemnify, defend and hold harmless Licensee, its affiliates, managers, directors, officers, agents and employees, at its sole expense, against any and all proceedings, suits, claims, demands, causes of action, debts or liabilities, including attorneys' fees and amounts paid in settlement arising out of or in connection with: (1) Licensor's breach of any representation, warranty, covenant, restriction, obligation or other agreement contained in this Agreement; or (2) any claim or allegation of a third-party related to Licensee's use of Licensor's Licensed Marks, Licensed IP and/or Licensed Products to the extent it does not arise from any negligence or misconduct on the part of Licensee.

11. Ownership of Licensed IP.

(a) Licensee acknowledges and agrees Licensor's exclusive right, title and interest in and to the Licensed IP, all goodwill associated therewith and all rights relating thereto, and shall not at any time do or cause to be done any act or thing contesting or in any way impairing or tending to impair any part of Licensor's rights in and to the Licensed IP. Any sales of the Licensed Products and/or any use of the Licensed IP by Licensee shall inure solely to the benefit of Licensor. Licensee shall not at any time adopt or use, without Licensor's prior written consent, any name or trademark that is similar to or likely to be confused with, the Marks, nor shall Licensee attempt to register or own any certificates of registration for any name or trademark similar to the Marks with the U. S. Patent and Trademark Office or with any state or local trade name or trademark registration entity or process.

(b) Licensor and Licensee agree to take whatever action Licensor, using reasonable business judgment, deems necessary to protect the validity and strength of the IP within the Territory. Such action may include, without limitation, (i) assuming responsibility for the defense of any lawsuit challenging or affecting rights to the Licensed IP, or (ii) instituting legal proceedings and/or litigation to protect Licensor's rights to the Licensed Products or the Licensed LP. Should Licensor choose to take any action with respect to protection of the strength and validity of the Licensed Products or Licensed IP, Licensee agrees to cooperate fully with Licensor and comply with all requests for assistance in connection therewith.

12. Confidentiality. Licensee acknowledges and agrees that the Licensed IP have been developed by Licensor through the investment of significant time, effort and expense, that the Licensed IP constitute trade secrets of Licensor, and that the Licensed IP are a valuable, special and unique asset of Licensor which provides it with a significant competitive advantage in the marketplace and shall remain the exclusive property of Licensor. Except as required for its performance of this Agreement, including disclosure to the Florida Department of Health or successor agency, Licensee shall hold in confidence and shall not, directly or indirectly use, disseminate, disclose to any person or organization, or publish any of the Licensed IP without the express permission of Licensor, or the contents of this Agreement, except as may be necessary to enforce it. Licensee shall take all necessary steps to ensure that its employees and subcontractors maintain the confidentiality of the Licensed IP and the contents of this Agreement. Upon termination or expiration of this Agreement for any reason and in addition to Licensee's return obligations under Section 4, above, (a) Licensee shall return to Licensor any and all books, records, documents, materials and/or other repositories of information related to the Licensed IP or based upon (in whole or in part) the Licensed IP, including electronic media or devices and copies of such information, then in Licensee's possession, regardless of who prepared it or how it was obtained, and/or shall destroy such information and provide certification to Licensor of such destruction, and (b) Licensor shall return to Licensee and all books, records, documents, materials, and/or other repositories of information related to Licensee's proprietary, confidential information, including electronic media or devices and copies of such information then in Licensors possession, regardless of who prepared it or how it was obtained, and/or shall destroy such information and provide certification to Licensee of such destruction. Each Party shall use all reasonable efforts to delete any and all electronic copies of any of the other Party's confidential information in its possession or control. Licensee shall take all commercially reasonable and necessary measures to prevent disclosure of the Licensed IP to any and all third parties not authorized by Licensor to have access to it.

13. Non-Competition.

(a) Licensee may not:

i. Utilize the Licensed IP to develop any cannabinoid-infused products.

ii. During the term of this agreement, manufacture pectin-based gummy products that compete, or might compete, with the Licensed Products.

(b) Licensee shall obtain from its key employees and subcontractors with access to the Licensed IP or processes written agreements binding them to the terms set forth in Section 13(a) and shall provide to Licensor upon demand the names of such employees and subcontractors, and copies of such agreements.

14. Enforcement. In the event that any provision of Sections 12 or 13 is found to be illegal or unenforceable, such provision shall be severed or modified only to the extent necessary to make it enforceable, and as so severed or modified, the remainder of those sections shall remain in full force and effect.

The Parties acknowledge that the provisions of Sections 12 and 13 are essential for Licensor's protection and that any breach or threatened breach of either of those sections would cause immediate and irreparable damage to Licensor, for which monetary relief would be inadequate or impossible to ascertain. Accordingly, the Parties agree that upon the existence of any breach or threatened breach of either Section 12 or 13, Licensor may, without limitation of any other rights it may have, including the recovery of damages, costs, and/or attorney's fees, seek a temporary restraining order, preliminary injunction, order for specific performance, or other appropriate form of equitable relief.

15. Right to Inspect. Licensee shall provide to Licensor the information regarding production and sales of the Licensed Products as set forth on Exhibit D, as may be modified from time to time by Licensor. All applicable records shall be open to inspection and full audit by Licensor and its agents at reasonable times upon reasonable advance notice to Licensee and at Licensor's cost. All such audits or inspections shall be conducted in a manner so as to minimally interfere with Licensee's operations. If any such inspection or audit discloses a liability for payment of monthly License Fees of five percent (5%) or more in excess of the License Fee actually paid by Licensee for the applicable period, or if Licensee fails to timely deliver a required report following written notice of non-receipt of that report, in addition to paying the amount of the deficiency, Licensee shall pay Licensor's costs of the examination revealing the shortfall. The following occurrences within any twelve month period shall constitute a breach of this Agreement by Licensee: Two inspections or audits disclosing a liability for payment of the License Fee of five percent (5%) or more in excess of the license fee paid by Licensee for the applicable period, or Licensee's failure to deliver a required report two times (following any notice that may be required elsewhere in this Agreement), or one inspection and one failure to deliver. In the event of a default under this Section 16, in addition to any other rights Licensor may have in connection with a breach of this Agreement, Licensor shall have the right to terminate this Agreement upon notice and to collect damages from Licensee. Licensee shall keep all relevant records pertaining to production of the Licensed Products and calculation and payment of the License Fees to Licensor for at least three (3) years after the period to which such records relate, including any applicable records which would normally be examined by an independent accountant pursuant to generally accepted accounting principles.

16. Insurance. Licensee shall procure and maintain in full force, at its sole expense, beginning on the Execution Date, during the Term of this Agreement, for so long as Licensee continues to sell the Products after this Agreement terminates, and for 12 months following Licensee's final sale of the Products, commercial general liability and product liability insurance including coverage for Products (including Personal/Advertising and completed operations and contractual liability with a minimum limit of $1,000,000 per occurrence issued on a form at least as broad as Insurance Services Office ("ISO") Commercial General Liability Coverage "occurrence" form CG 00 01 10 01 or another ISO Commercial General Liability "occurrence" form providing equivalent coverage, and a minimum aggregate amount of $4,000,000. Such policy or policies shall be carried by insurance companies that are allowed to do business in the state(s) Licensee is located, and are in good standing, in the United States that have and maintain an A.M. Best's rating of A-7 or better and are within a financial size category of not less than "Class X" in the most current Best's Key Rating Guide or such similar rating as may be reasonably selected by Licensor, that specifically recognize and insure Licensee against its contractual liability under this Agreement. Such insurance shall include broad form contractual liability coverage and (1) be primary and noncontributory; and (2) name Licensor as an additional insured beneficiary. Licensee shall also cause such coverage to contain an endorsement prohibiting cancellation, or failure to renew, without the insurer first giving Licensor thirty (30) days' prior written notice (by mail) of such proposed action. Deductibles and self-insured retentions shall be deemed to be "insurance" for purposes of the waiver of subrogation described in this Agreement below. Licensee shall hold Worker's Compensation insurance that shall cover Licensee's employees while training in Colorado.

17. Product Recall.

(a) Unless a recall is based solely upon the Licensed IP or materials provided by Licensor, Licensee is solely responsible, at its sole cost and expense, to take any and all necessary actions related to Licensed Product recall, including, but not limited to: a) adhering to Applicable Law or applicable guidelines and/or requirements; b) payment of any and all costs and/or fees related to the Licensed Product recall; c) informing the dispensaries of such Licensed Product recall; d) removing from the marketplace and/or storing the recalled Licensed Product in a timely manner. Further, Licensee shall promptly notify Licensor of any Licensed Product recall and the actions to be taken to comply with Applicable Law.

(b) If a recall is based solely upon the Licensed EP or materials provided by Licensor, then Licensor shall be solely responsible, at its sole cost and expense, to take any and all necessary actions related to such Licensed Product recall, including, but not limited to: a) adhering to Applicable Law or appropriate guidelines and/or requirements; b) payment of any and all costs and/or fees related to the Licensed Product recall; c) coordinating with Licensee to inform the dispensaries of such Licensed Product recall

18. Rights as to New Products. Provided *only* if Licensee is able to demonstrate the production capacity necessary to deliver a sufficient quantity of the New Licensed Products to meet the reasonably anticipated demand requirements of the Territory, Licensor hereby grants to Licensee a right of first offer as to all new cannabinoid-infused products that it develops during the Term of this Agreement and which Licensor wishes to offer for sale within the Territory. Licensor shall give Licensee written notice of the name and general description of each such product and shall provide such additional general information as is reasonably requested by Licensee. The failure of the Parties to enter into an amendment to this Agreement adding any such product to the list of Licensed Products within thirty (30) days after Licensor's notice shall constitute a termination of Licensee's rights, solely with respect to such product under this Agreement, unless otherwise agreed by the Parties in writing.

19. Notice. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given: (a) the earlier of the date actually received or seven (7) days after it is sent, if sent by certified mail, return receipt requested, postage prepaid and addressed to the address set forth in the Preamble or such other address has been provided by notice, or (b) the earlier of the date actually received or one (1) day after it is delivered to a nationally recognized overnight courier with online tracking and trace capabilities, if sent by such courier addressed to the address set forth in the Preamble or such other address as has been provided by notice, or (c) the date of email transmission, if sent by email with transmission confirmed and addressed to the email address set forth on the, signature page of this Agreement or such other email address as has been provided by notice.

20. Survival. The Parties expressly agree and understand that Sections 4, 11, 13, 15, 17 and 19 through 25 of this Agreement shall survive the termination or expiration thereof.

21. Severability. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative, and so far as it is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The paragraph headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of this Agreement or any part hereof.

22. Entire Agreement. This Agreement contains the entire understanding and agreement between the Parties hereto with respect to its subject matter and supersedes any prior or contemporaneous written or oral agreements, representations, or warranties between them respecting the subject matter hereof. This written Agreement may not be later modified except by a further writing signed by both Parties, and no term of this Agreement may be waived except by writing signed by the Party waiving the benefit of such terms.

23. Acceptance in Counterparts. It is expressly understood that this Agreement may be executed in original or electronically signed counterparts by the undersigned Parties, all of which may be construed together as but a single instrument.

24. Marijuana Disclosure. The Parties hereby acknowledge and agree that (a) this Agreement covers the production of marijuana-infused products to be marketed and sold in accordance with the applicable laws of the Territory, and (b) despite the fact that the cultivation, possession, and distribution of marijuana and marijuana-infused products remains illegal under Federal law, it is legal within the Territory. Accordingly, the Parties waive any defense as to the enforcement of this Agreement based upon an "illegality of purpose" theory or other related defenses.

25. Mandatory Binding Arbitration.

(a) Except for disputes governed by Section 15 of this Agreement, any dispute, claim, interpretation, controversy, or issues of public policy arising out of relating to this Agreement, including the determination of the scope or applicability of this Section 26, shall be determined exclusively by arbitration held in Denver, Colorado, and shall be governed exclusively by the Colorado Uniform Arbitration Act, §§ 13-22-201, et seq., C.R.S. (the "CUAA").

(b) All arbitrations shall be held in Denver, Colorado, and proceed under the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"), except the Parties are not required to initiate the arbitration through the AAA nor pay any associated fees to the AAA. Arbitration of all disputes and the outcome of the arbitration shall remain confidential between the Parties except as necessary to obtain a court judgment on the award or other relief or to engage in collection of the judgment.

(c) The Parties irrevocably submit to the exclusive jurisdiction of the state courts located in the City and County of Denver, Colorado, with respect to this Section 25 to compel arbitration, to confirm an arbitration award or order, or to handle court functions permitted under the CUAA. The Parties irrevocably waive defense of an inconvenient forum to the maintenance of any such action or other proceeding. The Parties may seek recognition and enforcement of any Colorado state court judgment confirming an arbitration award or order in any United States state court or any court outside the United States or its territories having jurisdiction with respect to recognition or enforcement of such judgment.

(d) The Parties waive (i) any right of removal to the United States federal courts and **(ii)** any right to compel arbitration, to confirm any arbitration award or order, or to seek any aid or assistance of any kind in the United States federal courts.

26. Florida Law. The Parties hereby acknowledge and agree that, in order to implement this Agreement, Licensee will require the approval of the State Department of Health, or its successor entity. The Parties further acknowledge that the regulations in the State of Florida are subject to modification and require continued compliance to manufacture, sell and distribute marijuana-infused products. Licensees intends to continue its compliance with these and any new regulations and, nothing herein is intended to require Licensee to take any legal action challenging any current or new regulations that may be promulgated.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as of the Date set forth above.

LICENSOR:	**LICENSEE:**
THE CIMA GROUP, LLC	Plants of Ruskin, LLC
a Colorado limited liability company	a Florida limited liability company
[***]	[***]

EXHIBIT A

LICENSED PRODUCTS AND LICENSED NAMES

Wana Sour Gummies
Wana Quick Gummies

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EXHIBIT B

COMPENSATION

- License Fee Calculation:

  Licensee shall pay Licensor an amount equal to [***]% of the retail revenue collected for the Licensed Products, as reported by BioTrack, or equivalent state reporting system.

All Licensing Fees and hourly rates are to be paid by check made payable to "THE CIMA GROUP LLC" or by electronic funds transfer in accordance with written instructions provided by Licensor upon request. Licensee may pay by cash only upon the prior written consent of Licensor; cash payments will only be accepted at Licensor's facility in Colorado, at Licensees expense.

EXHIBIT C

TRAINING AND QUALITY ASSURANCE

To assure quality assurance and protect Licensor's brand integrity, Licensee shall follow current good manufacturing practices ("cGMP") with Licensor's Quality Assurance ("QA") department by following these guidelines:

- Licensor to provide specific documentation (i.e. target product profiles, master batch records) for the testing and manufacturing of Licensed Products
- Licensee's production team completes and retains batch records and test results for each production batch.
-
- Licensee submits test results and batch record documentation to Licensor.
- Licensee shall notify Licensor of any deviations from testing and/or manufacturing for licensed products. Production batches with deviations require Quality Assurance signatures from both Parties.
- Licensee retains a minimum of 3 units of product per production batch.
- Licensor to approve all marketing materials and press releases prior to release, such approval not to be unreasonably withheld, conditioned or delayed.
- Licensee shall have thirty (30) days to fix any issues discovered during QA audits.

Training & quality assurance and audits shall be conducted as follows:

- Month 1: one week on site (at both Parties facilities) to provide training on production, packaging, and documentation requirements.
- Months 2-6: on site audits may occur at least once per month.
- Months 6+: quarterly visit assuming successful previous audits (audits may occur more frequently if Licensor deems necessary).
- Every 6 months: customer service audits.

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EXHIBIT D

REPORTING

Licensee shall provide the following reports to Licensor monthly, or more frequently if reasonably requested by Licensor:

- Sales numbers by sku
- Total number of orders
- Dispensary penetration
- Current inventory levels
- Current list of active dispensary names that carry the Licensed Products, with an alert to any dispensaries that have either been removed or added to the list
- METRC, or other state-mandated inventory-tracking-system, report for the period showing all Licensed Products shipped, separated by product category.
- *Dispensary sales by Licensor sku
- *Dispensary sales by category
- Other reports as requested, subject to Health Insurance Portability and Accountability Act restrictions

Licensee shall participate in BDS Analytics' retail sales tracking program. Licensee's participation enables Licensor to have accurate data for important business decisions in the Territory. Participation consists of sharing Licensee's retail sales data with BDS Analytics monthly, either manually through a data export or via API. This process will be facilitated by BDS Analytics. BDS Analytics' retail partners also benefit largely in return, gaining access to comparative market data.

*Applicable only to Licensees holding retail licenses

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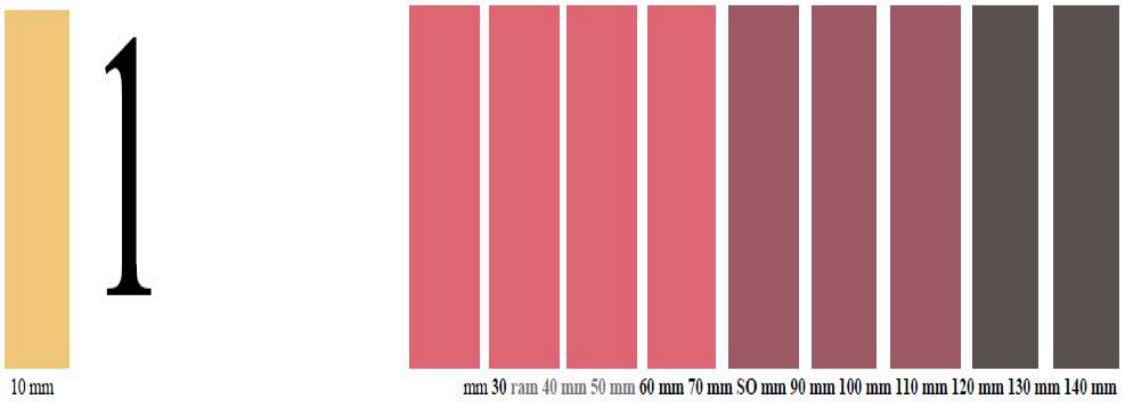
EXHIBIT E

THC DISTILLATE SPECIFICATIONS

THC Distillate used in the manufacture of Licensed Products shall be subject to the Color and Potency standards listed below:

Color: Distillate shall be no more than 60 mm on the Pfund scale, shown below:



Potency: Distillate shall be a minimum of 80% THC (not including THCA).

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Exhibit 4.9

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "*Agreement*") is entered into as of February 18, 2021, by and between George P. Archos, an individual resident of the State of Illinois ("*Executive*"), and Verano Holdings Corp., a British Columbia corporation (the "*Company*").

A. Executive is an executive officer of Verano Holdings, LLC, a Delaware limited liability company ("*Verano*"). As part of a reverse takeover transaction pursuant to a plan of arrangement effected under the laws of British Columbia (the "*Combination*"), Verano became a subsidiary of the Company.

B. As part of the Combination, the Company wishes to employ Executive to provide services to the Company and its subsidiaries, including Verano, in accordance with the terms of this Agreement.

C. Executive wishes to accept employment with the Company and provide such services to the Company and its subsidiaries, including Verano, according to the terms of this Agreement.

D. This Agreement shall replace and supersede in its entirety any prior employment agreements, arrangements or understandings between Executive, on the one hand, and the Company, Verano or any of the Company's other subsidiaries, on the other hand (individually and collectively, the "*Prior Agreement*").

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Effectiveness and Employment.

(a) In consideration of Executive's contributions in effecting the Combination and the services provided to Verano and the Company's other subsidiaries at such time, the obligations of the Company in this Agreement shall be deemed to have become effective as of the date that the Combination was consummated (the "*Effective Date*").

(b) The Company hereby agrees to employ Executive, and Executive hereby accepts employment by the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending on the date described in Section 4(a) (the "*Employment Period*").

2. Position and Duties.

(a) During the Employment Period, Executive shall serve as the Chief Executive Officer of the Company, and in connection therewith Executive shall render such administrative, financial and other executive and managerial services to the Company and its subsidiaries and have the responsibilities and authority which are consistent with Executive's position, subject to the power and authority of the Company's Board of Directors (the "*Board*") to expand or limit such duties, responsibilities, functions and authority.

(b) On the Effective Date Executive shall be a member of the Board and shall serve as Chairman of the Board, in each case until his resignation, removal or replacement in accordance with the Company's governance documents in effect from time to time.

(c) Executive shall report to the Company's Board. Executive shall perform Executive's duties and responsibilities to the best of Executive's abilities in a diligent, trustworthy, businesslike and efficient manner. Executive shall devote Executive's full business time, energies and attention during customary business hours (except for permitted vacation periods and periods of illness or other temporary incapacity) to the business and affairs of the Company and its subsidiaries. So long as Executive is employed by the Company, Executive shall not, without the prior written consent of the Board, accept other employment or perform other services for compensation or that interfere with Executive's employment with the Company; *provided*, *however*, that (i) [Executive may continue to provide advisory services and serve as an officer or director in private companies involved in the restaurant and bar business in which Executive or his affiliates hold investments], and (ii) Executive may serve as an officer or director of or otherwise participate in purely educational, welfare, social, religious and civic organizations, in each of the foregoing cases so long as such activities are not in competition with the Company or any of its subsidiaries and do not interfere with Executive's ability to carry out Executive's duties under this Agreement.

(d) Executive shall comply with all lawful rules, policies, procedures, regulations and administrative directions now or hereafter reasonably established by the Board for officers or employees of the Company or any of its subsidiaries.

3. Salary and Benefits. Subject to Section 4:

(a) Salary. During the Employment Period, the Company shall pay Executive a base salary at the annual rate of US$375,000, payable in regular installments in accordance with the Company's usual payment practices subject to required withholdings and taxes.

(b) Cash Bonus. During the Employment Period Executive will be entitled to a cash bonus at the end of each calendar year in the amount of US$200,000 (the "*Cash Bonus*"), payable in lump sum on or before the 15th day of the immediately succeeding calendar year and subject to required withholdings and taxes; *provided*, that the Cash Bonus shall be deemed earned and payable only in the event that Executive is employed by the Company and is in compliance with the terms of this Agreement in all material respects as of the last day of the calendar year in which the Cash Bonus is earned; *provided further*, that payment of the Cash Bonus (in whole or in part) will be contingent upon the Company's and the Executive's performance.

(c) Company Stock and Incentive Plan. During the Employment Period Executive shall be eligible to receive awards granted pursuant to the Company's 2021 Stock and Incentive Plan, as may be amended, modified or restated from time to time (the "*Plan*"), in accordance with the terms of the Plan and as determined by the Board's Compensation Committee.

(d) Other Benefits. During the Employment Period, Executive shall be entitled to paid vacation, paid holidays and to participate in all health insurance plans, retirement plans (including 401(k)), life insurance plans and all other perquisite plans and programs for which executive officers in the Company are generally eligible (collectively, the "*Benefit Plans*"), in each case consistent with the Company's then-current practice as approved by the Board from time to time. The foregoing shall not be construed to require the Company to establish such Benefit Plans or to prevent the modification or termination of such Benefit Plans once established, and no such action or failure thereof shall affect this Agreement. Executive recognizes that the Company and its affiliates have the right, in their sole discretion, to amend, modify or terminate any Benefit Plans without creating any rights in Executive.

(e) Business Expenses. During the Employment Period, the Company shall reimburse Executive for all reasonable business expenses incurred by Executive in the course of performing Executive's duties under this Agreement; *provided* such expenses are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses. As a condition to being issued such reimbursements, Executive shall submit to the Company on a timely basis business expense reports, including substantiation in accordance with the Company's policy as in effect from time to time. For purposes of compliance with Code Section 409A (as defined in Section 23): (i) all expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive, (ii) any such right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

4. Employment Period.

(a) The Employment Period shall begin on the Effective Date and shall continue for three years, and shall thereafter automatically renew for one year terms unless either party gives the other party no less than 30 days' notice of its election not to renew, or until Executive's employment hereunder is terminated in accordance with Section 4(b).

(b) The Employment Period and Executive's employment hereunder (i) shall terminate upon Executive's death or permanent disability or incapacity, (ii) may be terminated by the Company at any time with or without Cause (as defined in Section 4(f)), and (iii) may be terminated by Executive at any time.

(c) If Executive's employment hereunder is terminated either by the Company for Cause or by Executive for any reason during the Employment Period, then Executive shall be entitled to receive only Executive's accrued, unpaid Salary, and for the year during which Executive's employment hereunder is terminated, accrued but unused vacation time through the effective date of Executive's termination of employment (the "*Termination Date*"), any reimbursements owed for business expenses validly incurred on or prior to the Termination Date and reimbursable in accordance with Section 3(e) and any accrued but unpaid benefits due and owing to Executive under the Benefit Plans and as may be provided in the Plan or any award granted pursuant to the Plan (collectively, the "*Accrued Obligations*"), and shall not be entitled to any other compensation or benefits.

(d) If Executive's employment hereunder is terminated without Cause by the Company during the Employment Period, then Executive shall be entitled to receive the Accrued Obligations and, provided Executive signs and does not revoke a general release of claims against the Company and its affiliates within the time period designated in the form to be provided by the Company on or within 14 days after the Termination Date[1], does not apply for unemployment compensation chargeable to the Company or any of its subsidiaries during the 12 months following the Termination Date, and subject to Executive's compliance with each obligation pursuant to Section 5, Section 6 and Section 7, Executive shall receive, for a period of ten consecutive months after the effective date of such termination without Cause (i) the Base Salary (prorated monthly), and (ii) an amount equal to the monthly premiums or cost of coverage under COBRA for Executive (and his dependents to the extent they are eligible) applicable to the Company's group health plans, which amount Executive may use, if he so chooses at his sole discretion, for the payment of COBRA premiums during such period. Any payments or benefits to Executive under this Section 4(d) shall be paid or provided, as applicable, as and when they would have been paid or provided by the Company had the termination without Cause not occurred, without postponement of commencement until after the end of the applicable revocation period for the general release of claims.

(e) If Executive's employment hereunder is terminated as a result of Executive's death, permanent disability or incapacity during the Employment Period, Executive or Executive's representatives or beneficiaries shall be entitled to receive only the Accrued Obligations and any rights to continuation of coverage and to benefits under any Benefit Plans required under applicable law and subject to Executive's compliance to the extent possible with each obligation pursuant to Section 5, Section 6 and Section 7.

(f) For purposes of the Agreement, "*Cause*" shall mean any of Executive's (i) willful failure to comply with any valid and legal directive of the Board, (ii) willful engagement in dishonesty, illegal conduct, or gross misconduct, which is, in each case, injurious to the Company or any of its affiliates; (iii) embezzlement, misappropriation, or intentional fraud, whether or not related to Executive's employment with the Company; (iv) conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent); (v) commission or conviction of a crime which would disqualify Executive for registration or licensure by the applicable regulatory or licensing authority governing the Company's or any of its subsidiary's or affiliate's participation in a State-regulated cannabis program; (vi) material breach of any material obligation under this Agreement or any other written agreement between Executive and the Company or any of its subsidiaries; or (vii) any material failure by Executive to comply with the Company's written policies or rules, as they may be in effect from time to time, if such failure causes reputational or financial harm to the Company or any of its affiliates. For the avoidance of doubt, if any action or omission by Executive could be deemed a violation of any U.S. federal law relating to the cultivation, harvesting, production, distribution, sale or possession of cannabis, marijuana or related substances or products containing or relating to the foregoing, and such action or omission is not a violation of, and is done in compliance with, applicable U.S. state law, then such action or omission shall not be deemed a basis for Cause hereunder.

(g) For purposes of this Agreement, Executive's permanent disability or incapacity shall be determined in accordance with the Company's long-term disability insurance policy, if such a policy is then in effect, or, if no such policy is then in effect, then such permanent disability or incapacity shall be deemed to have occurred upon Executive's inability to perform the essential functions of the position set forth in Section 2(a), after reasonable accommodation by the Company, for a period of at least 180 days, in the aggregate, during any period of 365 calendar days, unless further time is required as a reasonable accommodation under the Americans with Disabilities Act.

[1] The form of release should be reviewed by Dorsey to ensure that the terms of the Release and timing of commencement of payments comply with Code Section 409A.

5. Restrictive Covenants. In consideration of this Agreement and Executive's substantial direct and indirect benefits arising from the Combination, Executive, knowingly and intending to be legally bound, agrees as follows.

(a) Noncompetition Covenant. During the period commencing on the Effective Date and terminating on the second anniversary of the Termination Date (the "*Restricted Period*"), Executive shall not directly or indirectly (whether for compensation or without compensation), as principal, agent, owner, partner, employee, consultant, shareholder, member, director, manager or officer, as the case may be, or otherwise howsoever, own, operate, be engaged in or connected with the operation of or have any financial interest in or advance, lend money to, guarantee the debts or obligations of or permit Executive's name or part thereof to be used or employed in any operation, whether a proprietorship, partnership, joint venture, company or other entity, legal or otherwise, whatsoever, or otherwise carry on or engage in any activity or business similar to the Company's business or be connected or involved in any manner whatsoever in any activity or business which competes with the Company; *provided*, *however*, that such restrictions shall not preclude Executive from owning stock in the Company or up to 5% of the total outstanding stock of any other publicly traded entity.

(b) Non-solicitation Covenant. During the Restricted Period, Executive shall not, directly or indirectly (whether for compensation or without compensation), as principal, agent, owner, partner, employee, consultant, shareholder, member, director, manager or officer, as the case may be (other than as the holder of stock in the Company or a holder of an ownership interest of not more than 5% of the total outstanding stock of any other publicly traded entity):

(i) interfere with, disrupt or obtain business from, accept business from or contact any current or former party engaging in business with the Company or any of its subsidiaries (or attempt to do any of the foregoing), in each case with respect to any activity or business engaged in by the Company or any of its subsidiaries with such party, whether in whole or in part; or

(ii) induce or attempt to induce any employee of the Company or any of its subsidiaries to terminate employment with the Company or such subsidiary, hire or participate in the hiring of any employee or independent contractor of the Company or any of its subsidiaries, or interfere with or attempt to disrupt the relationship, contractual or otherwise, between the Company or any of its subsidiaries and any of their respective employees or independent contractors. For purposes of this paragraph, an employee or independent contractor means any person employed or contracted by the Company or any of its subsidiaries during the Employment Period.

6. Confidentiality. In consideration of this Agreement, Executive's substantial direct and indirect benefits arising from the Combination, and Executive's access to Confidential Information (as defined below), Executive, knowingly and intending to be legally bound, agrees as follows.

(a) Executive will not at any time (whether during or after Executive's employment with the Company) (i) retain or use for the benefit, purposes or account of Executive or any other person; or (ii) disclose, divulge, reveal, communicate, share, transfer or provide access to any person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information, including without limitation, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals, in each case concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates or any third party that has disclosed or provided any of such information to the Company or any of its subsidiaries on a confidential basis (collectively, "*Confidential Information*") without the prior written authorization of the Board; *provided*, that Executive may disclose such information to Executive's legal and financial advisors for the limited purpose of enforcing Executive's rights under this Agreement so long as Executive requires that such legal and financial advisors not disclose such information, and Executive shall be liable for any disclosure by such legal or financial advisors.

(b) Confidential Information shall not include any information that is: (i) generally known to the industry or the public other than as a result of Executive's breach of this Agreement or any breach of other confidentiality obligations by third parties; (ii) made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (iii) required by applicable law to be disclosed; *provided* that Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(c) Executive acknowledges, agrees, and understands that (i) nothing in this Agreement prohibits Executive from reporting to any governmental authority or attorney information concerning suspected violations of law or regulation, provided that Executive does so consistent with 18 U.S.C. § 1833, and (ii) Executive may disclose trade secret information to a government official or to an attorney and use it in certain court proceedings without fear of prosecution or liability, provided that Executive does so consistent with 18 U.S.C. § 1833.

(d) Except to the extent disclosed by the Company as may be required by applicable securities and other laws or applicable stock exchange listing standards, Executive will not disclose to anyone, other than Executive's spouse, legal or financial advisors or members of the Company's senior management, the existence or contents of this Agreement.

(e) Upon termination of Executive's employment with the Company for any reason, Executive shall: (i) cease and not thereafter commence use of any Confidential Information or intellectual property (including, without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; (ii) immediately return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to the business of the Company, its affiliates and subsidiaries, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information or are not related to the Company's business; and (iii) notify and fully cooperate with the Company regarding the delivery of any other Confidential Information of which Executive is or becomes aware.

7. Intellectual Property. In consideration of this Agreement and Executive's substantial direct and indirect benefits arising from the Combination, Executive, knowingly and intending to be legally bound, agrees as follows.

(a) If Executive has created, invented, designed, developed, contributed to or improved any works of authorship, inventions, intellectual property, materials, documents or other work product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content or audiovisual materials) ("*Works*"), either alone or with third parties, prior to Executive's employment by the Company, that are relevant to or implicated by such employment ("*Prior Works*"), Executive hereby grants the Company and its subsidiaries a perpetual, non-exclusive, royalty-free, worldwide, assignable, sub-licensable license under all rights and intellectual property rights (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) therein for all purposes in connection with the Company's or any of its subsidiaries' current and future business. Executive shall provide the Company with a written list of all Prior Works within 15 days after the Effective Date.

(b) If Executive creates, invents, designs, develops, contributes to or improves any Works, either alone or with third parties, at any time during Executive's employment by the Company and within the scope of such employment or with the use of any resources of the Company or any of its subsidiaries ("*Company Works*"), Executive shall promptly and fully disclose the Company Works to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(c) Executive shall keep and maintain adequate and current written records (in the form of notes, sketches, drawings and any other form or media requested by the Company) of all Company Works. The records will be available to and remain the sole property and intellectual property of the Company at all times.

(d) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Prior Works and Company Works. If the Company is unable for any other reason to secure Executive's signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.

(e) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company or any of its subsidiaries any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party (in each case that is not then a subsidiary of the Company) without prior written permission of such third party. Executive shall comply with all relevant policies and guidelines of the Company regarding the protection of confidential information and intellectual property and potential conflicts of interest. Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that Executive remains at all times bound by their most current version that has been communicated to Executive.

8. Return of Company Property. At the termination of the Employment Period and at any other time upon the request of the Company, Executive shall deliver to the Company any and all of the Company's documents, plans, records, computer tapes, software, drawings, notes, memoranda, specifications, devices (including, without limitation, any cellular phone or computer), and formulas relating to the Company's business, together with all copies thereof, which is in the possession of Executive.

9. Enforcement. If, at the time of enforcement of Section 5, Section 6 or Section 7, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area. It is specifically understood and agreed that any breach of the provisions of Section 5, Section 6 or Section 7 are likely to result in irreparable injury to the Company and the parties hereto agree that money damages would be an inadequate remedy for any breach of Section 5, Section 6 or Section 7. Therefore, in the event of a breach or threatened breach of Section 5, Section 6 or Section 7, the Company or its successors or assigns shall, in addition to other rights and remedies existing in their favor, be entitled to specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, Section 5, Section 6 or Section 7.

10. Representations and Warranties.

(a) Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound, (ii) Executive is not a party to or bound by any employment agreement, non-solicitation agreement, assignment of inventions or confidentiality agreement with any other person or entity, (iii) Executive is not subject to any noncompetition agreement or any other agreement or restriction of any kind that would impede in any way the ability of Executive to carry out fully all activities of Executive in furtherance of the business of the Company or any of its subsidiaries, (iv) Executive is not in violation of a confidentiality, non-solicitation or non-competition agreement or any other agreement relating to the relationship of Executive with any third party, because of the nature of the business conducted by the Company or any of its subsidiaries, and (v) upon execution and delivery of this Agreement, this Agreement shall be the valid and binding obligation of Executive, enforceable against Executive in accordance with its terms, and shall replace and supersede in its entirety any Prior Agreement.

(b) The Company hereby represents and warrants to Executive that (i) the execution, delivery and performance of this Agreement by the Company does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which the Company is bound and (ii) upon execution and delivery, this Agreement shall be the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

11. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Executive and the Company and their respective heirs, successors and permitted assigns. Neither party may assign any of its rights or assign or delegate any of its obligations hereunder without the prior written consent of the other party hereto; *provided*, *however*, that (a) the Company shall be permitted to assign this Agreement to any of its subsidiaries or to any successor to all or substantially all of its business or assets that agrees in writing to assume all of the Company's obligations hereunder, and (b) the Company's subsidiaries and affiliates are third party beneficiaries of this Agreement. Any change of control, merger, business combination or similar transaction of the Company after the Effective Date shall not be deemed to result in an assignment or delegation of this Agreement by the Company.

12. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) on the date having been delivered personally, (b) on the date delivered by a private courier as established by evidence obtained from such courier, (c) on the date sent by facsimile or e-mail transmission (with acknowledgement of both complete transmission and receipt), or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Notices, demands or communications to any party hereto will, unless another address is specified in writing pursuant to this Section 12, be sent to the addresses indicated below.

If to Executive:	*If to the Company*:
George P. Archos 1504 N. Highland Ave. Arlington Heights, IL 60004 Email: garchos@aol.com	Verano Holdings Corp. 415 N. Dearborn Street, Suite 400 Chicago, IL 60654 Attn: Darren H. Weiss, General Counsel Email: darren@verano.holdings

13. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be valid under applicable law; but, if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but except as otherwise set forth in this Agreement, this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Complete Agreement. This Agreement embodies the complete agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way, including without limitation, any Prior Agreement.

15. Signatures; Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. For purposes hereof, a facsimile signature, portable document format (.pdf) signature or signature sent by electronic transmission will be considered an original signature.

16. Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Illinois, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Illinois or any other jurisdiction).

17. Survival. From and after the Effective Date, the provisions of Section 4, Section 5, Section 6, Section 7, Section 8, Section 9, Section 11, Section 12, Section 13, Section 14, Section 16, this Section 17, Section 19, Section 20, Section 21, Section 23, Section 24, and Section 26 shall survive the termination of Executive's employment and the termination of this Agreement for any reason.

18. Tax Withholdings. The Company shall deduct or withhold from any amounts owing from the Company to Executive any federal, state, local or foreign withholding taxes, excise tax, or employment taxes imposed with respect to Executive's compensation or other payments from the Company or Executive's ownership interest in the Company, if any (including, without limitation, wages, bonuses, dividends, the receipt or exercise of equity options and/or the receipt or vesting of restricted equity).

19. Dispute Resolution. Any controversy, dispute or claim arising out of or relating to any interpretation, performance, construction, termination or breach of this Agreement shall first be settled through good faith negotiation between the parties hereto. If the controversy, dispute or claim cannot be settled through negotiation, such matter must only be settled by final and binding arbitration by a single arbitrator held in Chicago, Illinois, except as otherwise provided herein. Such mandatory arbitration may be brought by either party hereto and shall be administered by JAMS pursuant to its Employment Arbitration Rules & Procedures and subject to JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness. Judgment on the arbitration award may be entered in any court having proper jurisdiction. In aid of arbitration, either party hereto may seek preliminary or temporary injunctive relief at any time before the arbitration demand has been filed and served or before an arbitrator has been selected. This agreement to mandatory arbitration is a specifically bargained for inducement for each of the parties hereto to enter into this Agreement (after having the opportunity to consult with counsel).

20. Headings; No Strict Construction. The headings of the paragraphs and sections of this Agreement are inserted for convenience only and shall not be deemed a part of or affect the construction or interpretation of any provision hereof. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

21. Executive's Cooperation. During the Employment Period and thereafter, Executive shall, subject to the Company reimbursing Executive for out-of-pocket expenses, cooperate with the Company in any internal investigation or administrative, regulatory or judicial proceeding as reasonably requested by the Company (including, without limitation, Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents which are or may come into Executive's possession, all at times and on schedules that are reasonably consistent with Executive's other permitted activities and commitments).

22. Corporate Opportunity. During the Employment Period, Executive shall submit to the Board all business, commercial and investment opportunities or offers presented to Executive or of which Executive becomes aware which relate to the business of the Company or any of its subsidiaries at any time during the Employment Period ("*Corporate Opportunities*"). Unless previously approved in writing by the Board, Executive shall not accept or pursue, directly or indirectly, any Corporate Opportunities on Executive's own behalf.

23. Section 409A Compliance. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "*Code Section 409A*") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Code Section 409A. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on Executive by Code Section 409A or damages for failing to comply with Code Section 409A. Notwithstanding anything herein to the contrary, a termination of employment shall be deemed to have occurred at the time such termination constitutes a "separation from service" within the meaning of Code Section 409A for purposes of any provision of this Agreement providing for the payment of any amounts or benefits in connection with a termination of employment and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean a "separation from service." Notwithstanding any other provision to the contrary, in no event shall any payment under this Agreement that constitutes "deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

24. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

25. Key Person Insurance. The Company and its affiliates shall have the right, but not the obligation, to obtain or increase insurance on Executive's life in such amount as the Board or such affiliate determines, in the name of the Company or such affiliates, as the case may be, and for its sole benefit or otherwise. Upon reasonable advance notice, Executive will cooperate in any and all necessary physical examinations without expense to Executive, supply information and sign documents and otherwise cooperate fully with each of the Company and its affiliates as the Company and its affiliates may request.

26. Read and Understood. Executive has read this Agreement carefully and understands each of its terms and conditions. Executive has sought independent legal counsel of Executive's choice to the extent Executive deemed such advice necessary in connection with the review and execution of this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the Effective Date.

THE COMPANY:

Verano Holdings Corp.

By: */s/ "George Archos"*
George Archos, CEO

EXECUTIVE:

/s/ "George Archos"
George P. Archos

Exhibit 4.10

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "*Agreement*") is entered into as of February 18 , 2021, by and between Brian Ward, an individual resident of the State of Illinois ("*Executive*"), and Verano Holdings Corp., a British Columbia corporation (the "*Company*").

A.Executive is an executive officer of Verano Holdings, LLC, a Delaware limited liability company ("*Verano*"). As part of a reverse takeover transaction pursuant to a plan of arrangement effected under the laws of British Columbia (the "*Combination*"), Verano became a subsidiary of the Company.

B. As part of the Combination, the Company wishes to employ Executive to provide services to the Company and its subsidiaries, including Verano, in accordance with the terms of this Agreement.

C. Executive wishes to accept employment with the Company and provide such services to the Company and its subsidiaries, including Verano, according to the terms of this Agreement.

D. This Agreement shall replace and supersede in its entirety any prior employment agreements, arrangements or understandings between Executive, on the one hand, and the Company, Verano or any of the Company's other subsidiaries, on the other hand (individually and collectively, the "*Prior Agreement*").

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Effectiveness and Employment.

(a) In consideration of Executive's contributions in effecting the Combination and the services provided to Verano and the Company's other subsidiaries at such time, the obligations of the Company in this Agreement shall be deemed to have become effective as of the date that the Combination was consummated (the "*Effective Date*").

(b) The Company hereby agrees to employ Executive, and Executive hereby accepts employment by the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending on the date described in Section 4(a) (the "*Employment Period*").

2. Position and Duties.

(a) During the Employment Period, Executive shall serve as the Chief Financial Officer of the Company, and in connection therewith Executive shall render such administrative, financial and other executive and managerial services to the Company and its subsidiaries and have the responsibilities and authority which are consistent with Executive's position, subject to the power and authority of the Company's CEO and Board of Directors (the "*Board*") to expand or limit such duties, responsibilities, functions and authority.

(b) Executive shall report to the Company's Board. Executive shall perform Executive's duties and responsibilities to the best of Executive's abilities in a diligent, trustworthy, businesslike and efficient manner. Executive shall devote Executive's full business time, energies and attention during customary business hours (except for permitted vacation periods and periods of illness or other temporary incapacity) to the business and affairs of the Company and its subsidiaries. So long as Executive is employed by the Company, Executive shall not, without the prior written consent of the Board, accept other employment or perform other services for compensation or that interfere with Executive's employment with the Company; *provided*, *however*, that Executive may serve as an officer or director of or otherwise participate in purely educational, welfare, social, religious and civic organizations, in each of the foregoing cases so long as such activities are not in competition with the Company or any of its subsidiaries and do not interfere with Executive's ability to carry out Executive's duties under this Agreement.

(c) Executive shall comply with all lawful rules, policies, procedures, regulations and administrative directions now or hereafter reasonably established by the Board for officers or employees of the Company or any of its subsidiaries.

3. Salary and Benefits. Subject to Section 4:

(a) Salary. During the Employment Period, the Company shall pay Executive a base salary at the annual rate of US$350,000, payable in regular installments in accordance with the Company's usual payment practices subject to required withholdings and taxes (the "*Base Salary*").

(b) Cash Bonus. During the Employment Period Executive will be entitled to a cash bonus at the end of each calendar year in the amount of US$150,000 (the "*Cash Bonus*"), payable in a lump sum on or before the 15th day of the immediately succeeding calendar year and subject to required withholdings and taxes; *provided*, that the Cash Bonus shall be deemed earned and payable only in the event that Executive is employed by the Company and is in compliance with the terms of this Agreement in all material respects as of the last day of the calendar year in which the Cash Bonus is earned; *provided further*, that payment of the Cash Bonus (in whole or in part) will be contingent upon the Company's and the Executive's performance.

(c) Company Stock and Incentive Plan. During the Employment Period Executive shall be eligible to receive awards granted pursuant to the Company's 2021 Stock and Incentive Plan, as may be amended, modified or restated from time to time (the "*Plan*"), in accordance with the terms of the Plan and as determined by the Board's Compensation Committee.

(d) Other Benefits. During the Employment Period, Executive shall be entitled to paid vacation, paid holidays and to participate in all health insurance plans, retirement plans (including 401(k)), life insurance plans and all other perquisite plans and programs for which executive officers in the Company are generally eligible (collectively, the "*Benefit Plans*"), in each case consistent with the Company's then-current practice as approved by the Board from time to time. The foregoing shall not be construed to require the Company to establish such Benefit Plans or to prevent the modification or termination of such Benefit Plans once established, and no such action or failure thereof shall affect this Agreement. Executive recognizes that the Company and its affiliates have the right, in their sole discretion, to amend, modify or terminate any Benefit Plans without creating any rights in Executive.

(e) Business Expenses. During the Employment Period, the Company shall reimburse Executive for all reasonable business expenses incurred by Executive in the course of performing Executive's duties under this Agreement; *provided* such expenses are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses. As a condition to being issued such reimbursements, Executive shall submit to the Company on a timely basis business expense reports, including substantiation in accordance with the Company's policy as in effect from time to time. For purposes of compliance with Code Section 409A (as defined in Section 23): (i) all expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive, (ii) any such right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

4. Employment Period.

(a) The Employment Period shall begin on the Effective Date and shall continue for three years, and shall thereafter automatically renew for one year terms unless either party gives the other party no less than 30 days' notice of its election not to renew, or until Executive's employment hereunder is terminated in accordance with Section 4(b).

(b) The Employment Period and Executive's employment hereunder (i) shall terminate upon Executive's death or permanent disability or incapacity, (ii) may be terminated by the Company at any time with or without Cause (as defined in Section 4(f)), and (iii) may be terminated by Executive at any time.

(c) If Executive's employment hereunder is terminated either by the Company for Cause or by Executive for any reason during the Employment Period, then Executive shall be entitled to receive only Executive's accrued, unpaid Salary, and for the year during which Executive's employment hereunder is terminated, accrued but unused vacation time through the effective date of Executive's termination of employment (the "*Termination Date*"), any reimbursements owed for business expenses validly incurred on or prior to the Termination Date and reimbursable in accordance with Section 3(e) and any accrued but unpaid benefits due and owing to Executive under the Benefit Plans and as may be provided in the Plan or any award granted pursuant to the Plan (collectively, the "*Accrued Obligations*"), and shall not be entitled to any other compensation or benefits.

(d) If Executive's employment hereunder is terminated without Cause by the Company during the Employment Period, then Executive shall be entitled to receive the Accrued Obligations and, provided Executive signs and does not revoke a general release of claims against the Company and its affiliates within the time period designated in the form to be provided by the Company on or within 14 days after the Termination Date and subject to Executive's compliance with each obligation pursuant to Section 5, Section 6 and Section 7, Executive shall receive, for a period of ten consecutive months after the effective date of such termination without Cause (i) the Base Salary (prorated monthly), and (ii) an amount equal to the monthly premiums or cost of coverage under COBRA for Executive (and his dependents to the extent they are eligible) applicable to the Company's group health plans, which amount Executive may use, if he so chooses at his sole discretion, for the payment of COBRA premiums during such period. Any payments or benefits to Executive under this Section 4(d) shall be paid or provided, as applicable, as and when they would have been paid or provided by the Company had the termination without Cause not occurred, without postponement of commencement until after the end of the applicable revocation period for the general release of claims.

(e) If Executive's employment hereunder is terminated as a result of Executive's death, permanent disability or incapacity during the Employment Period, Executive or Executive's representatives or beneficiaries shall be entitled to receive only the Accrued Obligations and any rights to continuation of coverage and to benefits under any Benefit Plans required under applicable law and subject to Executive's compliance to the extent possible with each obligation pursuant to Section 5, Section 6 and Section 7.

(f) For purposes of the Agreement, "*Cause*" shall mean any of Executive's (i) willful failure to comply with any valid and legal directive of the Board, (ii) willful engagement in dishonesty, illegal conduct, or gross misconduct, which is, in each case, injurious to the Company or any of its affiliates; (iii) embezzlement, misappropriation, or intentional fraud, whether or not related to Executive's employment with the Company; (iv) indictment, conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent); (v) commission or conviction of a crime which would disqualify Executive for registration or licensure by the applicable regulatory or licensing authority governing the Company's or any of its subsidiary's or affiliate's participation in a State-regulated cannabis program; (vi) material breach of any material obligation under this Agreement or any other written agreement between Executive and the Company or any of its subsidiaries; or (vii) any material failure by Executive to comply with the Company's written policies or rules, as they may be in effect from time to time, if such failure causes reputational or financial harm to the Company or any of its affiliates. For the avoidance of doubt, if any action or omission by Executive could be deemed a violation of any U.S. federal law relating to the cultivation, harvesting, production, distribution, sale or possession of cannabis, marijuana or related substances or products containing or relating to the foregoing, and such action or omission is not a violation of, and is done in compliance with, applicable U.S. state law, then such action or omission shall not be deemed a basis for Cause hereunder.

(g) For purposes of this Agreement, Executive's permanent disability or incapacity shall be determined in accordance with the Company's long-term disability insurance policy, if such a policy is then in effect, or, if no such policy is then in effect, then such permanent disability or incapacity shall be deemed to have occurred upon Executive's inability to perform the essential functions of the position set forth in Section 2(a), after reasonable accommodation by the Company, for a period of at least 180 days, in the aggregate, during any period of 365 calendar days, unless further time is required as a reasonable accommodation under the Americans with Disabilities Act.

5. Restrictive Covenants. In consideration of this Agreement and Executive's substantial direct and indirect benefits arising from the Combination, Executive, knowingly and intending to be legally bound, agrees as follows.

(a) Noncompetition Covenant. During the period commencing on the Effective Date and terminating on the second anniversary of the Termination Date (the "*Restricted Period*"), Executive shall not directly or indirectly (whether for compensation or without compensation), as principal, agent, owner, partner, employee, consultant, shareholder, member, director, manager or officer, as the case may be, or otherwise howsoever, own, operate, be engaged in or connected with the operation of or have any financial interest in or advance, lend money to, guarantee the debts or obligations of or permit Executive's name or part thereof to be used or employed in any operation, whether a proprietorship, partnership, joint venture, company or other entity, legal or otherwise, whatsoever, or otherwise carry on or engage in any activity or business similar to the Company's business or be connected or involved in any manner whatsoever in any activity or business which competes with the Company; *provided*, *however*, that such restrictions shall not preclude Executive from owning stock in the Company or up to 5% of the total outstanding stock of any other publicly traded entity.

(b) Non-solicitation Covenant. During the Restricted Period, Executive shall not, directly or indirectly (whether for compensation or without compensation), as principal, agent, owner, partner, employee, consultant, shareholder, member, director, manager or officer, as the case may be (other than as the holder of stock in the Company or a holder of an ownership interest of not more than 5% of the total outstanding stock of any other publicly traded entity):

(i) interfere with, disrupt or obtain business from, accept business from or contact any current or former party engaging in business with the Company or any of its subsidiaries (or attempt to do any of the foregoing), in each case with respect to any activity or business engaged in by the Company or any of its subsidiaries with such party, whether in whole or in part; or

(ii) induce or attempt to induce any employee of the Company or any of its subsidiaries to terminate employment with the Company or such subsidiary, hire or participate in the hiring of any employee or independent contractor of the Company or any of its subsidiaries, or interfere with or attempt to disrupt the relationship, contractual or otherwise, between the Company or any of its subsidiaries and any of their respective employees or independent contractors. For purposes of this paragraph, an employee or independent contractor means any person employed or contracted by the Company or any of its subsidiaries during the Employment Period.

6. Confidentiality. In consideration of this Agreement, Executive's substantial direct and indirect benefits arising from the Combination, and Executive's access to Confidential Information (as defined below), Executive, knowingly and intending to be legally bound, agrees as follows.

(a) Executive will not at any time (whether during or after Executive's employment with the Company) (i) retain or use for the benefit, purposes or account of Executive or any other person; or (ii) disclose, divulge, reveal, communicate, share, transfer or provide access to any person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information, including without limitation, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals, in each case concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates or any third party that has disclosed or provided any of such information to the Company or any of its subsidiaries on a confidential basis (collectively, "*Confidential Information*") without the prior written authorization of the Board; *provided*, that Executive may disclose such information to Executive's legal and financial advisors for the limited purpose of enforcing Executive's rights under this Agreement so long as Executive requires that such legal and financial advisors not disclose such information, and Executive shall be liable for any disclosure by such legal or financial advisors.

(b) Confidential Information shall not include any information that is: (i) generally known to the industry or the public other than as a result of Executive's breach of this Agreement or any breach of other confidentiality obligations by third parties; (ii) made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (iii) required by applicable law to be disclosed; *provided* that Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(c) Executive acknowledges, agrees, and understands that (i) nothing in this Agreement prohibits Executive from reporting to any governmental authority or attorney information concerning suspected violations of law or regulation, provided that Executive does so consistent with 18 U.S.C. § 1833, and (ii) Executive may disclose trade secret information to a government official or to an attorney and use it in certain court proceedings without fear of prosecution or liability, provided that Executive does so consistent with 18 U.S.C. § 1833.

(d) Except to the extent disclosed by the Company as may be required by applicable securities and other laws or applicable stock exchange listing standards, Executive will not disclose to anyone, other than Executive's spouse, legal or financial advisors or members of the Company's senior management, the existence or contents of this Agreement.

(e) Upon termination of Executive's employment with the Company for any reason, Executive shall: (i) cease and not thereafter commence use of any Confidential Information or intellectual property (including, without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; (ii) immediately return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to the business of the Company, its affiliates and subsidiaries, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information or are not related to the Company's business; and (iii) notify and fully cooperate with the Company regarding the delivery of any other Confidential Information of which Executive is or becomes aware.

7. <u>Intellectual Property</u>. In consideration of this Agreement and Executive's substantial direct and indirect benefits arising from the Combination, Executive, knowingly and intending to be legally bound, agrees as follows.

(a) If Executive has created, invented, designed, developed, contributed to or improved any works of authorship, inventions, intellectual property, materials, documents or other work product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content or audiovisual materials) ("*Works*"), either alone or with third parties, prior to Executive's employment by the Company, that are relevant to or implicated by such employment ("*Prior Works*"), Executive hereby grants the Company and its subsidiaries a perpetual, non-exclusive, royalty-free, worldwide, assignable, sub-licensable license under all rights and intellectual property rights (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) therein for all purposes in connection with the Company's or any of its subsidiaries' current and future business. Executive shall provide the Company with a written list of all Prior Works within 15 days after the Effective Date.

(b) If Executive creates, invents, designs, develops, contributes to or improves any Works, either alone or with third parties, at any time during Executive's employment by the Company and within the scope of such employment or with the use of any resources of the Company or any of its subsidiaries ("*Company Works*"), Executive shall promptly and fully disclose the Company Works to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(c) Executive shall keep and maintain adequate and current written records (in the form of notes, sketches, drawings and any other form or media requested by the Company) of all Company Works. The records will be available to and remain the sole property and intellectual property of the Company at all times.

(d) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Prior Works and Company Works. If the Company is unable for any other reason to secure Executive's signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.

(e) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company or any of its subsidiaries any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party (in each case that is not then a subsidiary of the Company) without prior written permission of such third party. Executive shall comply with all relevant policies and guidelines of the Company regarding the protection of confidential information and intellectual property and potential conflicts of interest. Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that Executive remains at all times bound by their most current version that has been communicated to Executive.

8. Return of Company Property. At the termination of the Employment Period and at any other time upon the request of the Company, Executive shall deliver to the Company any and all of the Company's documents, plans, records, computer tapes, software, drawings, notes, memoranda, specifications, devices (including, without limitation, any cellular phone or computer), and formulas relating to the Company's business, together with all copies thereof, which is in the possession of Executive.

9. Enforcement. If, at the time of enforcement of Section 5, Section 6 or Section 7, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area. It is specifically understood and agreed that any breach of the provisions of Section 5, Section 6 or Section 7 are likely to result in irreparable injury to the Company and the parties hereto agree that money damages would be an inadequate remedy for any breach of Section 5, Section 6 or Section 7. Therefore, in the event of a breach or threatened breach of Section 5, Section 6 or Section 7, the Company or its successors or assigns shall, in addition to other rights and remedies existing in their favor, be entitled to specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, Section 5, Section 6 or Section 7.

10. Representations and Warranties.

(a) Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound, (ii) Executive is not a party to or bound by any employment agreement, non-solicitation agreement, assignment of inventions or confidentiality agreement with any other person or entity, (iii) Executive is not subject to any noncompetition agreement or any other agreement or restriction of any kind that would impede in any way the ability of Executive to carry out fully all activities of Executive in furtherance of the business of the Company or any of its subsidiaries, (iv) Executive is not in violation of a confidentiality, non-solicitation or non-competition agreement or any other agreement relating to the relationship of Executive with any third party, because of the nature of the business conducted by the Company or any of its subsidiaries, and (v) upon execution and delivery of this Agreement, this Agreement shall be the valid and binding obligation of Executive, enforceable against Executive in accordance with its terms, and shall replace and supersede in its entirety any Prior Agreement.

(b) The Company hereby represents and warrants to Executive that (i) the execution, delivery and performance of this Agreement by the Company does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which the Company is bound and (ii) upon execution and delivery, this Agreement shall be the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

11. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Executive and the Company and their respective heirs, successors and permitted assigns. Neither party may assign any of its rights or assign or delegate any of its obligations hereunder without the prior written consent of the other party hereto; *provided*, *however*, that (a) the Company shall be permitted to assign this Agreement to any of its subsidiaries or to any successor to all or substantially all of its business or assets that agrees in writing to assume all of the Company's obligations hereunder, and (b) the Company's subsidiaries and affiliates are third party beneficiaries of this Agreement. Any change of control, merger, business combination or similar transaction of the Company after the Effective Date shall not be deemed to result in an assignment or delegation of this Agreement by the Company.

12. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) on the date having been delivered personally, (b) on the date delivered by a private courier as established by evidence obtained from such courier, (c) on the date sent by facsimile or e-mail transmission (with acknowledgement of both complete transmission and receipt), or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Notices, demands or communications to any party hereto will, unless another address is specified in writing pursuant to this Section 12, be sent to the addresses indicated below.

If to Executive:	*If to the Company*:
Brian Ward	Verano Holdings Corp.
2118 North Bissell Street	415 N. Dearborn Street, Suite 400
Chicago, IL 60614	Chicago, IL 60654
Email: brian@verano.holdings	Attn: George Archos, CEO
	Email: george@verano.holdings

13. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be valid under applicable law; but, if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but except as otherwise set forth in this Agreement, this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Complete Agreement. This Agreement embodies the complete agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way, including without limitation, any Prior Agreement.

15. Signatures; Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. For purposes hereof, a facsimile signature, portable document format (.pdf) signature or signature sent by electronic transmission will be considered an original signature.

16. Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Illinois, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Illinois or any other jurisdiction).

17. Survival. From and after the Effective Date, the provisions of Section 4, Section 5, Section 6, Section 7, Section 8, Section 9, Section 11, Section 12, Section 13, Section 14, Section 16, this Section 17, Section 19, Section 20, Section 21, Section 23, Section 24, and Section 26 shall survive the termination of Executive's employment and the termination of this Agreement for any reason.

18. Tax Withholdings. The Company shall deduct or withhold from any amounts owing from the Company to Executive any federal, state, local or foreign withholding taxes, excise tax, or employment taxes imposed with respect to Executive's compensation or other payments from the Company or Executive's ownership interest in the Company, if any (including, without limitation, wages, bonuses, dividends, the receipt or exercise of equity options and/or the receipt or vesting of restricted equity).

19. Dispute Resolution. Any controversy, dispute or claim arising out of or relating to any interpretation, performance, construction, termination or breach of this Agreement shall first be settled through good faith negotiation between the parties hereto. If the controversy, dispute or claim cannot be settled through negotiation, such matter must only be settled by final and binding arbitration by a single arbitrator held in Chicago, Illinois, except as otherwise provided herein. Such mandatory arbitration may be brought by either party hereto and shall be administered by JAMS pursuant to its Employment Arbitration Rules & Procedures and subject to JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness. Judgment on the arbitration award may be entered in any court having proper jurisdiction. In aid of arbitration, either party hereto may seek preliminary or temporary injunctive relief at any time before the arbitration demand has been filed and served or before an arbitrator has been selected. This agreement to mandatory arbitration is a specifically bargained for inducement for each of the parties hereto to enter into this Agreement (after having the opportunity to consult with counsel).

20. Headings; No Strict Construction. The headings of the paragraphs and sections of this Agreement are inserted for convenience only and shall not be deemed a part of or affect the construction or interpretation of any provision hereof. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

21. Executive's Cooperation. During the Employment Period and thereafter, Executive shall, subject to the Company reimbursing Executive for out-of-pocket expenses, cooperate with the Company in any internal investigation or administrative, regulatory or judicial proceeding as reasonably requested by the Company (including, without limitation, Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents which are or may come into Executive's possession, all at times and on schedules that are reasonably consistent with Executive's other permitted activities and commitments).

22. Corporate Opportunity. During the Employment Period, Executive shall submit to the Board all business, commercial and investment opportunities or offers presented to Executive or of which Executive becomes aware which relate to the business of the Company or any of its subsidiaries at any time during the Employment Period ("*Corporate Opportunities*"). Unless previously approved in writing by the Board, Executive shall not accept or pursue, directly or indirectly, any Corporate Opportunities on Executive's own behalf.

23. Section 409A Compliance. The intent of the parties is that payments and benefits under this Agreement will fall within the exception in U.S. Treasury Regulation 1.409A-1(b)(4) for short term deferrals or under U.S. Treasury Regulation 1.409A-1(b)(9) or any applicable exceptions to Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "*Code Section 409A*") and, to the maximum extent permitted, this Agreement shall be interpreted accordingly. However, to the extent that any payment or benefit under this Agreement is subject to Code Section 409A, it is intended to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Code Section 409A. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on Executive by Code Section 409A or damages for failing to comply with Code Section 409A. Notwithstanding anything herein to the contrary, to the extent that a payment or benefit is subject to Code Section 409A, a termination of employment shall be deemed to have occurred at the time such termination constitutes a "separation from service" within the meaning of Code Section 409A for purposes of any provision of this Agreement providing for the payment of any amounts or benefits in connection with a termination of employment and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean a "separation from service." If Executive is a "specified employee" within the meaning of Code Section 409A, the payment of any amounts or benefits in connection with a "separation from service" during the first six months and one day following the date of termination that constitute "nonqualified deferred compensation" within the meaning of Code Section 409A shall not be paid until the date that is six (6) months and one day following such termination to the extent necessary to avoid adverse tax consequences under Code Section 409A, and, if such payments are required to be so deferred, the first payment shall be in an amount equal to the total amount to which Executive would otherwise have been entitled to during the period following the date of termination if such deferral had not been required. Notwithstanding any other provision to the contrary, in no event shall any payment under this Agreement that constitutes "deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A. For purposes of Code Section 409A, Executive' s right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments.

24. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

25. Key Person Insurance. The Company and its affiliates shall have the right, but not the obligation, to obtain or increase insurance on Executive's life in such amount as the Board or such affiliate determines, in the name of the Company or such affiliates, as the case may be, and for its sole benefit or otherwise. Upon reasonable advance notice, Executive will cooperate in any and all necessary physical examinations without expense to Executive, supply information and sign documents and otherwise cooperate fully with each of the Company and its affiliates as the Company and its affiliates may request.

26. Read and Understood. Executive has read this Agreement carefully and understands each of its terms and conditions. Executive has sought independent legal counsel of Executive's choice to the extent Executive deemed such advice necessary in connection with the review and execution of this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the Effective Date.

THE COMPANY:

Verano Holdings Corp.

By: */s/ "George Archos"*
George Archos, Chief Executive Officer

EXECUTIVE:

/s/ "Brian Ward"
Brian Ward

Exhibit 4.11

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "*Agreement*") is entered into as of this 31st day of March, 2021, by and between John Tipton, an individual resident of the State of Florida ("*Executive*"), and Verano Holdings Corp., a British Columbia corporation (the "*Company*").

A. The Company wishes to employ Executive to provide services to the Company and its subsidiaries in accordance with the terms of this Agreement.

B. Executive wishes to accept employment with the Company and provide such services to the Company and its subsidiaries according to the terms of this Agreement.

C. This Agreement shall replace and supersede in its entirety any prior employment agreements, arrangements or understandings between Executive, on the one hand, and the Company or any of its subsidiaries, on the other hand (individually and collectively, the "*Prior Agreement*").

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Effectiveness and Employment.

(a) The obligations of the Company in this Agreement shall become effective on the consummation (the "*Effective Date*") of that Agreement and Plan of Merger, dated as of November 6, 2020, by and among Verano Holdings, LLC, Alternative Medical Enterprises, LLC, Plants of Ruskin GPS, LLC and RVC 360, LLC, which transactions include, among other things, such parties becoming subsidiaries of the Company pursuant to a business combination to be effected under an arrangement governed by the laws of British Columbia (the "*Combination*").

(b) The Company hereby agrees to employ Executive, and Executive hereby accepts employment by the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending on the date described in Section 4(a) (the "*Employment Period*").

2. Position and Duties.

(a) During the Employment Period, Executive shall serve as the President of the Company, and in connection therewith Executive shall render such administrative, financial and other executive and managerial services to the Company and its subsidiaries and have the responsibilities and authority which are consistent with Executive's position, subject to the power and authority of the Board of Directors of the Company (the "*Board*") to expand or limit such duties, responsibilities, functions and authority.

(b) Executive shall report to the Company's Chief Executive Officer (or such other person as shall be designated by the Board). Executive shall perform Executive's duties and responsibilities to the best of Executive's abilities in a diligent, trustworthy, businesslike and efficient manner. Executive shall devote Executive's full business time, energies and attention during customary business hours (except for permitted vacation periods and periods of illness or other temporary incapacity) to the business and affairs of the Company and its subsidiaries. So long as Executive is employed by the Company, Executive shall not, without the prior written consent of the Board, accept other employment or perform other services for compensation or that interfere with Executive's employment with the Company; *provided*, *however*, that Executive may (i) continue to provide services to the Dickman family with respect to their properties and personal affairs consistent with past practices, and (ii) serve as an officer or director of or otherwise participate in purely educational, welfare, social, religious and civic organizations, in each of the foregoing cases so long as such activities are not in competition with the Company or any of its subsidiaries and do not interfere with Executive's ability to carry out Executive's duties under this Agreement.

(c) Executive shall comply with all lawful rules, policies, procedures, regulations and administrative directions now or hereafter reasonably established by the Board for officers or employees of the Company or any of its subsidiaries.

3. Salary and Benefits. Subject to Section 4:

(a) Salary. During the Employment Period, the Company shall pay Executive a base salary at the annual rate of US$100,000, payable in regular installments in accordance with the Company's usual payment practices subject to required withholdings and taxes.

(b) Performance Bonus. Executive will be eligible to earn four separate performance bonuses, each paid in a combination of cash and Class B Proportionate Voting Shares of stock of the Company, based upon the gross sales for the Company's Florida and Arizona operations acquired in the Combination exceeding specified levels for each of (i) the first fiscal quarter of 2021, (ii) the year to date through the third fiscal quarter of 2021, (iii) the first fiscal quarter of 2022, and (iv) the year to date through the third fiscal quarter of 2022, in each case as set forth and described on Schedule 3(b) (the "*Performance Bonuses*"). The right to be paid Performance Bonuses if earned is in lieu of, and not in addition to, any bonus, incentive or equity plan or any other similar plan or program of the Company.

(c) Signing Bonus. Executive shall be entitled to a signing bonus in the amount of US$1,000,000 (the "*Signing Bonus*"). The Signing Bonus shall be earned and payable by Company check or immediately available funds on April 1, 2021.

(d) Benefits. During the Employment Period, Executive shall be entitled to paid vacation, paid holidays and to participate in all health insurance plans, retirement plans (including 401(k)), life insurance plans and (except for any equity, incentive or bonus plans or programs) all other perquisite plans and programs for which employees of Executive's rank in the Company are generally eligible (collectively, the "*Benefit Plans*"), in each case consistent with the Company's then-current practice as approved by the Board from time to time. The foregoing shall not be construed to require the Company to establish such Benefit Plans or to prevent the modification or termination of such Benefit Plans once established, and no such action or failure thereof shall affect this Agreement. Executive recognizes that the Company and its affiliates have the right, in their sole discretion, to amend, modify or terminate any Benefit Plans without creating any rights in Executive.

(e) Business Expenses. During the Employment Period, the Company shall reimburse Executive for all reasonable business expenses incurred by Executive in the course of performing Executive's duties under this Agreement; *provided* such expenses are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses. As a condition to being issued such reimbursements, Executive shall submit to the Company on a timely basis business expense reports, including substantiation in accordance with the Company's policy as in effect from time to time. For purposes of compliance with Code Section 409A (as defined in Section 23): (i) all expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive, (ii) any such right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

4. Employment Period.

(a) The Employment Period shall begin on the Effective Date and shall continue for two years, and shall thereafter automatically renew for one year terms unless either party gives the other party no less than 30 days' notice of its election not to renew, or until Executive's employment hereunder is terminated in accordance with Section 4(b).

(b) The Employment Period and Executive's employment hereunder (i) shall terminate upon Executive's death or permanent disability or incapacity, (ii) may be terminated by the Company at any time with or without Cause (as defined in Section 4(f)), and (iii) may be terminated by Executive at any time.

(c) If Executive's employment hereunder is terminated by the Company for Cause or by Executive during the Employment Period, then Executive shall be entitled to receive only Executive's accrued, unpaid Salary, and for the year during which Executive's employment hereunder is terminated, accrued but unused vacation time through the effective date of Executive's termination of employment (the "*Termination Date*"), any reimbursements owed for business expenses validly incurred on or prior to the Termination Date and reimbursable in accordance with Section 3(e) and any accrued but unpaid benefits due and owing to Executive under the Benefit Plans (collectively, the "*Accrued Obligations*"), and shall not be entitled to any other compensation or benefits.

(d) If Executive's employment hereunder is terminated without Cause by the Company during the Employment Period, then Executive shall be entitled to receive the Accrued Obligations and, provided Executive signs and does not revoke a general release of claims against the Company and its affiliates on a form to be provided by the Company within 14 days of the Termination Date, does not apply for unemployment compensation chargeable to the Company or any of its subsidiaries during the 12 months following the Termination Date, and subject to Executive's compliance with each obligation pursuant to Section 5, Section 6 and Section 7, Executive shall also be entitled to receive any Performance Bonuses that are earned after the Termination Date and if unpaid as of the Termination Date.

(e) If Executive's employment hereunder is terminated as a result of Executive's death, permanent disability or incapacity during the Employment Period, Executive or Executive's representatives or beneficiaries shall be entitled to receive only the Accrued Obligations and any rights to continuation of coverage and to benefits under any Benefit Plans required under applicable law and subject to Executive's compliance to the extent possible with each obligation pursuant to Section 5, Section 6 and Section 7, Executive (or his estate, as applicable) shall also be entitled to receive any Performance Bonuses that are earned after the Termination Date and if unpaid as of the Termination Date.

(f) For purposes of the Agreement, "*Cause*" shall mean any of Executive's (i) willful failure to comply with any valid and legal directive of the Chief Executive Officer of the Company or the Board, (ii) willful engagement in dishonesty, illegal conduct, or gross misconduct, which is, in each case, injurious to the Company or any of its affiliates; (iii) embezzlement, misappropriation, or intentional fraud, whether or not related to Executive's employment with the Company; (iv) conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent); (v) commission or conviction of a crime which would disqualify Executive for registration or licensure by the applicable regulatory or licensing authority governing the Company's, or any subsidiary or affiliate of the Company's, participation in a State-regulated cannabis program; (vi) material breach of any material obligation under this Agreement or any other written agreement between Executive and the Company or any of its subsidiaries; or (vii) any material failure by Executive to comply with the Company's written policies or rules, as they may be in effect from time to time, if such failure causes reputational or financial harm to the Company or any of its affiliates.

(g) For purposes of this Agreement, Executive's permanent disability or incapacity shall be determined in accordance with the Company's long-term disability insurance policy, if such a policy is then in effect, or, if no such policy is then in effect, then such permanent disability or incapacity shall be deemed to have occurred upon Executive's inability to perform the essential functions of the position set forth in Section 2(a), after reasonable accommodation by the Company, for a period of at least 180 days, in the aggregate, during any period of 365 calendar days, unless further time is required as a reasonable accommodation under the Americans with Disabilities Act.

5. Restrictive Covenants. In consideration of this Agreement and Executive's substantial direct and indirect benefits arising from the Combination, Executive, knowingly and intending to be legally bound, agrees as follows.

(a) Noncompetition Covenant. During the period commencing on the Effective Date and terminating on the third anniversary of the Termination Date (the "*Restricted Period*"), Executive shall not directly or indirectly (whether for compensation or without compensation), as principal, agent, owner, partner, employee, consultant, shareholder, member, director, manager or officer, as the case may be, or otherwise howsoever, own, operate, be engaged in or connected with the operation of or have any financial interest in or advance, lend money to, guarantee the debts or obligations of or permit Executive's name or part thereof to be used or employed in any operation, whether a proprietorship, partnership, joint venture, company or other entity, legal or otherwise, whatsoever, or otherwise carry on or engage in any activity or business similar to the Company's business or be connected or involved in any manner whatsoever in any activity or business similar to the Company's business in whole or in part; *provided*, *however*, that such restrictions shall not preclude Executive from (i) owning stock in the Company or up to 1% of the total outstanding stock of any other publicly traded entity, or (ii) continuing to volunteer for no payment in assisting the government of Panama in establishing its rules and regulations relating to legalized cannabis cultivation, manufacture, and/or sale.

(b) Non-solicitation Covenant. During the Restricted Period, Executive shall not, directly or indirectly (whether for compensation or without compensation), as principal, agent, owner, partner, employee, consultant, shareholder, member, director, manager or officer, as the case may be (other than as the holder of stock in the Company or a holder of an ownership interest of not more than 1% of the total outstanding stock of any other publicly traded entity):

(i) interfere with, disrupt or obtain business from, accept business from or contact any current or former party engaging in business with the Company or any of its subsidiaries (or attempt to do any of the foregoing), in each case with respect to any activity or business engaged in by the Company or any of its subsidiaries with such party, whether in whole or in part; or

(ii) induce or attempt to induce any employee of the Company or any of its subsidiaries to terminate employment with the Company or such subsidiary, hire or participate in the hiring of any employee or independent contractor of the Company or any of its subsidiaries, or interfere with or attempt to disrupt the relationship, contractual or otherwise, between the Company or any of its subsidiaries and any of their respective employees or independent contractors. For purposes of this paragraph, an employee or independent contractor means any person employed or contracted by the Company or any of its subsidiaries during the Employment Period.

6. Confidentiality. In consideration of this Agreement, Executive's substantial direct and indirect benefits arising from the Combination, and Executive's access to Confidential Information (as defined below), Executive, knowingly and intending to be legally bound, agrees as follows.

(a) Executive will not at any time (whether during or after Executive's employment with the Company) (i) retain or use for the benefit, purposes or account of Executive or any other person; or (ii) disclose, divulge, reveal, communicate, share, transfer or provide access to any person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information, including without limitation, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals, in each case concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates or any third party that has disclosed or provided any of such information to the Company or any of its subsidiaries on a confidential basis (collectively, "*Confidential Information*") without the prior written authorization of the Board; *provided*, that Executive may disclose such information to Executive's legal and financial advisors for the limited purpose of enforcing Executive's rights under this Agreement so long as Executive requires that such legal and financial advisors not disclose such information, and Executive shall be liable for any disclosure by such legal or financial advisors.

(b) Confidential Information shall not include any information that is: (i) generally known to the industry or the public other than as a result of Executive's breach of this Agreement or any breach of other confidentiality obligations by third parties; (ii) made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (iii) required by applicable law to be disclosed; *provided* that Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(c) Executive acknowledges, agrees, and understands that (i) nothing in this Agreement prohibits Executive from reporting to any governmental authority or attorney information concerning suspected violations of law or regulation, provided that Executive does so consistent with 18 U.S.C. 1833, and (ii) Executive may disclose trade secret information to a government official or to an attorney and use it in certain court proceedings without fear of prosecution or liability, provided that Executive does so consistent with 18 U.S.C. 1833.

(d) Except to the extent disclosed by the Company as may be required by applicable securities and other laws or applicable stock exchange listing standards, Executive will not disclose to anyone, other than Executive's spouse, legal or financial advisors or members of the Company's senior management, the existence or contents of this Agreement.

(e) Upon termination of Executive's employment with the Company for any reason, Executive shall: (i) cease and not thereafter commence use of any Confidential Information or intellectual property (including, without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; (ii) immediately return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to the business of the Company, its affiliates and subsidiaries, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information or are not related to the Company's business; and (iii) notify and fully cooperate with the Company regarding the delivery of any other Confidential Information of which Executive is or becomes aware.

7. <u>Intellectual Property</u>. In consideration of this Agreement and Executive's substantial direct and indirect benefits arising from the Combination, Executive, knowingly and intending to be legally bound, agrees as follows.

(a) If Executive has created, invented, designed, developed, contributed to or improved any works of authorship, inventions, intellectual property, materials, documents or other work product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content or audiovisual materials) ("*Works*"), either alone or with third parties, prior to Executive's employment by the Company, that are relevant to or implicated by such employment ("*Prior Works*"), Executive hereby grants the Company and its subsidiaries a perpetual, non-exclusive, royalty-free, worldwide, assignable, sub-licensable license under all rights and intellectual property rights (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) therein for all purposes in connection with the Company's or any of its subsidiaries' current and future business. Executive shall provide the Company with a written list of all Prior Works within 15 days after the Effective Date.

(b) If Executive creates, invents, designs, develops, contributes to or improves any Works, either alone or with third parties, at any time during Executive's employment by the Company and within the scope of such employment or with the use of any resources of the Company or any of its subsidiaries ("*Company Works*"), Executive shall promptly and fully disclose the Company Works to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(c) Executive shall keep and maintain adequate and current written records (in the form of notes, sketches, drawings and any other form or media requested by the Company) of all Company Works. The records will be available to and remain the sole property and intellectual property of the Company at all times.

(d) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Prior Works and Company Works. If the Company is unable for any other reason to secure Executive's signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.

(e) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company or any of its subsidiaries any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party (in each case that is not then a subsidiary of the Company) without prior written permission of such third party. Executive shall comply with all relevant policies and guidelines of the Company regarding the protection of confidential information and intellectual property and potential conflicts of interest. Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that Executive remains at all times bound by their most current version that has been communicated to Executive.

8. Return of Company Property. At the termination of the Employment Period and at any other time upon the request of the Company, Executive shall deliver to the Company any and all of the Company's documents, plans, records, computer tapes, software, drawings, notes, memoranda, specifications, devices (including, without limitation, any cellular phone or computer), and formulas relating to the Company's business, together with all copies thereof, which is in the possession of Executive.

9. Enforcement. If, at the time of enforcement of Section 5, Section 6 or Section 7, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area. It is specifically understood and agreed that any breach of the provisions of Section 5, Section 6 or Section 7 are likely to result in irreparable injury to the Company and the parties hereto agree that money damages would be an inadequate remedy for any breach of Section 5, Section 6 or Section 7. Therefore, in the event of a breach or threatened breach of Section 5, Section 6 or Section 7, the Company or its successors or assigns shall, in addition to other rights and remedies existing in their favor, be entitled to specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, Section 5, Section 6 or Section 7.

10. Representations and Warranties.

(a) Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound, (ii) Executive is not a party to or bound by any employment agreement, non-solicitation agreement, assignment of inventions or confidentiality agreement with any other person or entity, (iii) Executive is not subject to any noncompetition agreement or any other agreement or restriction of any kind that would impede in any way the ability of Executive to carry out fully all activities of Executive in furtherance of the business of the Company or any of its subsidiaries, (iv) Executive is not in violation of a confidentiality, non-solicitation or non-competition agreement or any other agreement relating to the relationship of Executive with any third party, because of the nature of the business conducted by the Company or any of its subsidiaries, and (v) upon execution and delivery of this Agreement, this Agreement shall be the valid and binding obligation of Executive, enforceable against Executive in accordance with its terms, and shall replace and supersede in its entirety any Prior Agreement.

(b) The Company hereby represents and warrants to Executive that (i) the execution, delivery and performance of this Agreement by the Company does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which the Company is bound and (ii) upon execution and delivery, this Agreement shall be the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

11. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Executive and the Company and their respective heirs, successors and permitted assigns. Neither party may assign any of its rights or assign or delegate any of its obligations hereunder without the prior written consent of the other party hereto; *provided*, *however*, that (a) the Company shall be permitted to assign this Agreement to any of its subsidiaries or to any successor to all or substantially all of its business or assets that agrees in writing to assume all of the Company's obligations hereunder, and (b) the Company's subsidiaries and affiliates are third party beneficiaries of this Agreement. Any change of control, merger, business combination or similar transaction of the Company after the Effective Date shall not be deemed to result in an assignment or delegation of this Agreement by the Company.

12. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) on the date having been delivered personally, (b) on the date delivered by a private courier as established by evidence obtained from such courier, (c) on the date sent by facsimile or e-mail transmission (with acknowledgement of both complete transmission and receipt), or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Notices, demands or communications to any party hereto will, unless another address is specified in writing pursuant to this Section 12, be sent to the addresses indicated below.

If to Executive:

John Tipton
6210 Glen Abbey Lane
Bradenton, FL 34202
Email: john@almed.co

If to the Company:

Verano Holdings Corp.
415 N. Dearborn Street, Suite 400
Chicago, IL 60654
Attn: George Archos, Chief Executive Officer
Email: george@verano.holdings

13. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be valid under applicable law; but, if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but except as otherwise set forth in this Agreement, this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Complete Agreement. This Agreement embodies the complete agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way, including without limitation, any Prior Agreement.

15. Signatures; Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. For purposes hereof, a facsimile signature, portable document format (.pdf) signature or signature sent by electronic transmission will be considered an original signature.

16. Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Illinois, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Illinois or any other jurisdiction).

17. Survival. From and after the Effective Date, the provisions of Section 4, Section 5, Section 6, Section 7, Section 8, Section 9, Section 11, Section 12, Section 13, Section 14, Section 16, this Section 17, Section 19, Section 20, Section 21, Section 23, Section 24, and Section 26 shall survive the termination of Executive's employment and the termination of this Agreement for any reason.

18. Tax Withholdings. The Company shall deduct or withhold from any amounts owing from the Company to Executive any federal, state, local or foreign withholding taxes, excise tax, or employment taxes imposed with respect to Executive's compensation or other payments from the Company or Executive's ownership interest in the Company, if any (including, without limitation, wages, bonuses, dividends, the receipt or exercise of equity options and/or the receipt or vesting of restricted equity).

19. Dispute Resolution. Any controversy, dispute or claim arising out of or relating to any interpretation, performance, construction, termination or breach of this Agreement shall first be settled through good faith negotiation between the parties hereto. If the controversy, dispute or claim cannot be settled through negotiation, such matter must only be settled by final and binding arbitration by a single arbitrator held in Chicago, Illinois, except as otherwise provided herein. Such mandatory arbitration may be brought by either party hereto and shall be administered by JAMS pursuant to its Employment Arbitration Rules & Procedures and subject to JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness. Judgment on the arbitration award may be entered in any court having proper jurisdiction. In aid of arbitration, either party hereto may seek preliminary or temporary injunctive relief at any time before the arbitration demand has been filed and served or before an arbitrator has been selected. This agreement to mandatory arbitration is a specifically bargained for inducement for each of the parties hereto to enter into this Agreement (after having the opportunity to consult with counsel).

20. Headings; No Strict Construction. The headings of the paragraphs and sections of this Agreement are inserted for convenience only and shall not be deemed a part of or affect the construction or interpretation of any provision hereof. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

21. Executive's Cooperation. During the Employment Period and thereafter, Executive shall, subject to the Company reimbursing Executive for out-of-pocket expenses, cooperate with the Company in any internal investigation or administrative, regulatory or judicial proceeding as reasonably requested by the Company (including, without limitation, Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents which are or may come into Executive's possession, all at times and on schedules that are reasonably consistent with Executive's other permitted activities and commitments).

22. Corporate Opportunity. During the Employment Period, Executive shall submit to the Board all business, commercial and investment opportunities or offers presented to Executive or of which Executive becomes aware which relate to the business of the Company or any of its subsidiaries at any time during the Employment Period ("*Corporate Opportunities*"). Unless previously approved in writing by the Board, Executive shall not accept or pursue, directly or indirectly, any Corporate Opportunities on Executive's own behalf.

23. Section 409A Compliance. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "*Code Section 409A*") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Code Section 409A. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on Executive by Code Section 409A or damages for failing to comply with Code Section 409A. Notwithstanding anything herein to the contrary, a termination of employment shall be deemed to have occurred at the time such termination constitutes a "separation from service" within the meaning of Code Section 409A for purposes of any provision of this Agreement providing for the payment of any amounts or benefits in connection with a termination of employment and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean a "separation from service." Notwithstanding any other provision to the contrary, in no event shall any payment under this Agreement that constitutes "deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

24. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

25. Key Person Insurance. The Company and its affiliates shall have the right, but not the obligation, to obtain or increase insurance on Executive's life in such amount as the Board or such affiliate determines, in the name of the Company or such affiliates, as the case may be, and for its sole benefit or otherwise. Upon reasonable advance notice, Executive will cooperate in any and all necessary physical examinations without expense to Executive, supply information and sign documents and otherwise cooperate fully with each of the Company and its affiliates as the Company and its affiliates may request.

26. Read and Understood. Executive has read this Agreement carefully and understands each of its terms and conditions. Executive has sought independent legal counsel of Executive's choice to the extent Executive deemed such advice necessary in connection with the review and execution of this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the Effective Date.

THE COMPANY:
Verano Holdings Corp.

By: */s/ "George Archos"*
George Archos, CEO

EXECUTIVE:

/s/ "John Tipton"
John Tipton

Schedule 3(b)

Performance Bonus

1. Defined Terms. As used herein, capitalized terms have the meanings set forth below or in the Employment Agreement to which this Schedule 3(b) is attached (the "*Employment Agreement*"), as applicable.

"*Additional Payment*" means an aggregate amount of US$15,500,000.

"*Applicable Period*" means each of the following four separate and distinct fiscal periods of time for the Company as determined from the Company Financial Statements: (i) the first fiscal quarter of 2021; (ii) the year-to-date from the first day of fiscal year 2021 through the last day of the third fiscal quarter of 2021; (iii) the first fiscal quarter of 2022; (iv) the year-to-date from the first day of fiscal year 2022 through the last day of the third fiscal quarter of 2022.

"*Cash and Share Percentages*" means (a) 41.379% of the total amount of a Performance Bonus will be comprised of cash paid in United States Dollars by Company check or wire transfer of funds, and (b) 58.621% of the total amount of a Performance Bonus will be comprised of Consideration Shares issued to Executive and valued at the Share Price multiplied by 100.

"*Company Financial Statements*" means the unaudited consolidating financial statements of the Company and its subsidiaries for an applicable period prepared in the ordinary course of business in accordance with International Reporting Standards issued by the International Accounting Board Standards, except that such financial statements shall not contain footnotes or year-end adjustments.

"*Company Shares*" means Class A Subordinate Voting Shares of the Company. "*Consideration Shares*" means Class B Proportionate Voting Shares of the Company.

"*Gross Sales*" means, for the applicable period of determination, an aggregate amount equal to the consolidated sales of the Company arising solely from the Company's operations consisting of (a) Alternative Medical Enterprises, LLC, (b) Plants of Ruskin GPS, LLC, and (c) RVC 360, LLC, that were in effect as of the Effective Date and acquired by the Company in the Combination. For the avoidance of doubt, Gross Sales shall not include any operations acquired by the Company or any of its subsidiaries after the Effective Date, but shall include organic growth and expansion of such operations. Such Gross Sales shall be in United States Dollars and determined from the Company Financial Statements for the Applicable Period of determination and shall be reduced by any discounts, returns and sales allowances.

"*Share Price*" means for each Company Share, the volume weighted average price (VWAP) trading benchmark for the trading day that is the third business day prior to (and not including) the date of payment of the applicable Performance. The Share Price shall be calculated and applied in United States Dollars.

"US$ or United States Dollars" means the currency of the United States of America denominated in dollars.

2. Performance Bonuses.

(a) For each Applicable Period, if Executive is eligible to earn a Performance Bonus at such time in accordance with the Employment Agreement, Executive shall be paid a Performance Bonus in United States Dollars equal to 25% of the Additional Payment if, and only if, Gross Sales for such Applicable Period exceed the following applicable amount:

Applicable Period	**Gross Sales Must Exceed**
the first fiscal quarter of 2021	US$35,000,000
the year-to-date from the first day of fiscal year 2021 through the last day of the third fiscal quarter of 2021	US$120,000,000
the first fiscal quarter of 2022	US$40,000,000
the year-to-date from the first day of fiscal year 2022 through the last day of the third fiscal quarter of 2022	US$120,000,000

In no event shall any Gross Sales be carried forward or carried back to any other Applicable Period. If earned, a Performance Bonus shall only be equal to 25% of the Additional Payment and shall not be based on a sliding scale or any proration. Only one Performance Bonus can be earned for an Applicable Period and if not earned for such Applicable Period, such Performance Bonus shall be forfeited and null and void. In no event shall more than four Performance Bonuses be earned and the aggregate amount of Performance Bonuses shall not exceed the Additional Payment. It is the intent of the parties hereto that the Performance Bonuses are based solely on the aggregate Gross Sales of the operations of Alternative Medical Enterprises, LLC, Plants of Ruskin GPS, LLC, and RVC 360, LLC that were acquired by the Company in the Combination on the Effective Date and shall not include any operations acquired thereafter.

(b) Achievement of a Performance Bonus shall be determined within ten business days of the final issuance of the applicable Company Financial Statements, and paid within ten business days of determination that such Performance Bonus is earned and payable to Executive. Each Performance Bonus shall be paid to Executive in accordance with the Cash and Share Percentages. Any Company Shares issued to Executive as part of a Performance Bonus shall be subject to any lock-up agreement or similar trading restriction applicable to Executive with respect to Company Shares.

(c) As may be applicable, Canadian dollars shall be converted into U.S. dollars using the applicable exchange rate at the date of determination as published by the Bank of Canada.

Exhibit 4.12

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "*Agreement*") is entered into as of this 31st day of March, 2021, by and between R. Michael Smullen, an individual resident of the State of Florida ("*Executive*"), and Verano Holdings Corp., a British Columbia corporation (the "*Company*").

A. The Company wishes to employ Executive to provide services to the Company and its subsidiaries in accordance with the terms of this Agreement.

B. Executive wishes to accept employment with the Company and provide such services to the Company and its subsidiaries according to the terms of this Agreement.

C. This Agreement shall replace and supersede in its entirety any prior employment agreements, arrangements or understandings between Executive, on the one hand, and the Company or any of its subsidiaries, on the other hand (individually and collectively, the "*Prior Agreement*").

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Effectiveness and Employment.

(a) The obligations of the Company in this Agreement shall become effective on the consummation (the "*Effective Date*") of that Agreement and Plan of Merger, dated as of November 6, 2020, by and among Verano Holdings, LLC, Alternative Medical Enterprises, LLC, Plants of Ruskin GPS, LLC and RVC 360, LLC, which transactions include, among other things, such parties becoming subsidiaries of the Company pursuant to a business combination to be effected under an arrangement governed by the laws of British Columbia (the "*Combination*").

(b) The Company hereby agrees to employ Executive, and Executive hereby accepts employment by the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending on the date described in Section 4(a) (the "*Employment Period*").

2. Position and Duties.

(a) During the Employment Period, Executive shall serve as Executive Director of MÜV Enterprises, and in connection therewith Executive shall render such administrative, financial and other executive and managerial services to the Company and its subsidiaries and have the responsibilities and authority which are consistent with Executive's position, subject to the power and authority of the Board of Directors of the Company (the "*Board*") to expand or limit such duties, responsibilities, functions and authority.

(b) Executive shall report to the Company's Chief Executive Officer (or such other person as shall be designated by the Board). Executive shall perform Executive's duties and responsibilities to the best of Executive's abilities in a diligent, trustworthy, businesslike and efficient manner. Executive shall devote Executive's full business time, energies and attention during customary business hours (except for permitted vacation periods and periods of illness or other temporary incapacity) to the business and affairs of the Company and its subsidiaries. So long as Executive is employed by the Company, Executive shall not, without the prior written consent of the Board, accept other employment or perform other services for compensation or that interfere with Executive's employment with the Company; *provided*, *however*, that Executive may serve as an officer or director of or otherwise participate in purely educational, welfare, social, religious and civic organizations, in each of the foregoing cases so long as such activities are not in competition with the Company or any of its subsidiaries and do not interfere with Executive's ability to carry out Executive's duties under this Agreement.

(c) Executive shall comply with all lawful rules, policies, procedures, regulations and administrative directions now or hereafter reasonably established by the Board for officers or employees of the Company or any of its subsidiaries.

3. Salary and Benefits. Subject to Section 4:

(a) Salary. During the Employment Period, the Company shall pay Executive a base salary at the annual rate of US$100,000, payable in regular installments in accordance with the Company's usual payment practices subject to required withholdings and taxes.

(b) Performance Bonus. Executive will be eligible to earn four separate performance bonuses, each paid in a combination of cash and Class B Proportionate Voting Shares of stock of the Company, based upon the gross sales for the Company's Florida and Arizona operations acquired in the Combination exceeding specified levels for each of (i) the first fiscal quarter of 2021, (ii) the year to date through the third fiscal quarter of 2021, (iii) the first fiscal quarter of 2022, and (iv) the year to date through the third fiscal quarter of 2022, in each case as set forth and described on Schedule 3(b) (the "*Performance Bonuses*"). The right to be paid Performance Bonuses if earned is in lieu of, and not in addition to, any bonus, incentive or equity plan or any other similar plan or program of the Company.

(c) Signing Bonus. Executive shall be entitled to a signing bonus in the amount of US$1,000,000 (the "*Signing Bonus*"). The Signing Bonus shall be earned and payable by Company check or immediately available funds on April 1, 2021.

(d) Benefits. During the Employment Period, Executive shall be entitled to paid vacation, paid holidays and to participate in all health insurance plans, retirement plans (including 401(k)), life insurance plans and (except for any equity, incentive or bonus plans or programs) all other perquisite plans and programs for which employees of Executive's rank in the Company are generally eligible (collectively, the "*Benefit Plans*"), in each case consistent with the Company's then-current practice as approved by the Board from time to time. The foregoing shall not be construed to require the Company to establish such Benefit Plans or to prevent the modification or termination of such Benefit Plans once established, and no such action or failure thereof shall affect this Agreement. Executive recognizes that the Company and its affiliates have the right, in their sole discretion, to amend, modify or terminate any Benefit Plans without creating any rights in Executive.

(e) Business Expenses. During the Employment Period, the Company shall reimburse Executive for all reasonable business expenses incurred by Executive in the course of performing Executive's duties under this Agreement; *provided* such expenses are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses. As a condition to being issued such reimbursements, Executive shall submit to the Company on a timely basis business expense reports, including substantiation in accordance with the Company's policy as in effect from time to time. For purposes of compliance with Code Section 409A (as defined in Section 23): (i) all expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive, (ii) any such right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

4. Employment Period.

(a) The Employment Period shall begin on the Effective Date and shall continue for two years, and shall thereafter automatically renew for one year terms unless either party gives the other party no less than 30 days' notice of its election not to renew, or until Executive's employment hereunder is terminated in accordance with Section 4(b).

(b) The Employment Period and Executive's employment hereunder (i) shall terminate upon Executive's death or permanent disability or incapacity, (ii) may be terminated by the Company at any time with or without Cause (as defined in Section 4(f)), and (iii) may be terminated by Executive at any time.

(c) If Executive's employment hereunder is terminated by the Company for Cause or by Executive during the Employment Period, then Executive shall be entitled to receive only Executive's accrued, unpaid Salary, and for the year during which Executive's employment hereunder is terminated, accrued but unused vacation time through the effective date of Executive's termination of employment (the "*Termination Date*"), any reimbursements owed for business expenses validly incurred on or prior to the Termination Date and reimbursable in accordance with Section 3(e) and any accrued but unpaid benefits due and owing to Executive under the Benefit Plans (collectively, the "*Accrued Obligations*"), and shall not be entitled to any other compensation or benefits.

(d) If Executive's employment hereunder is terminated without Cause by the Company during the Employment Period, then Executive shall be entitled to receive the Accrued Obligations and, provided Executive signs and does not revoke a general release of claims against the Company and its affiliates on a form to be provided by the Company within 14 days of the Termination Date, does not apply for unemployment compensation chargeable to the Company or any of its subsidiaries during the 12 months following the Termination Date, and subject to Executive's compliance with each obligation pursuant to Section 5, Section 6 and Section 7, Executive shall also be entitled to receive any Performance Bonuses that are earned after the Termination Date and if unpaid as of the Termination Date.

(e) If Executive's employment hereunder is terminated as a result of Executive's death, permanent disability or incapacity during the Employment Period, Executive or Executive's representatives or beneficiaries shall be entitled to receive only the Accrued Obligations and any rights to continuation of coverage and to benefits under any Benefit Plans required under applicable law and subject to Executive's compliance to the extent possible with each obligation pursuant to Section 5, Section 6 and Section 7, Executive (or his estate, as applicable) shall also be entitled to receive any Performance Bonuses that are earned after the Termination Date and if unpaid as of the Termination Date.

(f) For purposes of the Agreement, "*Cause*" shall mean any of Executive's (i) willful failure to comply with any valid and legal directive of the Chief Executive Officer of the Company or the Board, (ii) willful engagement in dishonesty, illegal conduct, or gross misconduct, which is, in each case, injurious to the Company or any of its affiliates; (iii) embezzlement, misappropriation, or intentional fraud, whether or not related to Executive's employment with the Company; (iv) conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent); (v) commission or conviction of a crime which would disqualify Executive for registration or licensure by the applicable regulatory or licensing authority governing the Company's, or any subsidiary or affiliate of the Company's, participation in a State-regulated cannabis program; (vi) material breach of any material obligation under this Agreement or any other written agreement between Executive and the Company or any of its subsidiaries; or (vii) any material failure by Executive to comply with the Company's written policies or rules, as they may be in effect from time to time, if such failure causes reputational or financial harm to the Company or any of its affiliates.

(g) For purposes of this Agreement, Executive's permanent disability or incapacity shall be determined in accordance with the Company's long-term disability insurance policy, if such a policy is then in effect, or, if no such policy is then in effect, then such permanent disability or incapacity shall be deemed to have occurred upon Executive's inability to perform the essential functions of the position set forth in Section 2(a), after reasonable accommodation by the Company, for a period of at least 180 days, in the aggregate, during any period of 365 calendar days, unless further time is required as a reasonable accommodation under the Americans with Disabilities Act.

5. Restrictive Covenants. In consideration of this Agreement and Executive's substantial direct and indirect benefits arising from the Combination, Executive, knowingly and intending to be legally bound, agrees as follows.

(a) Noncompetition Covenant. During the period commencing on the Effective Date and terminating on the third anniversary of the Termination Date (the "*Restricted Period*"), Executive shall not directly or indirectly (whether for compensation or without compensation), as principal, agent, owner, partner, employee, consultant, shareholder, member, director, manager or officer, as the case may be, or otherwise howsoever, own, operate, be engaged in or connected with the operation of or have any financial interest in or advance, lend money to, guarantee the debts or obligations of or permit Executive's name or part thereof to be used or employed in any operation, whether a proprietorship, partnership, joint venture, company or other entity, legal or otherwise, whatsoever, or otherwise carry on or engage in any activity or business similar to the Company's business or be connected or involved in any manner whatsoever in any activity or business similar to the Company's business in whole or in part; *provided*, *however*, that such restrictions shall not preclude Executive from owning stock in the Company or up to 1% of the total outstanding stock of any other publicly traded entity.

(b) Non-solicitation Covenant. During the Restricted Period, Executive shall not, directly or indirectly (whether for compensation or without compensation), as principal, agent, owner, partner, employee, consultant, shareholder, member, director, manager or officer, as the case may be (other than as the holder of stock in the Company or a holder of an ownership interest of not more than 1% of the total outstanding stock of any other publicly traded entity):

(i) interfere with, disrupt or obtain business from, accept business from or contact any current or former party engaging in business with the Company or any of its subsidiaries (or attempt to do any of the foregoing), in each case with respect to any activity or business engaged in by the Company or any of its subsidiaries with such party, whether in whole or in part; or

(ii) induce or attempt to induce any employee of the Company or any of its subsidiaries to terminate employment with the Company or such subsidiary, hire or participate in the hiring of any employee or independent contractor of the Company or any of its subsidiaries, or interfere with or attempt to disrupt the relationship, contractual or otherwise, between the Company or any of its subsidiaries and any of their respective employees or independent contractors. For purposes of this paragraph, an employee or independent contractor means any person employed or contracted by the Company or any of its subsidiaries during the Employment Period.

6. Confidentiality. In consideration of this Agreement, Executive's substantial direct and indirect benefits arising from the Combination, and Executive's access to Confidential Information (as defined below), Executive, knowingly and intending to be legally bound, agrees as follows.

(a) Executive will not at any time (whether during or after Executive's employment with the Company) (i) retain or use for the benefit, purposes or account of Executive or any other person; or (ii) disclose, divulge, reveal, communicate, share, transfer or provide access to any person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information, including without limitation, trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals, in each case concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates or any third party that has disclosed or provided any of such information to the Company or any of its subsidiaries on a confidential basis (collectively, "*Confidential Information*") without the prior written authorization of the Board; *provided*, that Executive may disclose such information to Executive's legal and financial advisors for the limited purpose of enforcing Executive's rights under this Agreement so long as Executive requires that such legal and financial advisors not disclose such information, and Executive shall be liable for any disclosure by such legal or financial advisors.

(b) Confidential Information shall not include any information that is: (i) generally known to the industry or the public other than as a result of Executive's breach of this Agreement or any breach of other confidentiality obligations by third parties; (ii) made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (iii) required by applicable law to be disclosed; *provided* that Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(c) Executive acknowledges, agrees, and understands that (i) nothing in this Agreement prohibits Executive from reporting to any governmental authority or attorney information concerning suspected violations of law or regulation, provided that Executive does so consistent with 18 U.S.C. 1833, and (ii) Executive may disclose trade secret information to a government official or to an attorney and use it in certain court proceedings without fear of prosecution or liability, provided that Executive does so consistent with 18 U.S.C. 1833.

(d) Except to the extent disclosed by the Company as may be required by applicable securities and other laws or applicable stock exchange listing standards, Executive will not disclose to anyone, other than Executive's spouse, legal or financial advisors or members of the Company's senior management, the existence or contents of this Agreement.

(e) Upon termination of Executive's employment with the Company for any reason, Executive shall: (i) cease and not thereafter commence use of any Confidential Information or intellectual property (including, without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; (ii) immediately return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to the business of the Company, its affiliates and subsidiaries, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information or are not related to the Company's business; and (iii) notify and fully cooperate with the Company regarding the delivery of any other Confidential Information of which Executive is or becomes aware.

7. <u>Intellectual Property</u>. In consideration of this Agreement and Executive's substantial direct and indirect benefits arising from the Combination, Executive, knowingly and intending to be legally bound, agrees as follows.

(a) If Executive has created, invented, designed, developed, contributed to or improved any works of authorship, inventions, intellectual property, materials, documents or other work product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content or audiovisual materials) ("*Works*"), either alone or with third parties, prior to Executive's employment by the Company, that are relevant to or implicated by such employment ("*Prior Works*"), Executive hereby grants the Company and its subsidiaries a perpetual, non-exclusive, royalty-free, worldwide, assignable, sub-licensable license under all rights and intellectual property rights (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) therein for all purposes in connection with the Company's or any of its subsidiaries' current and future business. Executive shall provide the Company with a written list of all Prior Works within 15 days after the Effective Date.

(b) If Executive creates, invents, designs, develops, contributes to or improves any Works, either alone or with third parties, at any time during Executive's employment by the Company and within the scope of such employment or with the use of any resources of the Company or any of its subsidiaries ("*Company Works*"), Executive shall promptly and fully disclose the Company Works to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(c) Executive shall keep and maintain adequate and current written records (in the form of notes, sketches, drawings and any other form or media requested by the Company) of all Company Works. The records will be available to and remain the sole property and intellectual property of the Company at all times.

(d) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Prior Works and Company Works. If the Company is unable for any other reason to secure Executive's signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.

(e) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company or any of its subsidiaries any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party (in each case that is not then a subsidiary of the Company) without prior written permission of such third party. Executive shall comply with all relevant policies and guidelines of the Company regarding the protection of confidential information and intellectual property and potential conflicts of interest. Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that Executive remains at all times bound by their most current version that has been communicated to Executive.

8. Return of Company Property. At the termination of the Employment Period and at any other time upon the request of the Company, Executive shall deliver to the Company any and all of the Company's documents, plans, records, computer tapes, software, drawings, notes, memoranda, specifications, devices (including, without limitation, any cellular phone or computer), and formulas relating to the Company's business, together with all copies thereof, which is in the possession of Executive.

9. Enforcement. If, at the time of enforcement of Section 5, Section 6 or Section 7, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area. It is specifically understood and agreed that any breach of the provisions of Section 5, Section 6 or Section 7 are likely to result in irreparable injury to the Company and the parties hereto agree that money damages would be an inadequate remedy for any breach of Section 5, Section 6 or Section 7. Therefore, in the event of a breach or threatened breach of Section 5, Section 6 or Section 7, the Company or its successors or assigns shall, in addition to other rights and remedies existing in their favor, be entitled to specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, Section 5, Section 6 or Section 7.

10. Representations and Warranties.

(a) Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound, (ii) Executive is not a party to or bound by any employment agreement, non-solicitation agreement, assignment of inventions or confidentiality agreement with any other person or entity, (iii) Executive is not subject to any noncompetition agreement or any other agreement or restriction of any kind that would impede in any way the ability of Executive to carry out fully all activities of Executive in furtherance of the business of the Company or any of its subsidiaries, (iv) Executive is not in violation of a confidentiality, non-solicitation or non-competition agreement or any other agreement relating to the relationship of Executive with any third party, because of the nature of the business conducted by the Company or any of its subsidiaries, and (v) upon execution and delivery of this Agreement, this Agreement shall be the valid and binding obligation of Executive, enforceable against Executive in accordance with its terms, and shall replace and supersede in its entirety any Prior Agreement.

(b) The Company hereby represents and warrants to Executive that (i) the execution, delivery and performance of this Agreement by the Company does not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Company is a party or by which the Company is bound and (ii) upon execution and delivery, this Agreement shall be the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

11. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Executive and the Company and their respective heirs, successors and permitted assigns. Neither party may assign any of its rights or assign or delegate any of its obligations hereunder without the prior written consent of the other party hereto; *provided*, *however*, that (a) the Company shall be permitted to assign this Agreement to any of its subsidiaries or to any successor to all or substantially all of its business or assets that agrees in writing to assume all of the Company's obligations hereunder, and (b) the Company's subsidiaries and affiliates are third party beneficiaries of this Agreement. Any change of control, merger, business combination or similar transaction of the Company after the Effective Date shall not be deemed to result in an assignment or delegation of this Agreement by the Company.

12. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) on the date having been delivered personally, (b) on the date delivered by a private courier as established by evidence obtained from such courier, (c) on the date sent by facsimile or e-mail transmission (with acknowledgement of both complete transmission and receipt), or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Notices, demands or communications to any party hereto will, unless another address is specified in writing pursuant to this Section 12, be sent to the addresses indicated below.

If to Executive:	*If to the Company*:
Mike Smullen 16427 Daysailor Trail Bradenton, FL 34202 Email: mike@altmed.co	Verano Holdings Corp. 415 N. Dearborn Street, Suite 400 Chicago, IL 60654 Attn: George Archos, Chief Executive Officer Email: george@verano.holdings

13. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be valid under applicable law; but, if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but except as otherwise set forth in this Agreement, this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Complete Agreement. This Agreement embodies the complete agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way, including without limitation, any Prior Agreement.

15. Signatures; Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. For purposes hereof, a facsimile signature, portable document format (.pdf) signature or signature sent by electronic transmission will be considered an original signature.

16. Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Illinois, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Illinois or any other jurisdiction).

17. Survival. From and after the Effective Date, the provisions of Section 4, Section 5, Section 6, Section 7, Section 8, Section 9, Section 11, Section 12, Section 13, Section 14, Section 16, this Section 17, Section 19, Section 20, Section 21, Section 23, Section 24, and Section 26 shall survive the termination of Executive's employment and the termination of this Agreement for any reason.

18. Tax Withholdings. The Company shall deduct or withhold from any amounts owing from the Company to Executive any federal, state, local or foreign withholding taxes, excise tax, or employment taxes imposed with respect to Executive's compensation or other payments from the Company or Executive's ownership interest in the Company, if any (including, without limitation, wages, bonuses, dividends, the receipt or exercise of equity options and/or the receipt or vesting of restricted equity).

19. Dispute Resolution. Any controversy, dispute or claim arising out of or relating to any interpretation, performance, construction, termination or breach of this Agreement shall first be settled through good faith negotiation between the parties hereto. If the controversy, dispute or claim cannot be settled through negotiation, such matter must only be settled by final and binding arbitration by a single arbitrator held in Chicago, Illinois, except as otherwise provided herein. Such mandatory arbitration may be brought by either party hereto and shall be administered by JAMS pursuant to its Employment Arbitration Rules & Procedures and subject to JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness. Judgment on the arbitration award may be entered in any court having proper jurisdiction. In aid of arbitration, either party hereto may seek preliminary or temporary injunctive relief at any time before the arbitration demand has been filed and served or before an arbitrator has been selected. This agreement to mandatory arbitration is a specifically bargained for inducement for each of the parties hereto to enter into this Agreement (after having the opportunity to consult with counsel).

20. Headings; No Strict Construction. The headings of the paragraphs and sections of this Agreement are inserted for convenience only and shall not be deemed a part of or affect the construction or interpretation of any provision hereof. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

21. Executive's Cooperation. During the Employment Period and thereafter, Executive shall, subject to the Company reimbursing Executive for out-of-pocket expenses, cooperate with the Company in any internal investigation or administrative, regulatory or judicial proceeding as reasonably requested by the Company (including, without limitation, Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents which are or may come into Executive's possession, all at times and on schedules that are reasonably consistent with Executive's other permitted activities and commitments).

22. Corporate Opportunity. During the Employment Period, Executive shall submit to the Board all business, commercial and investment opportunities or offers presented to Executive or of which Executive becomes aware which relate to the business of the Company or any of its subsidiaries at any time during the Employment Period ("*Corporate Opportunities*"). Unless previously approved in writing by the Board, Executive shall not accept or pursue, directly or indirectly, any Corporate Opportunities on Executive's own behalf.

23. Section 409A Compliance. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "*Code Section 409A*") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Code Section 409A. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on Executive by Code Section 409A or damages for failing to comply with Code Section 409A. Notwithstanding anything herein to the contrary, a termination of employment shall be deemed to have occurred at the time such termination constitutes a "separation from service" within the meaning of Code Section 409A for purposes of any provision of this Agreement providing for the payment of any amounts or benefits in connection with a termination of employment and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean a "separation from service." Notwithstanding any other provision to the contrary, in no event shall any payment under this Agreement that constitutes "deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

24. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

25. Key Person Insurance. The Company and its affiliates shall have the right, but not the obligation, to obtain or increase insurance on Executive's life in such amount as the Board or such affiliate determines, in the name of the Company or such affiliates, as the case may be, and for its sole benefit or otherwise. Upon reasonable advance notice, Executive will cooperate in any and all necessary physical examinations without expense to Executive, supply information and sign documents and otherwise cooperate fully with each of the Company and its affiliates as the Company and its affiliates may request.

26. Read and Understood. Executive has read this Agreement carefully and understands each of its terms and conditions. Executive has sought independent legal counsel of Executive's choice to the extent Executive deemed such advice necessary in connection with the review and execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the Effective Date.

THE COMPANY:

Verano Holdings Corp.

By: */s/ "George Archos"*
George Archos, CEO

EXECUTIVE:

/s/ "R. Michael Smullen"
R. Michael Smullen

Schedule 3(b)

Performance Bonus

1. Defined Terms. As used herein, capitalized terms have the meanings set forth below or in the Employment Agreement to which this Schedule 3(b) is attached (the "*Employment Agreement*"), as applicable.

"*Additional Payment*" means an aggregate amount of US$13,500,000.

"*Applicable Period*" means each of the following four separate and distinct fiscal periods of time for the Company as determined from the Company Financial Statements: (i) the first fiscal quarter of 2021; (ii) the year-to-date from the first day of fiscal year 2021 through the last day of the third fiscal quarter of 2021; (iii) the first fiscal quarter of 2022; (iv) the year-to-date from the first day of fiscal year 2022 through the last day of the third fiscal quarter of 2022.

"*Cash and Share Percentages*" means (a) 61.111% of the total amount of a Performance Bonus will be comprised of cash paid in United States Dollars by Company check or wire transfer of funds, and (b) 38.889% of the total amount of a Performance Bonus will be comprised of Consideration Shares issued to Executive and valued at the Share Price multiplied by 100.

"*Company Financial Statements*" means the unaudited consolidating financial statements of the Company and its subsidiaries for an applicable period prepared in the ordinary course of business in accordance with International Reporting Standards issued by the International Accounting Board Standards, except that such financial statements shall not contain footnotes or year-end adjustments.

"*Company Shares*" means Class A Subordinate Voting Shares of the Company.

"*Consideration Shares*" means Class B Proportionate Voting Shares of the Company.

"*Gross Sales*" means, for the applicable period of determination, an aggregate amount equal to the consolidated sales of the Company arising solely from the Company's operations consisting of (a) Alternative Medical Enterprises, LLC, (b) Plants of Ruskin GPS, LLC, and (c) RVC 360, LLC, that were in effect as of the Effective Date and acquired by the Company in the Combination. For the avoidance of doubt, Gross Sales shall not include any operations acquired by the Company or any of its subsidiaries after the Effective Date, but shall include organic growth and expansion of such operations. Such Gross Sales shall be in United States Dollars and determined from the Company Financial Statements for the Applicable Period of determination and shall be reduced by any discounts, returns and sales allowances.

"*Share Price*" means for each Company Share, the volume weighted average price (VWAP) trading benchmark for the trading day that is the third business day prior to (and not including) the date of payment of the applicable Performance. The Share Price shall be calculated and applied in United States Dollars.

"US$ or United States Dollars" means the currency of the United States of America denominated in dollars.

2. Performance Bonuses.

(a) For each Applicable Period, if Executive is eligible to earn a Performance Bonus at such time in accordance with the Employment Agreement, Executive shall be paid a Performance Bonus in United States Dollars equal to 25% of the Additional Payment if, and only if, Gross Sales for such Applicable Period exceed the following applicable amount:

Applicable Period	Gross Sales Must Exceed
the first fiscal quarter of 2021	US$35,000,000
the year-to-date from the first day of fiscal year 2021 through the last day of the third fiscal quarter of 2021	US$120,000,000
the first fiscal quarter of 2022	US$40,000,000
the year-to-date from the first day of fiscal year 2022 through the last day of the third fiscal quarter of 2022	US$120,000,000

In no event shall any Gross Sales be carried forward or carried back to any other Applicable Period. If earned, a Performance Bonus shall only be equal to 25% of the Additional Payment and shall not be based on a sliding scale or any proration. Only one Performance Bonus can be earned for an Applicable Period and if not earned for such Applicable Period, such Performance Bonus shall be forfeited and null and void. In no event shall more than four Performance Bonuses be earned and the aggregate amount of Performance Bonuses shall not exceed the Additional Payment. It is the intent of the parties hereto that the Performance Bonuses are based solely on the aggregate Gross Sales of the operations of Alternative Medical Enterprises, LLC, Plants of Ruskin GPS, LLC, and RVC 360, LLC that were acquired by the Company in the Combination on the Effective Date and shall not include any operations acquired thereafter.

(b) Achievement of a Performance Bonus shall be determined within ten business days of the final issuance of the applicable Company Financial Statements, and paid within ten business days of determination that such Performance Bonus is earned and payable to Executive. Each Performance Bonus shall be paid to Executive in accordance with the Cash and Share Percentages. Any Company Shares issued to Executive as part of a Performance Bonus shall be subject to any lock-up agreement or similar trading restriction applicable to Executive with respect to Company Shares.

(c) As may be applicable, Canadian dollars shall be converted into U.S. dollars using the applicable exchange rate at the date of determination as published by the Bank of Canada.

Exhibit 4.13

Resulting Issuer Equity Incentive Plan

VERANO HOLDINGS CORP.
STOCK AND INCENTIVE PLAN

1. **Purpose**

The purpose of the Plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and Non-Employee Directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Company, thereby aligning the interests of such persons with the Company's shareholders.

2. **Definitions**

As used in the Plan, the following terms shall have the meanings set forth below:

"**Affiliate**" shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company.

"**Award**" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.

"**Award Agreement**" shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 10(b).

"**Board**" shall mean the Board of Directors of the Company.

"**Code**" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

"**Committee**" shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan. At any time that the Company is an SEC registrant and is not a "foreign private issuer" for purposes of the Securities Act and the Exchange Act, the Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3.

"**Company**" shall mean Verano Holdings Corp., a British Columbia corporation, and any successor corporation.

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

"**Director**" shall mean a member of the Board.

"**Dividend Equivalent**" shall mean any right granted under Section 6(e) of the Plan.

"**Effective Date**" shall mean the date the Plan is adopted by the Board, as set forth in Section 12.

"**Eligible Person**" shall mean any employee, officer, Non-Employee Director, consultant, independent contractor or advisor providing services to the Company or any Affiliate, or any such person to whom an offer of employment or engagement with the Company or any Affiliate is extended; *provided, however*, that in the case of consultants, independent contractors or advisors who are "U.S. persons" (as defined in Regulation S under the Securities Act) or are Persons in the United States, such consultants, independent contractors or advisors are natural Persons and are providing *bona fide* services not in connection with the offer or sale of the Company's securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Company's securities, which for greater certainty, includes any Persons providing investor relations activities.

"**Exchange Act**" shall mean the U.S. Securities Exchange Act of 1934, as amended.

"**Fair Market Value**" with respect to one Share as of any date shall mean (a) if the Shares are listed on the CSE or any established stock exchange, the price of one Share at the close of the regular trading session of such market or exchange on the last trading day prior to such date, and if no sale of Shares shall have occurred on such date, on the next preceding date on which there was a sale of Shares. Notwithstanding the foregoing, in the event that any class of Shares is listed on the CSE, for the purposes of establishing the exercise price of any Options, the Fair Market Value shall not be lower than the greater of the closing market price of such Shares on the CSE on (i) the trading day prior to the date of grant of the Options, and (ii) the date of grant of the Options; (b) if no class of Shares is so listed on the CSE or any established stock exchange, the average of the closing "bid" and "asked" prices quoted by the OTC Bulletin Board, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted "bid" and "asked" prices on such date, on the next preceding date for which there are such quotes for a Share; or (c) if the Shares are not publicly traded as of such date, the per share value of one Share, as determined by the Board, or any duly authorized Committee of the Board, in its sole discretion, by applying principles of valuation with respect thereto; and, for certainty, the value of a Proportionate Voting Share sha**ll** be determined by multiplying the Fair Market Value of a Subordinate Voting Share by 100 (or such other exchange ratio in effect from time to time).

"**Incentive Stock Option**" shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.

"**Listed Security**" means any security of the Company that is listed or approved for listing on a U.S. national securities exchange or designated or approved for designation as a national market system security on an interdealer quotation system by the U.S. Financial Industry Regulatory Authority, Inc. (or any successor thereto).

"**Non-Employee Director**" shall mean a Director who is not also an employee of the Company or any Affiliate.

"**Non-Qualified Stock Option**" shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

"**Option**" shall mean an Incentive Stock Option or a Non-Qualified Stock Option to purchase Shares of the Company, as designated in the Award Agreement.

"**Other Stock-Based Award**" shall mean any right granted under Section 6(f) of the Plan. "**Participant**" shall mean an Eligible Person designated to be granted an Award under the Plan.

"**Performance Award**" shall mean any right granted under Section 6(d) of the Plan.

"**Person**" shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.

"**Plan**" shall mean this Verano Holdings Corp. Stock and Incentive Plan, as amended from time to time.

"**Proportionate Voting Share**" means the proportionate voting shares of the Company, each of which carries 100 votes (as at the date hereof) and is convertible in certain circumstances into 100 Subordinate Voting Shares (or based on such other exchange ratio as is in effect from time to time).

"**Restricted Stock**" shall mean any Share, as designated in the Award Agreement, granted under Section 6(c) of the Plan.

"**Restricted Stock Unit**" shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share as designated in the Award Agreement(or a cash payment equal to the Fair Market Value of a Share) at some future date, provided that in the case of Participants who are liable to taxation under the Tax Act in respect of amounts payable under this Plan, that such date shall not be later than December 31 of the third calendar year following the year services were performed in respect of the corresponding Restricted Stock Unit award.

"**Section 409A**" shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.

"**Securities Act**" shall mean the United States Securities Act of 1933, as amended.

"**Share**" or "Shares" shall mean Subordinate Voting Shares of the Company and/or Proportionate Voting Shares of the Company (as the context may require), or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan).

"**Specified Employee**" shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Company and applied uniformly with respect to all plans maintained by the Company that are subject to Section 409A.

"**Stock Appreciation Right**" shall mean any right granted under Section 6(b) of the Plan.

"**Tax Act**" means the *Income Tax Act* (Canada).

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

"**U.S. Award Holder**" shall mean any holder of an Award who is a "U.S. person" (as defined in Rule 902(k) of Regulation S under the Securities Act) or who is holding or exercising Awards in the United States.

3. **Administration**

(a) **Power and Authority of the Committee**. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement, including any terms relating to the forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award; (v) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Section 7; (vi) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations in Section 7, (vii) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property (excluding promissory notes), or canceled, forfeited or suspended, subject to the limitations in Section 7; (viii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A; (ix) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (xii) adopt such modifications, rules, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of the jurisdictions in which the Company or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants located in such non-United States jurisdictions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Company or any Affiliate.

(b) **Delegation**. The Committee may delegate to one or more officers or Directors of the Company, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; *provided*, *however*, that the Committee shall not delegate such authority (i) with regard to grants of Awards to be made to officers of the Company or any Affiliate who are subject to Section 16 of the Exchange Act, if applicable or (ii) in such a manner as would cause the Plan not to comply with applicable exchange rules or applicable corporate law.

(c) **Power and Authority of the Board**. Notwithstanding anything to the contrary contained herein, (i) the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of all applicable securities rules and (ii) only the Committee (or another committee of the Board comprised of directors who qualify as independent directors within the meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant Awards to Directors who are not also employees of the Company or an Affiliate.

(d) **Indemnification**. To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board, the Committee and each person to whom the Committee delegates authority under the Plan shall be entitled to indemnification by the Company with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board, the Committee or any other person may have by virtue of such person's position with the Company.

4. **Shares Available for Awards**

(a) **Shares Available**. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be 10% of the number of Shares outstanding (where such reference to "Shares" means the Subordinate Voting Shares and the Proportionate Voting Shares calculated on an as-converted to Subordinate Voting Share basis). The aggregate number of Shares that may be issued under all Awards under the Plan shall be reduced by Shares subject to Awards issued under the Plan in accordance with the Share counting rules described in Section4(b)below.

(b) **Counting Shares**. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.

(i) **Shares Added Back to Reserve**. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Company (including any Shares withheld by the Company or Shares tendered to satisfy any tax withholding obligation on Awards or Shares covered by an Award that are settled in cash), or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, reacquisition by the Company, termination or cancellation, shall again be available for granting Awards under the Plan.

(ii) **Limitations on Share Recycling**. Notwithstanding anything to the contrary in Subsection 4(b)(i) above, the following Shares will not again become available for issuance under the Plan: (A) any Shares which would have been issued upon any exercise of an Option but for the fact that the exercise price was paid by a "net exercise" pursuant to **Error! Reference source not found.** or any Shares tendered in payment of the exercise price of an Option; (B) any Shares withheld by the Company or Shares tendered to satisfy any tax withholding obligation with respect to an Option or Stock Appreciation Right; (C) Shares covered by a stock-settled Stock Appreciation Right issued under the Plan that are not issued in connection with settlement in Shares upon exercise; or (D) Shares that are repurchased by the Company using Option exercise proceeds.

(iii) **Cash-Only Awards**. Awards that do not entitle the holder thereof to receive or purchase Shares shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(iv) **Substitute Awards Relating to Acquired Entities**. Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Company or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(c) **Adjustments**. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, (iii) the purchase price or exercise price with respect to any Award and (iv) the limitation contained in Section4(d) below; *provided*, *however*, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.

(d) **Director Award Limitations**. The limitation contained in this Section 4(d) shall apply only with respect to any Award or Awards granted under this Plan, and limitations on awards granted under any other shareholder-approved incentive plan maintained by the Company will be governed solely by the terms of such other plan. No Non-Employee Director may be granted any Award or Awards denominated in Shares that exceed in the aggregate US$1 million (such value computed as of the date of grant in accordance with applicable financial accounting rules) in any calendar year. The foregoing limit shall not apply to any Award made pursuant to any election by the Director to receive an Award in lieu of all or a portion of annual and committee retainers and meeting fees.

(e) **Additional Award Limitations**. If, and so long as, the Company is listed on the CSE, the aggregate number of Shares issued or issuable to persons providing Investor Relations Activities (as defined in CSE policies) as compensation within any 12-month period, shall not exceed 1% of the total number of the class of Shares listed on the CSE then outstanding.

5. **Eligibility**

Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their historical contributions to the success of the Company's predecessor entities or affiliates, present and potential contributions to the success of the Company and/or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term, as used herein, includes, without limitation, officers and Directors who are also employees) of the Company, or a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision. Furthermore, the Committee shall not grant any stock-based Awards to residents of the United States unless such Awards and the Shares issuable upon settlement thereof are registered under the Securities Act or are issued in compliance with an available exemption from the registration requirements of the Securities Act.

6. **Awards**

(a) **Options**. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan, as the Committee shall determine:

(i) **Exercise Price**. The purchase price per Share purchasable under an Option to acquire Shares shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; *provided, however*, that the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an Affiliate. For certainty, if the Committee grants Options to acquire Proportionate Voting Shares, the purchase price per Proportionate Voting Share shall not be less than the Fair Market Value of a Subordinate Voting Share on the date of grant of the Option multiplied by 100 (or such other exchange ratio as is in effect from time to time).

(ii) **Option Term**. The term of each Option shall be fixed by the Committee at the date of grant but shall not be longer than 10 years from the date of grant. Notwithstanding the foregoing, in the event that the expiry date of an Option held by a non-U.S. Award Holder falls within a trading blackout period imposed by the Company (a "**Blackout Period**"), and neither the Company nor the individual in possession of the Options is subject to a cease trade order in respect of the Company's securities, then the expiry date of such Option shall be automatically extended to the 1 0th business day following the end of the Blackout Period**.**

(iii) **Time and Method of Exercise**. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms, including, but not limited to, cash, Shares (actually or by attestation), other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price, in which payment of the exercise price with respect thereto may be made or deemed to have been made.

(A) **Promissory Notes**. Notwithstanding the foregoing, the Committee may not permit payment of the exercise price, either in whole or in part, with a promissory note.

(B) **Net Exercises**. The Committee may, in its discretion, permit an Option to be exercised by delivering to the Participant a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such Shares.

(iv) **Incentive Stock Options**. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:

(A) To the extent that the aggregate Fair Market Value (determined as of the grant date of an Option) of Shares underlying Incentive Stock Options which have been granted to a Participant are exercisable for the first time during any calendar year (under this Plan and all other incentive equity plans of the Company) exceeds US$100,000, such portion in excess of US$100,000 will be treated as a Non-qualified Stock Options.

(B) Subject to adjustment pursuant to Section 4(c), the aggregate number of Shares that may be issued pursuant to all Incentive Stock Options under the Plan shall not exceed 28,000,000 Shares (on an as-converted basis). For greater certainty, references to the aggregate number of Shares that may be issued as ISOs includes the number of Shares issuable upon conversion of Proportionate Voting Shares.

(C) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the shareholders of the Company.

(D) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; provided, however, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of a**ll** classes of stock of the Company or of its parent or subsidiary corporation (as defined under Code Section 424), such Incentive Stock Option shall expire and no longer be exercisable no later than five years from the date of grant.

(E) The purchase price per Share for an Incentive Stock Option to acquire Shares shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option provided, however, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation (as defined under Code Section 424), the purchase price per Share purchasable under an Incentive Stock Option to acquire Shares shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.

(F) If an Option fails to meet the foregoing requirements of this Section 6(a)(iv), or otherwise fails to meet the requirements of Section 422 of the Code for an Incentive Stock Option, the Option shall be treated, for all purposes of this Plan, as a Non-Qualified Stock Option.

(G) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(H) An Incentive Stock Option may be exercised during the Participant's lifetime only by the Participant. An Incentive Stock Option may not be transferred, assigned, or pledged by the Participant except by will or the laws of descent and distribution.

(b) **Stock Appreciation Rights**. The Committee is hereby authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of one Share, on the date of grant of the Stock Appreciation Right; *provided*, *however*, that, subject to applicable law and stock exchange rules, the Committee may designate a grant price below Fair Market Value on the date of grant if the Stock Appreciation Right is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Company or an Affiliate. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee (except that the term of each Stock Appreciation Right shall be subject to the same limitations in Section 6(a)(ii) applicable to Options). The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) **Restricted Stock and Restricted Stock Units**. The Committee is hereby authorized to grant an Award of Restricted Stock and Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) **Restrictions**. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. Notwithstanding the foregoing, rights to dividend or Dividend Equivalent payments shall be subject to the limitations described in Section 6(e).

(ii) **Issuance and Delivery of Shares**. Any Restricted Stock granted under the Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company or held in nominee name by the stock transfer agent or brokerage service selected by the Company to provide such services for the Plan. Such certificate or certificates sha**ll** be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock, which may include lock-up restrictions. Shares representing Restricted Stock that are no longer subject to restrictions shall be delivered (including by updating the book-entry registration) to the Participant promptly after the applicable restrictions lapse or are waived. In the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holder of the Restricted Stock Units.

(iii) **Forfeiture**. Except as otherwise determined by the Committee or as provided in an Award Agreement, upon a Participant's termination of employment or service or resignation or removal as a Director (in either case, as determined under criteria established by the Committee) during the applicable restriction period, all Shares of Restricted Stock and a**ll** Restricted Stock Units held by such Participant at such time shall be forfeited and reacquired by the Company for cancellation at no cost to the Company; *provided*, *however*, that the Committee may waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.

(d) **Performance Awards**. The Committee is hereby authorized to grant Performance Awards to Eligible Persons. A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of one or more objective performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee.

(e) **Dividend Equivalents**. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, such Dividend Equivalents may have such terms and conditions as the Committee shall determine. Notwithstanding the foregoing, (i) the Committee may not grant Dividend Equivalents to Eligible Persons in connection with grants of Options, Stock Appreciation Rights or other Awards the value of which is based solely on an increase in the value of the Shares after the date of grant of such Award, and (ii) dividend and Dividend Equivalent amounts may be accrued but shall not be paid unless and until the date on which all conditions or restrictions relating to such Award have been satisfied, waived or lapsed.

(f) **Other Stock-Based Awards**. The Committee is hereby authorized to grant to Eligible Persons such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan. The Committee shall determine the terms and conditions of such Awards, subject to the terms of the Plan and any applicable Award Agreement. No Award issued under this Section 6(f) shall contain a purchase right or an option-like exercise feature.

(g) **General Consideration for Awards**. Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.

(i) **Limits on Transfer of Awards**. Except as otherwise provided by the Committee in its discretion and subject to such additional terms and conditions as it determines, no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall be transferable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. Where the Committee does permit the transfer of an Award other than a fully vested and unrestricted Share, such permitted transfer shall be for no value and in accordance with all applicable securities rules. The Committee may also establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death.

(ii) **Restrictions; Securities Exchange Listing**. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates for, such Shares or other securities to reflect such restrictions. The Company shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(iii) **Prohibition on Option and Stock Appreciation Right Repricing**. Except as provided in Section 4(c) hereof, or as permitted by the rules and policies of the CSE, the Committee may not, without prior approval of the Company's shareholders and applicable stock exchange approval, seek to effect any repricing of any previously granted, "underwater" Option or Stock Appreciation Right by: (i) amending or modifying the terms of the Option or Stock Appreciation Right to lower the exercise price; (ii) canceling the underwater Option or Stock Appreciation Right and granting either (A) replacement Options or Stock Appreciation Rights having a lower exercise price; or (B) Restricted Stock, Restricted Stock Units, Performance Award or Other Stock-Based Award in exchange; or (iii) cancelling or repurchasing the underwater Option or Stock Appreciation Right for cash or other securities. An Option or Stock Appreciation Right will be deemed to be "underwater" at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

(iv) **Section 409A Provisions**. Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes "deferred compensation" to a Participant under Section 409A and is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee's separation from service (or if earlier, upon the Specified Employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.

(v) **Acceleration of Vesting or Exercisability**. No Award Agreement shall accelerate the exercisability of any Award or the lapse of restrictions relating to any Award in connection with a change-in-control event, unless such acceleration occurs upon the consummation of (or effective immediately prior to the consummation of, provided that the consummation subsequently occurs) such change-in-control event.

(vi) **Undisclosed Information**. The Committee may not set Award exercise prices or other prices at which Shares may be issued on the basis of market prices that do not reflect information known to management that has not been disclosed, except where the Award or issuance relates directly to the undisclosed event and the grantee or recipient of the Shares is not an employee or insider of the Company at the time of grant or issue, in compliance with, and subject to any change in, CSE Policies.

7. Amendment and Termination; Corrections

(a) **Amendments to the Plan and Awards**. The Board may from time to time amend, suspend or terminate this Plan, and the Committee may amend the terms of any previously granted Award, *provided*, *however*, that no amendment to the terms of any previously granted Award may (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under this Plan without the written consent of the Participant or holder thereof. Any amendment to this Plan, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or stock exchange, and any such amendment, alteration, suspension, discontinuation or termination of an Award will be in compliance with CSE Policies. For greater certainty and without limiting the foregoing, the Board may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of shareholders of the Company in order to:

(i) amend the eligibility for, and limitations or conditions imposed upon, participation in the Plan;

(ii) amend any terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively;

(iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or

(iv) amend any terms relating to the administration of the Plan, including the terms of any administrative guidelines or other rules related to the Plan.

Notwithstanding the foregoing and for greater certainty, prior approval of the shareholders of the Company shall be required for any amendment to the Plan or an Award that would:

(i) require shareholder approval under the rules or regulations of securities exchange that is applicable to the Company;

(ii) increase the number of Shares authorized under the Plan as specified in Section 4 of the Plan;

(iii) permit repricing of Options or Stock Appreciation Rights, if prohibited by Section 6(g)(iv) of the Plan;

(iv) permit the award of Options or Stock Appreciation Rights at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right, contrary to the provisions of Section 6(a)(i) and Section 6(b) of the Plan;

(v) permit Options to be transferable other than as provided in Section 6(g)(ii);

(vi) amend this Section 7(a); or

(vii) increase the maximum term permitted for Options and Stock Appreciation Rights as specified in Section 6(a) and Section 6(b) or extend the terms of any Options beyond their original expiry date.

(b) **Corporate Transactions**. In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, *provided*, *however*, that the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof:

(i) either (A) termination of the Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(i)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Company without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;

(ii) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) that, subject to Section 6(g)(iv), the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or

(iv) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

(c) **Proportionate Voting Share Awards**. Notwithstanding any other provision herein, or any provision in any Award Agreement, the Committee may, in its sole discretion, determine on the exercise or conversion of any Award that would otherwise result in a Participant receiving Proportionate Voting Shares, that such Participant shall receive Subordinate Voting Shares in lieu thereof. The number of Subordinate Voting Shares received shall be determined by the Committee in its sole discretion acting reasonably and based on (at the date hereof) a conversion ratio of 100 Subordinate Voting Shares for every one Proportionate Voting Share (or such exchange ratio as is in effect from time to time), and any exercise or conversion price per security shall be correspondingly amended.

(d) **Correction of Defects, Omissions and Inconsistencies**. The Committee may, without prior approval of the shareholders of the Company, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan.

8. **Income Tax Withholding**

In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. Without limiting the foregoing, in order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes (subject to any applicable limitations under ASC Topic 718 to avoid adverse accounting treatment) or (b) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

9. **U.S. Securities Laws**

Neither the Awards nor the securities which may be acquired pursuant to the exercise of the Awards have been registered under the Securities Act or under any securities law of any state of the United States and are considered “restricted securities” (as such term is defined in Rule 1 44(a)(3) under the Securities Act) and any Shares, shall be affixed with an applicable restrictive legend as set forth in the Award Agreement. The Awards may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Company has no obligation or present intention of filing a registration statement under the Securities Act in respect of any of the Awards or the securities underlying the Awards, which could result in such U.S. Award Holder not being able to dispose of any Shares, issued on exercise of Awards for a considerable length of time. Each U.S. Award Holder or anyone who becomes a U.S. Award Holder, who is granted an Award in the United States, who is a resident of the United States or who is otherwise subject to the Securities Act or the securities laws of any state of the United States will be required to complete an Award Agreement which sets out the applicable United States restrictions.

Notwithstanding any provisions contained in the Plan to the contrary and to the extent required by applicable U.S. state corporate laws, U.S. federal and state securities laws, the Code, and the applicable laws of any jurisdiction in which stock-based Awards are granted under the Plan, the terms attached hereto as Addendum A shall apply to all such Awards granted to residents of the State of California, until such time as the Committee amends Addendum A or the Committee otherwise provides.

10. **General Provisions**

(a) **No Rights to Awards**. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) **Award Agreements**. No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Company), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established by the Company. An Award Agreement need not be signed by a representative of the Company unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(c) **Provision of Information**. At least annually, copies of the Company's balance sheet and income statement for the just completed fiscal year shall be made available to each Participant and purchaser of Shares upon the exercise of an Award; *provided*, *however*, that this requirement shall not apply if all offers and sales of securities pursuant to the Plan comply with all applicable conditions of Rule 701 under the Securities Act. The Company shall not be required to provide such information to key persons whose duties in connection with the Company assure them access to equivalent information

(d) **Plan Provisions Control**. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(e) **No Rights of Shareholders**. Except with respect to Shares issued under Awards (and subject to such conditions as the Committee may impose on such Awards pursuant to Section 6(c)(i) or Section 6(e)), neither a **Participant** nor the Participant's legal representative shall be, or have any of the rights and privileges of, a shareholder of the Company with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.

(f) **No Limit on Other Compensation Arrangements**. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.

(g) **No Right to Employment**. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate a Participant's employment at any time, with or without cause, in accordance with applicable law. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

(h) **Governing Law**. The Plan and any Award shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

(i) **Severability**. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(j) **No Trust or Fund Created**. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(k) **Other Benefits**. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.

(l) **No Fractional Shares**. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.

(m) **Headings**. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

11. **Clawback or Recoupment**

All Awards under this Plan shall be subject to recovery or other penalties pursuant to (i) any Company clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable stock exchange rule.

12. **Effective Date of the Plan**

The Plan was adopted by the Board on [●]. The Plan shall be subject to approval by the shareholders of the Company which approval will be within 12 months after the date the Plan is adopted by the Board. In the event that the Plan is not approved by the shareholders of the Company as required by Section 422 of the Code within twelve (12) months before or after the date on which the Plan is adopted by the Board, any Incentive Stock Option granted under the Plan automatically will be deemed to be a Non-qualified Stock Option.

13. **Term of the Plan**

No Award shall be granted under the Plan, and the Plan shall terminate, on the earlier of (i) [●], 2031 or (ii) the tenth anniversary of the date the Plan is approved by the shareholders of the Company, or any earlier date of discontinuation or termination established pursuant to Section 7(a) of the Plan. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, shall extend beyond the termination of the Plan.

Verano Holdings Corp. Stock and Incentive Plan
(California Participants)

Prior to the date, if ever, on which the Shares becomes a Listed Security and/or the Company is subject to the reporting requirements of the Exchange Act, the terms set forth herein shall apply to Awards issued to California Participants. "California Participant" means a Participant whose Award is issued in reliance on Section 25 102(o) of the California Corporations Code. All capitalized terms used herein but not otherwise defined shall have the respective meanings set forth in the Plan.

1. The following rules shall apply to any Option in the event of termination of the Participant's service to the Company or an Affiliate:

   (a) If such termination was for reasons other than death, "Permanent Disability" (as defined below), or cause, the Participant shall have at least 30 days after the date of such termination to exercise his or her Option to the extent the Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option be exercisable after the expiration of the term as set forth in the Award Agreement.

   (b) If such termination was due to death or Permanent Disability, the Participant shall have at least 6 months after the date of such termination to exercise his or her Option to the extent the Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option be exercisable after the expiration of the term as set forth in the Award Agreement.

   "**Permanent Disability**" for purposes of this Addendum shall mean the inability of the Participant, in the opinion of a qualified physician acceptable to the Company, to perform the major duties of the Participant's position with the Company or any Affiliate because of the sickness or injury of the Participant.

2. Notwithstanding anything to the contrary in Section 4(c) of the Plan, the Committee shall in any event make such adjustments as may be required by Section 2 5102(o) of the California Corporations Code.

3. Notwithstanding anything stated herein to the contrary, no Option shall be exercisable on or after the 10th anniversary of the date of grant and any Award Agreement shall terminate on or before the 10th anniversary of the date of grant.

4. The Company shall furnish summary financial information (audited or unaudited) of the Company's financial condition and results of operations, consistent with the requirements of applicable law, at least annually to each California Participant during the period such Participant has one or more Awards outstanding, and in the case of an individual who acquired Shares pursuant to the Plan, during the period such Participant owns such Shares; provided, however, the Company shall not be required to provide such information if (i) the issuance is limited to key persons whose duties in connection with the Company assure their access to equivalent information or (ii) the Plan or any Award Agreement complies with all conditions of Rule 701 under the Securities Act; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701 under the Securities Act.

5. The Plan or any increase in the maximum aggregate number of Shares issuable thereunder as provided in Section 4(a) of the Plan (the "**Authorized Shares**") shall be approved by a majority of the outstanding securities of the Company entitled to vote by the later of (a) a period beginning twelve (12) months before and ending twelve (12) months after the date of adoption thereof by the Board or (b) the first issuance of any security pursuant to the Plan in the State of California (within the meaning of Section 25008 of the California Corporations Code). Awards granted prior to security holder approval of the Plan or in excess of the Authorized Shares previously approved by the security holders shall become exercisable no earlier than the date of shareholder approval of the Plan or such increase in the Authorized Shares, as the case may be, and such Awards shall be rescinded if such security holder approval is not received in the manner described in the preceding sentence. Notwithstanding the foregoing, a foreign private issuer, as defined by Rule 3b-4 of the Exchange Act shall not be required to comply with this paragraph provided that the aggregate number of persons in California granted options under all option plans and agreements and issued securities under a**l** purchase and bonus plans and agreements does not exceed 35.

6. Awards issued pursuant to the Plan may not be sold, pledged, assigned, hypothecated, or otherwise transferred in any manner other than by will or by the laws of descent and distribution, and may be exercised, during the lifetime of the Eligible Participant, only by the Eligible Participant. If the Committee makes an Award transferable, such Award may only be transferred (A) by will, (B) by the laws of descent and distribution, or (C) as permitted by Rule 701 under the Securities Act.

Exhibit 15.1

Consent of Macias Gini & O'Connell LLP

We hereby consent to the use in this Registration Statement on Form 20-F (the "Form 20-F") of Verano Holdings Corp. of our reports dated April 6, 2021 and December 21, 2020, relating to the consolidated financial statements of Verano Holdings, LLC as of and for the years ended December 31, 2020, 2019 and 2018, which are included in this Form 20-F.

We also consent to the references to us under the captions "Statements by Experts", "Auditors" and "Change in Registrant's Certifying Accountant" in this Form 20-F.

*/s/ **Macias, Gini & O'Connell, LLP***

Chicago, Illinois

September 20, 2021

Exhibit 15.2

HBK CPAs & Consultants

September 20, 2021

Verano Holdings Corp
415 N. Dearborn – 4th Floor
Chicago, IL 60654

Consent of Independent Registered Accounting Firm

We hereby consent to the use in this Registration Statement on Form 20-F (the "Registration Statement") of Verano Holdings Corp. (the "Company") of our reports dated March 26, 2021 and October 21, 2020, respectively, relating to the financial statements of Plants of Ruskin GPS, LLC dba AltMed Florida and Affiliate for the years ended December 31, 2020 and 2019. We consent to the references to our firm under the headings "Auditors" in the Item 1.C of this Registration Statement and "Change in Registrant's Certifying Accountant" in Item 16F of this Registration Statement, and agree with the statements regarding our firm made therein.

Sincerely,

Hill, Barth & King LLC

Hill, Barth & King LLC
3838 Tamiami Trail N Suite 200
Naples, FL 34103

Exhibit 15.3

HBK CPAs & Consultants

September 20, 2021

Verano Holdings Corp
415 N. Dearborn – 4th Floor
Chicago, IL 60654

Consent of Independent Registered Accounting Firm

We hereby consent to the use in this Registration Statement on Form 20-F (the "Registration Statement") of Verano Holdings Corp. (the "Company") of our report dated March 31, 2021, respectively, relating to the financial statements of Alternative Medical Enterprises, LLC and Affiliates for the year ended December 31, 2020. We consent to the references to our firm under the headings "Auditors" on the Item 1.C of this Registration Statement and "Change in Registrant's Certifying Accountant" in Item 16F of this Registration Statement, and agree with the statements regarding our firm made therein.

Sincerely,

Hill, Barth & King LLC

Hill, Barth & King LLC
3838 Tamiami Trail N Suite 200
Naples, FL 34103

Exhibit 15.4

September 20, 2021

Verano Holdings Corp
415 N. Dearborn – 4th Floor
Chicago, IL 60654

Dear Sirs/Mesdames:

Re: Form 20-F of Alternative Medical Enterprises, LLC and Affiliates (the "Company")

We refer to the final Form 20-F (the "Form 20-F") of the Company dated September 20, 2021 relating to the registration of Class A subordinated voting shares of Verano.

ATLAS CPA's & Advisors PLLC is not registered with the Public Company Accounting Oversight Board.

We, ATLAS CPA's & Advisors PLLC, consent to the use, through incorporation by reference in the Form 20-F, of our audit report dated October 26, 2020 to the shareholders and board of directors of the Company on the following financial statements:

> Alternative Medical Enterprises, LLC & Affiliates, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended December 31, 2019 and 2018, and the related notes (the "Financial Statements").

We report that we have read the Form 20-F and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the Form-20-F.

Sincerely,

ATLAS CPAs & ADVISORS PLLC