
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Amendment No. 2
to
FORM 10

**GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g)
OF THE SECURITIES EXCHANGE ACT OF 1934**

COLUMBIA CARE INC.

(Exact name of registrant as specified in its charter)

British Columbia
(State or other jurisdiction of
incorporation or organization)

98-1488978
(I.R.S. employer
identification no.)

680 Fifth Ave., 24th Floor
New York, New York 10019
(Address of principal executive offices and zip code)

(212) 634-7100
(Registrant's telephone number, including area code)

Copies to:

James Guttman
Dorsey & Whitney LLP
TD Canada Trust Tower
Brookfield Place, 161 Bay Street, Suite 4310 Toronto, Ontario
Canada, M5J 2S1
(416) 367-7376

Securities to be registered pursuant to Section 12(b) of the Act:
None

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

(Title of class)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financing accounting standards provided pursuant to Section 13(a) of the Exchange Act.

TABLE OF CONTENTS

	<u>Page</u>
IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY	3
DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS	3
ITEM 1. BUSINESS	7
ITEM 1A. RISK FACTORS	115
ITEM 2. FINANCIAL INFORMATION	138
ITEM 3. PROPERTIES	157
ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	160
ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS	161
ITEM 6. EXECUTIVE COMPENSATION	165
ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE	177
ITEM 8. LEGAL PROCEEDINGS	177
ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	178
ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES	181
ITEM 11. DESCRIPTION OF THE REGISTRANT'S SECURITIES TO BE REGISTERED	184
ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS	190
ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	192
ITEM 14. CHANGES IN AND DISAGREEMENTS WITH AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE	192
ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS	193
EXHIBIT INDEX	195

IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

As a company with less than \$1.07 billion in revenue during our most recently completed fiscal year, we qualify as an “emerging growth company” as defined in Section 2(a) of the Securities Act of 1933, as amended, which we refer to as the “**Securities Act**,” as modified by the Jumpstart Our Business Startups Act of 2012, or the “**JOBS Act**.” As an emerging growth company, we may take advantage of specified reduced disclosure and other exemptions from requirements that are otherwise applicable to public companies that are not emerging growth companies. These provisions include:

- Reduced disclosure about our executive compensation arrangements;
- Exemptions from non-binding shareholder advisory votes on executive compensation or golden parachute arrangements; and
- Exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.

We do not intend to take advantage of the extended transition period allowed for emerging growth companies for complying with new or revised accounting guidance as allowed by Section 107 of the JOBS Act and Section 7(a)(2)(B) of the Securities Act.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.07 billion in annual revenues as of the end of a fiscal year, if we are deemed to be a large-accelerated filer under the rules of the Securities and Exchange Commission (the “**SEC**”) or if we issue more than \$1.0 billion of non-convertible debt over a three-year period.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. You should assume that the information contained in this document is accurate as of the date of this registration statement on Form 10 only.

This registration statement will become effective automatically 60 days from the date of the original filing (the “**Effective Date**”), pursuant to Section 12(g)(1) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). As of the Effective Date, we will become subject to the reporting requirements of Section 13(a) under the Exchange Act and will be required to file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and we will be required to comply with all other obligations of the Exchange Act applicable to issuers filing registration statements pursuant to Section 12(g) of the Exchange Act.

Use of Names

In this registration statement on Form 10, unless the context otherwise requires, the terms “**we**,” “**us**,” “**our**,” “**Company**,” “**Corporation**” or “**Columbia Care**” refer to Columbia Care Inc. together with its wholly-owned subsidiaries.

Currency

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

Disclosure Regarding Forward-Looking Statements

This registration statement on Form 10 includes “forward-looking information” and “forward-looking statements” within the meaning of Canadian securities laws and United States securities laws (collectively, “forward-looking information”). All information, other than statements of historical facts, included in this registration statement that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or similar expressions and includes, among others, information and statements regarding:

Table of Contents

- the business, revenue, results and future activities of, and developments related to, the Company after the date of this registration statement, including as a result of the impact of COVID-19, and planned reductions of operating expenses;
- future business strategy, competitive strengths, goals, future expansion and growth of the Company's business and operations;
- whether any proposed transactions will be completed on the current terms and contemplated timing;
- expectations for the effects of any such proposed transactions, including the potential number and location of dispensaries or licenses to be acquired or disposed of;
- the ability of the Company to successfully achieve its business objectives as a result of completing any proposed acquisitions;
- the contemplated use of proceeds remaining from previously completed capital raising activities;
- the application for additional licenses and the grant of licenses or renewals of existing licenses for which the Company has applied or expects to apply;
- the rollout of new dispensaries, including as to the number of planned dispensaries to be opened in the future and the timing and location in respect of the same, and related forecasts;
- the expansion into additional markets;
- expectations as to the development and distribution of the Company's brands and products;
- new revenue streams;
- the impact of the Company's digital and online strategy;
- the implementation or expansion of the Company's in-store and curbside pickup services;
- the ability of the Company to successfully execute its strategic plans;
- any changes to the business or operations as a result of any potential future legalization of adult-use and/or medical cannabis under U.S. federal law;
- the effect of unfavorable tax treatment for cannabis businesses or other legislative, regulatory or judicial changes that have the effect of increasing the tax liability of the Company;
- expectations of market size and growth in the United States and the states in which the Company operates or contemplates future operations and the effect that such growth will have on the Company's financial performance,
- statements that imply or suggest that returns may be experienced by investors or the level thereof,
- the ability of the Company to list its securities on a national securities exchange,
- expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally, and
- other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on assumptions, estimates, analysis and opinions of management of the Company at the time they were provided or made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements.

Forward-looking information and statements are not a guarantee of future performance and are based upon estimates and assumptions of management at the date the statements are made including among other things estimates and assumptions about:

- the impact of epidemic diseases, such as the recent COVID-19 pandemic;
- contemplated acquisitions being completed on the current terms and current contemplated timeline;
- the ability to raise sufficient capital to advance the business of the Company and to fund planned operating and capital expenditures and acquisitions;
- the ability to manage anticipated and unanticipated costs;
- achieving the anticipated results of the Company's strategic plans;
- increasing gross profits, including relative to increases in revenue;
- the amount of savings, if any, expected from cost-cutting measures and divestitures of non-core assets;
- favorable equity and debt capital markets;
- the availability of future funding under the Company's equity and debt finance facilities;
- access to and stability in financial and capital markets;
- the ability to sustain negative operating cash flows until profitability is achieved;
- the ability to satisfy operational and financial covenants under the Company's existing debt obligations;
- favorable operating and economic conditions;
- political and regulatory stability;
- obtaining and maintaining all required licenses and permits;
- receipt of governmental approvals and permits;
- sustained labor stability;
- favorable production levels and sustainable costs from the Company's operations;
- consistent or increasing pricing of various cannabis products;
- the ability of the Company to negotiate favorable pricing for the cannabis products supplied to it;
- the level of demand for cannabis products, including the Company's and third-party products sold by the Company;
- the continuing availability of third-party service providers, products and other inputs for the Company's operations; and
- the Company's ability to conduct operations in a safe, efficient and effective manner.

While the Company considers these estimates and assumptions to be reasonable, the estimates and assumptions are inherently subject to significant business, social, economic, political, regulatory, public health, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information and statements. Many estimates and assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct. Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others:

- uncertain and changing U.S. regulatory landscape and enforcement related to cannabis, including political risks;

Table of Contents

- risks and uncertainties related to the recent COVID-19 pandemic and the impact it may have on the global economy and retail sector, particularly the cannabis retail sector in the states in which the Company operates, and on regulation of the Company's activities in the states in which it operates, particularly if there is any resurgence of the pandemic in the future;
- the inability to raise necessary or desired funds;
- the inability to satisfy operational and financial covenants under the Company's existing debt obligations and other ongoing obligations as they become payable;
- funds being raised on terms that are not favorable to the Company or to existing shareholders;
- the inability to consummate any proposed acquisitions and the inability to obtain required regulatory approvals and third-party consents and the satisfaction of other conditions to the consummation of any proposed acquisitions on the proposed terms and schedule;
- the potential adverse impacts of the announcement or consummation of any proposed acquisitions on relationships, including with regulatory bodies, employees, suppliers, customers and competitors;
- the diversion of management time on any proposed acquisitions;
- risks related to future acquisitions or dispositions, resulting in unanticipated liabilities;
- reliance on the expertise and judgment of senior management of the Company;
- adverse changes in public opinion and perception of the cannabis industry;
- risks relating to anti-money laundering laws and regulation;
- risks of new and changing governmental and environmental regulation;
- risk of costly litigation (both financially and to the brand and reputation of the Company and relationships with third parties);
- risks related to contracts with and the inability to satisfy obligations to third-party service providers;
- risks related to the unenforceability of contracts;
- risks inherent in an agricultural business, including the impact of climate and pests;
- risks related to proprietary intellectual property and potential infringement by third parties;
- risks relating to financing activities including leverage;
- the inability to effectively manage growth;
- errors in financial statements and other reports;
- costs associated with the Company being a publicly-traded company;
- the dilutive impact of raising additional financing through equity or convertible debt;
- increasing competition in the industry;
- increases in energy and other raw material costs;
- risks associated with cannabis products manufactured for human consumption, including potential product recalls;
- inputs, suppliers and skilled labor being unavailable or available only at uneconomic costs;
- breaches of and unauthorized access to the Company's systems and related cybersecurity risks;
- constraints on marketing cannabis products;
- fraudulent activity by employees, contractors and consultants;

[Table of Contents](#)

- tax and insurance related risks, including any changes in cannabis or cultivation tax rates;
- risks related to the economy generally;
- conflicts of interest of management and directors;
- failure of management and directors to meet their duties to the Company, including through fraud or breaches of their fiduciary duties;
- risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada;
- sales by existing shareholders negatively impacting market prices;
- the limited market for securities of the Company;
- risks related to the Company's inability to list its securities on a national securities exchange; and
- limited research and data relating to cannabis.

Readers are cautioned that the foregoing lists are not exhaustive of all factors, estimates and assumptions that may apply to or impact the Company's results. Although the Company has attempted to identify important factors that could cause actual results to differ materially from the forward-looking information and statements contained in this registration statement, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented to assist readers in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes. The forward-looking information and statements contained in this registration statement represents the Company's views and expectations as of the date of this Form 10 unless otherwise indicated. The Company anticipates that subsequent events and developments may cause its views and expectations to change. However, while the Company may elect to update such forward-looking information and statements at a future time, it has no current intention of and assumes no obligation for doing so, except to the extent required by applicable law.

Readers should read this registration statement and the documents that the Company references herein and has filed with the Securities and Exchange Commission at www.sec.gov completely and with the understanding that the Company's actual future results may be materially different from what it expects.

ITEM 1. BUSINESS

Background

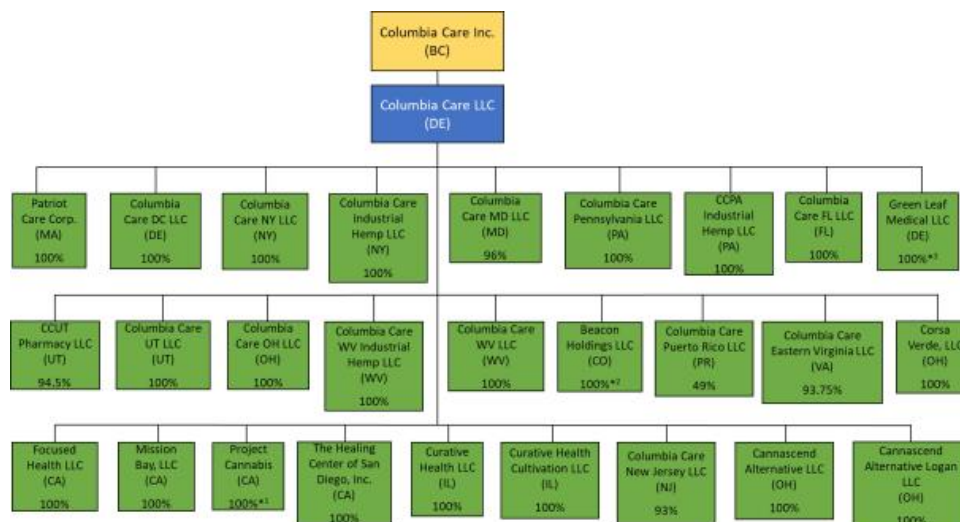
Columbia Care Inc.'s common shares are listed on the Aequitas NEO Exchange (the "NEO") under the symbol "CCHW", on the Canadian Securities Exchange (the "CSE") under the symbol "CCHW", and are quoted on the OTCQX Best Market (the "OTCQX") under the symbol "CCHWF" and on the Frankfurt Stock Exchange under the symbol "3LP".

The Company's principal business activity is the production and sale of cannabis as regulated by the regulatory bodies and authorities of the jurisdictions in which it operates.

The Company, through its subsidiaries, currently owns or manages interests in several state-licensed medical and/or adult use marijuana businesses in Arizona, California, Colorado, Delaware, European Union, Florida, Illinois, Maryland, Massachusetts, Missouri, New Jersey, New York, Ohio, Pennsylvania, Puerto Rico, Utah, Virginia, Washington, D.C. and West Virginia.

[Table of Contents](#)

The following organizational chart describes the organizational structure of the Company as of September 30, 2021. See Exhibit 21.1 to this registration statement for a list of subsidiaries of the Company. All lines represent 100% ownership of outstanding securities of the applicable subsidiary unless otherwise noted in Exhibit 21.1.



Notes:

1. As a result of the Project Cannabis Transaction, Columbia Care owns 100% of PHC Facilities, Inc., Resource Referral Services, Inc., and Wellness Earth Energy Dispensary, Inc. Columbia Care also acquired 49.9% of Access Bryant SPC with an option to purchase 100% of the entity when regulatory conditions permit such.
2. Beacon Holdings, LLC includes the following licensed subsidiary entities: The Green Solution, LLC, Rocky Mountain Tillage, LLC, and Infuzionz, LLC.
3. Green Leaf Medical, LLC (“**Green Leaf Medical**”) includes the following licensed subsidiary entities: Green Leaf Medical, LLC (MD), Green Leaf Extracts, LLC (MD), Time for Healing, LLC (MD), Wellness Institute of Maryland, LLC (MD), Green Leaf Medical of Ohio II, LLC (OH), Green Leaf Medicals, LLC (PA), and Green Leaf Medical of Virginia, LLC (VA).

The registered office of the Company is 666 Burrard St., #1700, Vancouver, BC V6C 2X8. The head office is located at 680 Fifth Ave., 24th Floor, New York, New York 10019.

History of the Company

The Company was incorporated under the *Business Corporations Act* (Ontario) (the “**OBCA**”) on August 13, 2018 under the name “Canaccord Genuity Growth Corp.” as a special purpose acquisition corporation for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, share exchange, asset acquisition, share purchase, reorganization or any other similar business combination.

On October 17, 2018, the Company announced that it had entered into a letter of intent with Columbia Care LLC (“**Old Columbia Care**”) to exclusively negotiate a business combination between the two companies. On November 21, 2018, the Company announced that it had entered into a definitive agreement (the “**Transaction Agreement**”) with Old Columbia Care pursuant to which, among other things, the Company would acquire all of the membership interests of Old Columbia Care by way of a merger between Old Columbia Care and a newly-formed Delaware subsidiary of the Company (the “**Business Combination**”). The Business Combination constituted the Company’s qualifying transaction.

The Business Combination was completed on April 26, 2019, at which point Old Columbia Care became a 100% wholly-owned subsidiary of the Company. In connection with the closing of the Business Combination, the Company was continued out of the jurisdiction of Ontario under the OBCA and into the jurisdiction of British Columbia under the *Business Corporations Act* (British Columbia) (“**BCBCA**”).

General Development of the Business

Columbia Care has grown primarily by submitting responses to state-issued requests for proposals and obtaining cannabis licenses pursuant to such processes throughout the United States, where such activity is legal at the state-level. In 2020, Columbia Care also grew significantly from acquiring other leading cannabis operations. The Company also provides management services to licensed entities. As of the date hereof, Columbia Care holds, directly or indirectly, 118 licenses with 131 discrete facilities that are operational or in development.

	2013-2021 Growth									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022(1)
Employees	10	19	59	219	279	418	697	1775	2,586	2,553
Facilities	6	10	18	21	25	54	70	107	132	132
Jurisdictions	3	4	7	10	11	15	16	16	18	18

Notes:

(1) As of February 8, 2022

Excluding industrial hemp products, Columbia Care's cannabis license portfolio allows for an aggregate of approximately 2.039 million square feet of cultivation and manufacturing space within its currently leased or owned facilities and the potential to produce over 150,000 kilograms of dry flower annually, based on an assumed 65 grams per square foot of cultivation space and 5.2 harvests per year.

As a vertically-integrated company in the cannabis sector, where there may be material relationships or transactions that involve conflicts of interest, whether actual or perceived, Columbia Care will disclose any commissions, incentives, or other fees earned by Columbia Care, its pharmacists or other consultants. Columbia Care will also disclose risks associated with conflicts of interest, including but not limited to situations where Columbia Care, its clinics, pharmacists, or other consultants are paid a commission or education grant from a licensed producer or dispensary that is, or is related to, Columbia Care. Columbia Care does not currently have any material relationships or transactions that involve conflicts of interest, whether actual or perceived.

Development of Columbia Care's Portfolio of Licenses

The following is a summary of the material developments of Columbia Care's growing portfolio of licenses since its inception. Columbia Care, through its respective subsidiaries, primarily entered these markets after being selected by state governments through competitive processes. The disclosure set out below is presented in chronological order based on Columbia Care's involvement in the jurisdictions listed. Further details regarding Columbia Care's licenses and regulatory framework are set out under "*United States Regulatory Environment*."

2012

Washington, D.C.

Columbia Care entered the Washington, D.C. market in 2012. It operates in this market through its wholly-owned subsidiary, Columbia Care DC LLC ("**Columbia Care DC**"). Additionally, Columbia Care has entered into a management services arrangement with VentureForth LLC ("**VentureForth**"). Pursuant to this arrangement, Columbia Care has agreed to provide management services to VentureForth for a fee. VentureForth holds two licenses from the Washington D.C. Alcoholic Beverage Regulation Administration, one (1) license to cultivate and manufacture medical cannabis and one (1) license to dispense medical cannabis. Since July 2015, Columbia Care operates a separate cultivation facility through Columbia Care DC, pursuant to a license from the Washington D.C. Department of Alcoholic Beverage Regulation Administration to cultivate medical cannabis.

Arizona

Columbia Care entered the Arizona market in 2012. The Company operates in this market through management services arrangements with Salubrious Wellness Clinic, Inc. (“**SWC**”) and 203 Organix, LLC (“**Organix**”). Columbia Care formed Columbia Care – Arizona, Tempe, LLC, and Columbia Care Arizona, Prescott, LLC, in 2013 to provide management services to SWC and Organix, respectively. SWC was awarded its approval to operate in June 2013 and Organix was awarded its approval to operate in February 2014. Adult-use cannabis sales launched at both SWC and Organix dispensaries in January 2021.

2013

Massachusetts

Columbia Care entered the Massachusetts market in 2013 and operates through its wholly-owned subsidiary Patriot Care Corp. (“**Patriot Care**”). Patriot Care operates three (3) co-located medical and adult-use cannabis dispensaries in the cities of Lowell, Greenfield and Boston. In Lowell, Patriot Care dba Cannabist received final approval to sell medical cannabis products in February 2016 and received approval to sell cannabis products for adult use in January 2019. In Greenfield, Patriot Care received final approval to sell medical cannabis products in 2016 and received final approval to sell cannabis products for adult use in January 2019. In Boston, Patriot Care dba Cannabist received final approval to sell medical cannabis products in 2018 and received final approval to sell cannabis products for adult use in August 2021.

2014

California

Columbia Care entered the California market in 2014 and operates through its wholly-owned subsidiary Mission Bay, LLC (“**Mission Bay**”). Mission Bay received a conditional use permit in May 2015 to operate a co-located medical and adult-use dispensary in San Diego which became operational in July 2019. Additionally, Columbia Care operates in California through its wholly-owned subsidiary, Focused Health LLC (“**Focused Health**”). Focused Health operates a medical and adult- use cultivation, manufacturing and distribution facility and was awarded a conditional use permit in 2018 and an annual manufacturing license in July 2019. In December 2020, Columbia Care acquired Project Cannabis, a leading cannabis cultivator, wholesaler and retailer based in Los Angeles. The acquisition included: 1) a dispensary in Studio City operated by The Wellness Earth Energy Dispensary, Inc.; 2) a dispensary in North Hollywood operated by Resource Referral Services, Inc.; 3) a dispensary in San Francisco operated by Access Bryant SPC; and 4) a co-located dispensary, cultivation and distribution facility in Los Angeles operated by PHC Facilities, Inc. In January 2021, Columbia Care further expanded its footprint in California by acquiring The Healing Center San Diego, a leading adult-use dispensary in San Diego.

2015

Illinois

Columbia Care entered the Illinois market in 2015 through an initial 75% ownership interest in each of Curative Health LLC (“**Curative Health**”) and Curative Health Cultivation LLC (“**Curative Health Cultivation**”). Curative Health Cultivation received an operating permit to operate a medical cannabis cultivation facility in December 2015 and an adult use cultivation license in 2019. Curative Health Cultivation completed initial construction of its cultivation facility in Aurora in mid-2017 and began cultivation operations in the third quarter of 2017. Curative Health was awarded a Dispensing Organization Registration Authorization in February 2015 and following completion of construction in Chicago, it received a license to begin operations in August 2016 for the dispensing of medical cannabis. In August 2019, Columbia Care acquired the remaining minority ownership interests of both Curative Health and Curative Health Cultivation and both entities are now wholly owned by

[Table of Contents](#)

Columbia Care. In November 2019, Curative Health received its Early Approval Adult-Use Dispensing Organization license for the Chicago dispensary. Curative Health began selling to adult-use customers in January 2020. In 2020, Columbia Care received an Adult-Use Dispensing Organization license for a dispensary in Villa Park. The Villa Park dispensary began operations in September 2020. Also, in January of 2020, Curative Health Cultivation received an Industrial Hemp Processor License.

New York

Columbia Care entered the New York market in 2015 and operates in this market through its wholly-owned subsidiary, Columbia Care NY LLC (“**Columbia Care NY**”). Columbia Care NY is licensed to cultivate, process and distribute medical cannabis. Columbia Care NY operates four (4) dispensary locations in Riverhead, Rochester, Brooklyn and Manhattan as well as two (2) cultivation and processing facilities in Rochester and Riverhead. In March 2017, Columbia Care NY received a Class 1 Schedule I Controlled Substance Bulk Manufacturing license from the New York Department of Health and Bureau of Narcotics Enforcement. In April 2019, the Company received Hemp Cultivator and Hemp Processor licenses and entered into a Research Partner Agreement with the State of New York to engage in CBD research in connection with industrial hemp products. In May 2019, Columbia Care NY received its Class 10 Exporter license from the Department of Health. The Company acquired a cultivation site in Riverhead, New York in April 2021 and received approval from the New York State Office of Cannabis Management to commence cultivation and processing operations in September 2021. The first harvest was completed in December 2021.

Maryland

Columbia Care entered the Maryland market in 2015 and operates in this market through its 96%-owned subsidiary Columbia Care MD LLC (“**Columbia Care MD**”). In December 2016, Columbia Care MD was selected for pre-approval to pursue a medical cannabis dispensary license from the Maryland Department of Health and Mental Hygiene. Columbia Care MD received its final medical cannabis license in September 2019. In June 2021 the Company acquired Green Leaf Medical. In Maryland, Green Leaf Medical holds one cultivation license, one (1) processing license, two (2) dispensary licenses (one under a management agreement) with a third dispensary license in pre-approval stages.

2016

Delaware

Columbia Care entered the Delaware market in 2016 and operates in this market through a management services arrangement with Columbia Care Delaware LLC (“**Columbia Care Delaware**”). Columbia Care formed its 91%- owned subsidiary, Columbia Care DE Management LLC to provide management services to Columbia Care Delaware. Columbia Care Delaware operates one (1) Medical Marijuana Compassion Center in Milford where it cultivates and manufactures medical cannabis and three (3) medical marijuana dispensaries in Smyrna, Wilmington and Rehoboth Beach. The two (2) facilities in Milford and Smyrna became fully licensed and operational in 2018, while the dispensaries in Wilmington and Rehoboth Beach became fully licensed and operational in 2019.

Puerto Rico

Columbia Care entered the Puerto Rico market in 2016. It operated in this market through its 49%-owned subsidiary Columbia Care Puerto Rico LLC (“**Columbia Care Puerto Rico**”). The Company suspended operations in Puerto Rico, in May 2020 due to significant headwinds resulting from a challenging regulatory environment and unforeseen events outside of the Company’s control, including the COVID-19 pandemic.

Pennsylvania

Columbia Care entered the Pennsylvania market in 2016 and operates through its wholly-owned subsidiary Columbia Care Pennsylvania LLC (“**Columbia Care Pennsylvania**”). Columbia Care Pennsylvania is currently licensed by the Pennsylvania Department of Health to operate its three (3) medical marijuana dispensaries in Allentown, Scranton and Wilkes-Barre. In June 2021 the Company acquired Green Leaf Medical. In Pennsylvania, Green Leaf Medical holds one (1) grower/processor license.

2017

Ohio

Columbia Care entered the Ohio market in 2017. It operates in this market through its wholly-owned subsidiary, Columbia Care OH LLC (“**Columbia Care OH**”), a licensed cultivator of medical cannabis, and Corsa Verde, LLC (“**Corsa Verde**”), a licensed processor. In July 2021 the Company acquired Cannascend Alternative, LLC and Cannascend Alternative Logan, LLC (together “**Cannascend**”), which operates four Ohio dispensaries. Columbia Care also acquired Green Leaf Medical. In Ohio, Green Leaf Medical holds one dispensary license.

2018

Florida

Columbia Care entered the Florida market in 2018 and operates in that market through its wholly-owned subsidiary Columbia Care Florida LLC (“**Columbia Care Florida**”), which holds a license to cultivate, manufacture and distribute medical cannabis.

Columbia Care Florida currently operates a Good Manufacturing Practice (“**GMP**”) certified cultivation and manufacturing facility in Arcadia and has a second 40,000 square foot cultivation and manufacturing facility in Lakeland. In July 2019, Columbia Care Florida opened dispensaries in Gainesville, Sarasota, Jacksonville and Cape Coral. In November 2019, Columbia Care Florida opened its Orlando dispensary. In January 2020, Columbia Care Florida opened dispensaries in Melbourne and St. Augustine. In February 2020, Columbia Care Florida opened dispensaries in Bradenton, Bonita Springs, and Stuart. In September and October 2020, Columbia Care Florida opened dispensaries in Brandon, Miami, Longwood, and Delray Beach. In January 2021, Columbia Care Florida received a license to cultivate hemp from the Department of Agriculture and Consumer Services. In March 2021 Columbia Care Florida obtained an approval to operate an additional cultivation facility in Alachua. The Alachua property is a 36 acre parcel that includes a 44,800 square foot cultivation facility. The Company anticipates completing its first harvest at the Alachua facility in the second quarter of 2021.

Virginia

Columbia Care entered the Virginia market in 2018 and operates through its 96%-owned subsidiary Columbia Care Eastern Virginia LLC (“**Columbia Care Eastern Virginia**”). In December 2018, Columbia Care Eastern Virginia entered into a long-term lease agreement for one (1) facility in Portsmouth from which it operates its cultivation, manufacturing, home delivery and dispensary operations. The Portsmouth cultivation facility began operating in August of 2020, and the Portsmouth dispensary began operations in December 2020. In 2021, the Portsmouth facility began producing oil and flower to dispense to registered patients. In June 2021 the Company acquired Green Leaf Medical. In Virginia, Green Leaf Medical holds one license, under which it operates one (1) cultivation and manufacturing facility in Richmond and two (2) dispensaries in Richmond and Glen Allen, with the ability to operate a total of six (6) dispensaries. In January 2022, Columbia Care opened its second Virginia dispensary in Virginia Beach as a Cannabist location. Columbia Care is also licensed to operate up to six (6) dispensaries in the state. In total, there are eight additional dispensaries in development between Green Leaf Medical and Columbia Care.

New Jersey

Columbia Care entered the New Jersey market in 2018 and operates through its 93%-owned subsidiary, Columbia Care New Jersey LLC (“**Columbia Care New Jersey**”). Columbia Care New Jersey received initial approval to cultivate, manufacture, and dispense medical cannabis products to qualified patients in December 2018. Columbia Care New Jersey received its cultivation and manufacturing Operational Permit in February 2020, at which time it opened its cultivation facility in Vineland. In June 2020, Columbia Care New Jersey opened one (1) dispensary in Vineland. In August 2021, Columbia Care opened its second New Jersey dispensary in Deptford as a Cannabist location. Columbia Care anticipates opening a third dispensary location in Mays Landing in 2022. Columbia Care New Jersey received approval to commence manufacturing operations in February 2022. Columbia Care also anticipates opening a second cultivation facility in Vineland in 2022 to add additional capacity to support the state’s upcoming adult-use consumer demands.

European Union

Following review and approval process, Columbia Care received initial authorization to operate in Malta in November 2018. Columbia Care is exploring opportunities in Malta as well as other markets in the United Kingdom and European Union.

2020

Missouri

Columbia Care entered the Missouri market in 2020 and currently intends to operate through a management services arrangement with Columbia Care MO LLC (“**Columbia Care MO**”) in 2021. Columbia Care MO is licensed to operate a medical marijuana dispensary and a medical marijuana manufacturing facility. Columbia Care has agreed to provide management services to both the medical marijuana dispensary and the medical marijuana manufacturing facility of Columbia Care MO for a fee.

Utah

Columbia Care entered the Utah market in 2020 and operates through its wholly-owned subsidiaries, CCUT Pharmacy LLC (“**CCUT**”) and Columbia Care UT LLC (“**Columbia Care UT**”). CCUT operates a dispensary in Springville, which opened in the second quarter of 2021. Columbia Care UT has secured a manufacturing and processing facility in Centerville. In 2020, CCUT also received an industrial hemp license from the Department of Agriculture and Food.

West Virginia

Columbia Care Hemp West Virginia LLC was awarded a Research and Marketing Cultivation of Industrial Hemp from the State of West Virginia in 2020. This allows Columbia Care to cultivate industrial hemp in the State of West Virginia as well as to perform research.

In 2020, Columbia Care WV LLC (“**Columbia Care WV**”), a wholly-owned subsidiary of Columbia Care, was awarded a medical cannabis grower license and medical cannabis processor license in West Virginia. Columbia Care WV operates a co-located cultivation and processing facility in Falling Waters. Columbia Care WV received final approval for cultivation operations in July 2021 and received final approval for processing operations in November 2021. In January 2021, Columbia Care WV was awarded 5 dispensary permits in Williamstown, Fayetteville, Morgantown, Beckley and St. Albans. The first dispensary opened on February 3, 2022 in Williamstown as a Cannabist location. Columbia Care WV’s second Cannabist dispensary located in Beckley received operational approval on February 7, 2022 and will open in February 2022.

Colorado

In September 2020, Columbia Care acquired The Green Solution (“**TGS**”), one of the largest vertically integrated cannabis operators in Colorado, through a transaction initially valued at approximately \$140 million, excluding certain performance-based milestone payments.

Founded in 2010, TGS currently operates twenty-three dispensaries, one manufacturing facility and four cultivation locations. In Denver, TGS operates a manufacturing facility, three cultivation facilities and three dispensaries. TGS operates two dispensaries and one cultivation facility (consisting of five cultivation licenses) in Trinidad. TGS operates five dispensaries in Aurora, two dispensaries in Sheridan and dispensaries in Adams County, Aspen, Black Hawk, Edgewater, Fort Collins, Glendale, Glenwood Springs, Longmont, Northglenn, Silver Plume, and Pueblo. In November 2021, Columbia Care acquired Futurevision 2020, LLC and Futurevision Holdings, Inc. d/b/a Medicine Man (“Medicine Man”). Medicine Man operates one dispensary and cultivation in Denver, one dispensary in Aurora, and one dispensary in Thornton. Columbia Care also exercised its option to acquire Medicine Man Longmont, LLC and its one dispensary in Longmont.

Development of Columbia Care’s Other Business Elements

2018

Columbia National Credit (CNC)

Columbia Care launched the Columbia National Credit card (“CNC”) as a pilot program in the second half of 2018 in its New York locations. Columbia Care formally announced the CNC in 2019, expanding the program to several other markets. The CNC is the first-ever credit card for cannabis purchases, operating similarly to most other retailer credit cards. The CNC is available as a payment solution in select markets for in-store, home delivery, and e-commerce purchases. Columbia Care strives to offer the CNC in as many markets as possible, subject to regulatory restrictions.

During the years ended December 31, 2020 and 2019, Columbia Care earned retail revenues of approximately \$3.5 million and \$2.1 million from the CNC program. Columbia Care does not consider the CNC program to be a material revenue stream.

2019

Sale-Leaseback Transaction with NewLake Capital

In December 2019, Columbia Care announced that it had entered into a definitive agreement in connection with a sale-leaseback transaction (the “**NewLake Sale-Leaseback**”) with NewLake Capital valued at \$35 million. The NewLake Sale-Leaseback involved five properties totaling 127,000 square feet in California, Illinois and Massachusetts and closed December 23, 2019.

Launch of E-Commerce Platform

In December 2019, Columbia Care launched its e-commerce platform through its wholly-owned subsidiary Columbia Care Industrial Hemp LLC. The initial launch included a sampling of Columbia Care’s Platinum CBD non-THC products, which offered the products to customers in states across the nation, subject to regulatory restrictions.

2020

March 2020 Private Placement of Units

In March 2020, the Company completed the first tranche of a non-brokered private placement (the “**March 2020 Private Placement**”) of units (the “**March 2020 Private Placement Units**”) for gross proceeds of US\$14,250,000. Each March 2020 Private Placement Unit was comprised of: (i) US\$1,000 principal amount of 9.875% senior secured first-lien notes (the “**March 2020 Private Placement Notes**”); and (ii) 113 common share purchase warrants (the “**March 2020 Private Placement Warrants**”) of the Company. On April 23, 2020, the Company completed the second and final tranche of the March 2020 Private Placement for additional gross proceeds of US\$1,000,000. In total, the gross proceeds under the March 2020 Private Placement totaled US\$15,250,000.

The March 2020 Private Placement Notes were governed by the terms of a trust indenture dated March 31, 2020 between the Company and Odyssey Trust Company, as trustee. The March 2020 Private Placement Warrants are governed by the terms of a warrant indenture (the “**March 2020 Warrant Indenture**”) dated March 31, 2020 between the Company and Odyssey Trust Company, as warrant agent.

Launch of Virtual.Care Platform

In April 2020, the Company announced the launch of Virtual.Care (the “**Platform**”), an online educational and informational tool for patients, designated caregivers, and adult use purchasers, in those states where adult use cannabis is legalized. The Platform is accessed via the Company’s age-gated website and was initially launched in three states: California, Illinois and Massachusetts and has now expanded to five additional jurisdictions: Arizona, Maryland, New Jersey, New York, and Washington, D.C.

Prior to launching the Platform, the Company’s compliance team and external counsel undertook a review of the applicable federal and state privacy, advertising and cannabis laws and launched the Platform in a manner to ensure compliance with those laws. The Company’s Platform is not intended to be used in advertising activities but is intended to be used solely as a virtual educational tool, allowing users to understand the products that the Company offers. There are no sales of products completed over the Platform.

A user may pre-order products but to complete an order, the user must physically visit the applicable Columbia Care dispensary. This requirement ensures compliance since no orders will be completed for residents of jurisdictions where medical and/or recreational cannabis is illegal, as applicable.

In jurisdictions where medical cannabis is legal, upon arrival of the user, the dispensary staff person will verify the user’s medical marijuana card, government-issued identification and confirm the user’s allotment to ensure the user is not exceeding the state’s allotment limits. Once all of the foregoing is verified, the user will pay for the product to complete the purchase. The Platform does not allow medical users to obtain online certifications and any such certifications must be obtained through the normal channels.

In jurisdictions where recreational use is legal, upon arrival at the Columbia Care dispensary, the dispensary staff will verify that the user is at least 21 years of age by verifying the user’s government-issued identification. Once the identification is verified, the user will pay for the product to complete the transaction. If the user does not have valid identification, the user will not be able to purchase cannabis at the Company’s dispensaries. This process also allows monitoring of sales to non-residents and only allow sales where the state regulatory schemes allow an out-of-state resident to purchase product if he or she is present in the legal jurisdiction.

May 2020 Private Placement

In May 2020, the Company completed a concurrent brokered and non-brokered private placement (the “**May 2020 Private Placement**”) of units (the “**May 2020 Private Placement Units**”) for gross proceeds of US\$19,115,000. Each May 2020 Private Placement Unit was comprised of: (i) US\$1,000 principal amount of 13.00% senior secured first-lien notes (the “**May 2020 Private Placement Notes**”); and (ii) 120 common share purchase warrants (the “**May 2020 Private Placement Warrants**”) of the Company.

The May 2020 Private Placement Notes are governed by the terms of a trust indenture (the “**May 2020 Trust Indenture**”) dated May 14, 2020 between the Company and Odyssey Trust Company, as trustee. The May 2020 Private Placement Warrants are governed by the terms of a warrant indenture (the “**May 2020 Warrant Indenture**”) dated May 14, 2020, between the Company and Odyssey Trust Company, as warrant agent.

The May 2020 Private Placement Units were issued pursuant to the terms of certain subscription agreements (the “**May 2020 Private Placement Subscription Agreements**”) entered into between the Company and the subscribers of the May 2020 Private Placement Units and pursuant to an agency agreement dated as of May 11, 2020, between the Company and Canaccord Genuity Corp., as agent for the May 2020 Private Placement.

As part of the May 2020 Private Placement, the March 2020 Private Placement Notes were cancelled and exchanged for an equivalent number of May 2020 Private Placement Notes. Subscribers of March 2020 Private Placement Units were issued an additional 8.55 May 2020 Private Placement Warrants for each March 2020 Private Placement Unit held by such subscribers.

Roll-Up of Better-Gro

In June 2020, the Company acquired (the “**Better-Gro Acquisition**”) the remaining 30% of the issued and outstanding equity interests of Better-Gro not already owned by the Company for aggregate consideration of US\$15,500,000, of which US\$14,500,000 was satisfied through the issuance by the Company of Common Shares.

Following closing of the Better-Gro Acquisition, the Company now indirectly owns 100% of the equity Interests of Better-Gro.

June 2020 Private Placement of Convertible Notes

In June 2020, the Company completed the first tranche of a non-brokered private placement (the “**June 2020 Convertible Note Private Placement**”) of 5.00% senior secured convertible notes (the “**June 2020 Convertible Notes**”) for gross proceeds of US\$12,800,000. In July 2020, the Company completed the second tranche of the June 2020 Convertible Note Private Placement for additional gross proceeds of US\$3,960,000. Later in July 2020, the Company completed the third and final tranche of the June 2020 Convertible Note Private Placement for additional gross proceeds of US\$2,000,000. In total, the gross proceeds under the June 2020 Convertible Note Private Placement amounted to US\$18,760,000. The June 2020 Convertible Notes are governed by the terms of the May 2020 Trust Indenture, as supplemented by a first supplemental indenture (the “**June Supplemental Indenture**”) dated as of June 19, 2020, between the Company and Odyssey Trust Company, as trustee.

July 2020 Private Placement of Units

In July 2020, the Company completed a brokered private placement (the “**July 2020 Unit Private Placement**”) of units (the “**July 2020 Private Placement Units**”) for gross proceeds of US\$4,000,000. Each July 2020 Private Placement Unit was comprised of: (i) US\$1,000 principal amount of May 2020 Private Placement Notes; and (ii) 75 common share purchase warrants (the “**July 2020 Private Placement Warrants**”) of the Company.

The July 2020 Private Placement Warrants are governed by the terms of a warrant indenture (the “**July 2020 Warrant Indenture**”) dated July 2, 2020, between the Company and Odyssey Trust Company, as warrant agent.

Sale-Leaseback Transaction with Innovative Industrial Properties

In July 2020, Columbia Care announced that it had closed a sale-leaseback with Innovative Industrial Properties (the “**IIP Sale-Leaseback**”) valued at approximately \$14 million. The IIP Sale-Leaseback involved two properties totaling 54,000 square feet in Vineland, New Jersey.

October 2020 Private Placement of Units

In October 2020, Columbia Care completed a brokered private placement of units (the “**October 2020 Private Placement Units**”) for gross proceeds of approximately US\$20.4 million. Each October 2020 Private Placement Unit was comprised of: (i) US\$1,000 principal amount of 13.00% senior secured first-lien notes (the “**October 2020 Private Placement Notes**”); and (ii) 60 common share purchase warrants of the Company (the “**October 2020 Private Placement Warrants**”).

The October 2020 Private Placement Notes are governed by the terms of the May 2020 Trust Indenture, as supplemented, between the Company and Odyssey Trust Company, as trustee. The October 2020 Private Placement Warrants are governed by the terms of a warrant indenture (the “**October 2020 Warrant Indenture**”) dated October 29, 2020, between the company and Odyssey Trust Company, as warrant agent.

November 2020 Private Placement of Units

In November 2020, Columbia Care completed a non-brokered private placement of October 2020 Private Placement Units for gross proceeds of approximately US\$8.4 million. Also in November 2020, Columbia Care completed a non-brokered private placement of October 2020 Private Placement Units for gross proceeds of approximately US\$3.3 million.

Later in November 2020, Columbia Care completed a non-brokered private placement of units (the “**November 2020 Private Placement Units**”) for gross proceeds of approximately US\$200,000. Each November 2020 Private Placement Unit was comprised of: (i) US\$1,000 principal amount of October 2020 Private Placement Notes; and (ii) 125 October 2020 Private Placement Warrants.

The Green Leaf Transaction

In December 2020, Columbia Care announced that it had entered into a definitive agreement (the “**Green Leaf Medical Agreement**”) to acquire Green Leaf Medical (the “**Green Leaf Transaction**”), a privately held, multi-state operator. The Green Leaf Medical Agreement contemplates upfront consideration of approximately US\$240,000,000, comprised of US\$45,000,000 in cash and US\$195,000,000 payable in Common Shares, in addition to potential performance-based milestone payments in 2022 and 2023.

Prior to entering into the Green Leaf Medical Agreement, Columbia Care’s management conducted extensive analysis of the business being acquired. Among other things, the Company’s analysis included consideration of Green Leaf Medical’s historical financial performance, its competitive strength, expectations for changes to the regulatory environment in which it operates, and the expertise of its management and employees.

Furthermore, Columbia Care’s Board retained independent experts to provide advice and assistance, including the preparation and delivery to the Board, an opinion as to the fairness of the Green Leaf Medical Agreement, from a financial point of view, to the Company.

In Maryland, Green Leaf Medical holds one cultivation license, one processing license, two dispensary licenses (one under a management agreement) with a third dispensary license in pre-approval stages. Green Leaf Medical also holds one dispensary license in Ohio, one grower/processor license in Pennsylvania, and one license in Virginia, which permits Green Leaf Medical to operate one co-located cultivation/dispensary facility and five stand-alone dispensaries in their authorized region.

The Green Leaf Transaction closed on June 11, 2021, following receipt of all required regulatory approvals, including, but not limited to the Hart-Scott-Rodino Antitrust Improvements Act, as well as state level approvals.

2021

January 2021 Offering of Common Shares

In January 2021, Columbia Care completed a bought deal public offering of Common Shares (the “**January 2021 Offering**”) for gross proceeds of C\$149,508,625, which included the exercise in full of the over-allotment option granted to the underwriters, before deducting the underwriters’ fees and estimated offering expenses. The January 2021 Offering was conducted in each of the provinces of Canada, other than Québec, pursuant to a prospectus supplement to the Company’s base shelf prospectus dated September 2, 2020, and elsewhere outside of Canada on a private placement basis.

February 2021 Private Placement of Common Shares

In February 2021, Columbia Care completed a bought deal private placement of Common Shares (the “**February 2021 Offering**”) for gross proceeds of C\$28,980,000, which included the exercise in full of the over-allotment option granted to the underwriters, before deducting the underwriters’ fees and estimated offering expenses. The February 2021 Offering was conducted in certain provinces of Canada pursuant to applicable exemptions from the prospectus requirements of Canadian securities laws. The Common Shares were also sold in the United States and in certain jurisdictions outside of Canada and the United States, in each case in accordance with applicable laws.

April 2021 Conversion of June 2020 Convertible Notes

In April 2021, Columbia Care offered an incentive program to the holders of its June 2020 Convertible Notes, pursuant to which, the Company issued to each holder of the June 2020 Convertible Notes that surrendered such June 2020 Convertible Notes for conversion on or before May 28, 2021, 20 Common Shares for each \$1,000 aggregate principal amount of June 2020 Convertible Notes surrendered for conversion. The Company issued 4,550,139 Common Shares in connection with the conversion of the June 2020 Convertible Notes.

July 2021 Private Placement

In July 2021, Columbia Care completed a private placement (the “**July 2021 Convertible Note Private Placement**”) of 6.00% secured convertible notes for gross proceeds of US\$74,500,000.

2022

February 2022 Private Placement

On February 3, 2022, Columbia Care closed a private placement of \$185,000,000 aggregate principal amount of 9.50% senior-secured first-lien notes due 2026 (the “**2026 Notes**”). The 2026 Notes are senior secured obligations of the Company and were issued at 100% of face value. The 2026 Notes accrue interest payable semi-annually in arrears and mature on February 3, 2026, unless earlier redeemed or repurchased. The Company may redeem the 2026 Notes at par, in whole or in part, on or after February 3, 2024, as more particularly described in the fourth supplemental trust indenture governing the 2026 Notes. In connection with the offering of the 2026 Notes, the Company received binding commitments to exchange approximately \$31,750,000 of the Company’s existing 13% senior secured notes due 2023, pursuant to private agreements in accordance with the trust indenture, for an equivalent amount of 2026 Notes plus accrued but unpaid interest and any negotiated premium thereon. As a result of the note exchanges, the Company received aggregate gross proceeds of \$153,250,000 in cash pursuant to the offering of the 2026 Notes.

Description of the Business

Overview of the Company

Columbia Care is a U.S.-based, vertically-integrated consumer product, health and wellness cannabis company with cultivation, product development, production, home delivery and dispensary operations. The Company has built one of the broadest and longest operational records of any licensee in publicly administered medicinal and adult-use cannabis programs in the United States. It has developed proprietary branded products with intellectual property comprised of a variety of medical and adult-use form factors, including but not limited to proprietary formulations, precision manufactured dosing and cannabis flower and flower-derived products. The Company’s mission is to improve lives through product innovation, research and development and outstanding patient and consumer experience. Columbia Care’s vision is to address the world’s health and wellness needs through plant-based medicine.

Columbia Care is one of the largest and most experienced cultivators, manufacturers and providers of medical cannabis products and services in the United States.

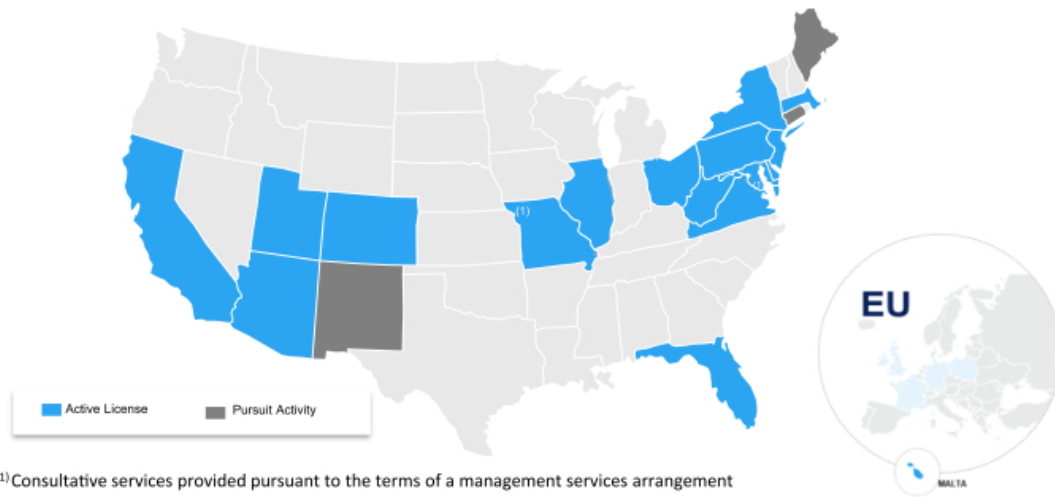
In addition to its U.S. operations, Columbia Care has operations in the United Kingdom (UK) and the European Union (EU). In December 2021, Columbia Care launched a range of vaporizer pen products to supplement its proprietary solid-fill cannabis powder capsule (available since April 2021) and medical cannabis tinctures (available in the region since April 2020). For medical cannabis products in the UK, Columbia Care partners with IPS Pharma, a leading pharmaceutical manufacturer licensed by the UK's Medicines and Healthcare products Regulatory Agency (MHRA), who manufactures Columbia Care's proprietary product formulations for the UK market. Columbia Care's proprietary medical cannabis tincture formulations have received certain approvals from the German regulator, BfArM, and it is expected that these will be first made available in Germany before the end of 2021.

Since 2019, Columbia Care's flagship wellness brand, Columbia Care Platinum, has been available in the United Kingdom. Columbia Care submitted its Novel Foods dossier for these products in 2020 in accordance with the United Kingdom's Food Standards Agency's timeline to validate the dossier to meet the regulatory requirements of the region. Columbia Care launched its eCommerce channel for the United Kingdom in July 2021.

Columbia Care is exploring further opportunities in the UK and the European Union to leverage the supply chain established within the region and to respond to the growing demand in Europe for medical cannabis products. The regulatory environment will enable Columbia Care to supply other regions from the supply it has established for the UK and Germany.

Through its contractual arrangements, Columbia Care seeks to ensure that its partners have obtained the required licenses for their respective activities (including cultivation, manufacture, and distribution of medical cannabis) and comply with all applicable laws and regulations. See "European Union Regulatory Environment".

Figure 1: Columbia Care Footprint



⁽¹⁾ Consultative services provided pursuant to the terms of a management services arrangement

Columbia Care actively operates or has under development, cultivation and/or production assets in Arizona, California, Colorado, Delaware, Florida, Illinois, Maryland, Massachusetts, Missouri, New Jersey, New York, Ohio, Pennsylvania, Utah, Virginia, Washington, D.C., and West Virginia. Columbia Care's existing U.S. license portfolio allows for (i) an aggregate of approximately 2,278,710 square feet of indoor cultivation and production footprint (including operational, in development and optioned space) within its currently leased or owned facilities (including options to expand within such facilities), with the potential to produce more than 150,000 kg of dry flower on an annual basis and (ii) an aggregate of approximately 143.8 acres of outdoor cultivation and production footprint (including operational and optioned space). This capacity does not include the potential yield from Columbia Care's outdoor marijuana and industrial hemp acreage, which will vary seasonally. Since Columbia Care currently has operating facilities and projects under development across multiple jurisdictions in the United States, Columbia Care is not substantially dependent on any individual cultivation facility or dispensary. This data does not include any announced acquisitions subject to definitive agreements that have not yet closed.

[Table of Contents](#)

The table below describes each jurisdiction's indoor and greenhouse cultivation and/or production operations:

<u>Jurisdiction</u>	<u>Approximate / Current Facility Size (sq. ft.)</u>	<u>Status</u>	<u>Approximate Expansion Capacity (sq. ft.)</u>
Arizona	28,000	Operational	
	6,800	Operational	—
California	45,572	Operational	
	36,028	Operational	—
Colorado (1)	20,295	Operational	
	29,699	Operational	
	58,488	Operational	
	12,327	Operational	
	29,444	Operational	
	35,000	Operational	—
Delaware	20,000	Operational	—
Florida	13,845	Operational	
	40,000	Operational	
	13,248	Operational	
	38,280	Operational	168,000
Illinois	32,802	Operational	—
Maryland	42,000	Operational	
Massachusetts	38,890	Operational	—
Missouri (2)	12,630	Under development	—
New Jersey	50,274	Operational	
	270,000	Under development	
New York	58,346	Operational	149,997
	740,000 (3)	Under development	200,000
Ohio	110,521	Operational	
	7,201	Operational	—
Pennsylvania	100,000	Operational	
	174,000	Under development	
Puerto Rico (4)	25,486	Operations awaiting sale	—
Utah	11,371	Under Development	—
Virginia	65,765	Operational	
	82,000	Operational	—
Washington, D.C.	7,100 (5)	Operational	
	9,491	Operational	—
West Virginia	39,293	Operational	—
Total	2,304,196		517,997

Notes:

- (1) Acquired in connection with the TGS and Medicine Man acquisitions.
- (2) Subject to a management services agreement through which the Company will provide consultative services.
- (3) Includes 30,000 sq. ft. of operational greenhouse canopy at Riverhead, Long Island facility.
- (4) Operations suspended indefinitely as of May 7, 2020.
- (5) Leased by VentureForth LLC.

[Table of Contents](#)

The table below describes each jurisdiction's outdoor cultivation and/or production operations:

<u>Jurisdiction</u>	<u>Approximate Size (acres)</u>	<u>Status</u>	<u>Approximate Expansion Capacity</u>
Colorado	11.5 (1)	Operational	32.3 (3)
	50 (2)	Operational	74.9
Total	61.5		107.2

Notes:

- (1) Includes 13,604 sq. ft. indoor processing facility located on the premises.
- (2) Includes four separate 3,960 sq. ft. greenhouse cultivation facilities located on the premises.
- (3) Columbia Care has the potential to expand outdoor cultivation activities up to 107.2 acres under current lease terms subject to state and local regulatory approval.

Columbia Care's refined cultivation practices have experienced several iterations since its inception. Its cultivation expertise reflects years of operating experience and specialized input from agricultural, manufacturing, scientific and security experts. The Company has implemented the best practices employed at its nationwide locations in each new facility that it develops and expects to continue to improve and optimize its methods and infrastructure to ensure competitiveness and excellence.

Columbia Care's production platform is designed to cultivate and manufacture cannabinoid-based products that are used specifically for medical use or consumer wellness, and health products produced to assure consistency and quality. Columbia Care engages national engineering consultants to design bespoke systems that follow industry best practices in order to produce its products. Columbia Care does all of this to optimize product quality, minimize the risk of exposing patients and consumers to potentially harmful contaminants while maximizing the effectiveness and consistency of the approved products delivered.

Columbia Care believes that a clean and sanitized growing and processing environment is key to ensuring the integrity of products. These self-imposed disciplines are more resource intensive than the industry standard, but are designed to yield a safe, consistent, contaminant-free product that will lead the market in quality, safety and efficacy.

Columbia Care's growing process is designed to maximize quality, consistency and yield, while limiting contamination by fungal and bacterial diseases, insect and vertebrate pests, non-organic pesticides and other harmful contaminants. Each step in Columbia Care's cultivation process, including (i) germination/propagation; (ii) vegetation; (iii) bloom; and (iv) harvest is carefully executed using refined standard operating procedures and training protocols. Columbia Care has standardized nutrient protocols, growing environments, water and irrigation strategies, growing mediums, climate controls, plant tracking, and staffing programs among other components of its cultivation and manufacturing operations. Its ultimate goal is to maximize the biomass output (grams per square foot) across all Columbia Care-operated facilities at the lowest cost possible without sacrificing product quality.

Extraction

Columbia Care utilizes a number of well-established, regulatory-approved methods for cannabinoid extraction and performs extraction of the leaves, trimmings and flowers of female cannabis plants to produce an approved cannabinoid product form. Materials used for extraction adhere to the equivalent to FDA-regulated food or beverage quality. Once extracted, Columbia Care's expert formulation staff formulates proprietary extracts into easily administered consumer products and medications for patient and consumer delivery by following protocol and state regulations.

Dispensaries

Columbia Care has, manages or is developing dispensaries in Arizona, California, Colorado, Delaware, Florida, Illinois, Maryland, Massachusetts, Missouri, New Jersey, New York, Ohio, Pennsylvania, Utah, Virginia, Washington, D.C. and West Virginia. All of Columbia Care’s dispensaries have either licensed pharmacists or trained personnel on staff to ensure that customers and patients have access to knowledgeable personnel that can advise on the responsible use of cannabis including delivery formats and dosing schedules. The table below describes each jurisdiction’s dispensary operations. This data does not include any announced acquisitions subject to definitive agreements that have not yet closed.

Jurisdiction	City	Status
Arizona	Prescott	Operational
	Tempe	Operational
California	Los Angeles	Operational
	North Hollywood	Operational
	San Diego (2 locations)	Operational
	San Francisco	Operational
	Studio City	Operational
Colorado	Adams County	Operational
	Aspen (1)	Operational
	Aurora (6 locations)	Operational
	Black Hawk	Operational
	Denver (4 locations)	Operational
	Edgewater	Operational
	Fort Collins	Operational
	Glendale	Operational
	Glenwood Springs	Operational
	Longmont	Operational
	Northglenn	Operational
	Sheridan (2 locations)	Operational
	Silver Plume	Operational
	Pueblo	Operational
	Trinidad (2 locations)	Operational
Thornton	Operational	
Delaware	Rehoboth Beach	Operational
	Smyrna	Operational
	Wilmington	Operational
Florida	Bonita Springs	Operational
	Bradenton	Operational
	Brandon	Operational
	Cape Coral	Operational
	Delray Beach	Operational
	Gainesville	Operational
	Jacksonville	Operational
	Longwood	Operational
	Melbourne	Operational
	Miami	Operational
	Orlando	Operational
	Sarasota	Operational
	St. Augustine	Operational
Stuart	Operational	

[Table of Contents](#)

Jurisdiction	City	Status
Illinois	Chicago	Operational
	Villa Park	Operational
Maryland	Chevy Chase	Operational
	Frederick	Operational
	Rockville (2)	Operational
	Prince George's County	Under Development
Massachusetts	Boston	Operational
	Greenfield	Operational
	Lowell	Operational
Missouri (3)	Hermann	Operational
New Jersey	Vineland	Operational
	Deptford	Operational
	May's Landing	Under development
New York	Brooklyn	Operational
	Manhattan	Operational
	Riverhead	Operational
	Rochester	Operational
Ohio	Dayton	Operational
	Logan	Operational
	Marietta	Operational
	Monroe	Operational
	Warren	Operational
Pennsylvania	Allentown	Operational
	Scranton	Operational
	Wilkes-Barre	Operational
Puerto Rico (4)	Ponce	Non-Operational; Operations awaiting sale
	San Juan	Non-Operational; Operations awaiting sale
Utah	Springville	Operational
Virginia	Portsmouth (co-located with cultivation and manufacturing operations)	Operational
	Richmond (co-located with cultivation and manufacturing operations)	Operational
	Short Pump	Operational
	Virginia Beach	Operational
	Careytown	Under development
	7 Additional Locations	Under development
Washington, D.C.	Washington, D.C. (5)	Operational
West Virginia (6)	Beckley	Under development
	Fayetteville	Under development
	Morgantown	Under development
	St. Albans	Under development
	Williamstown	Operational

Notes:

(1) Temporarily closed.

[Table of Contents](#)

- (2) Currently subject to a management services agreement until final regulatory approval is granted for the acquisition
- (3) Subject to an option agreement
- (4) Operations suspended indefinitely as of May 7, 2020
- (5) Leased by VentureForth LLC
- (6) Locations are subject to change

Performance Indicators

As Columbia Care seeks to manage its development, management currently uses key performance indicators (“**KPIs**”) to assess its rate of growth and performance. These KPIs include top-line revenue, growth in gross margin and Adjusted EBITDA margin (non-GAAP measure). These KPIs are further discussed in under “*Non-GAAP Measures*” in Item 2.

Branding and Marketing

Columbia Care employs a diverse and knowledgeable staff of pharmacists and trained personnel for its dispensaries that reflect and embody its brand. Columbia Care has built its reputation on providing trusted, high-quality medical cannabis products to improve patients' wellness journeys, which are also now available for adult-use consumption. The Company believes that Columbia Care has become known in the jurisdictions in which it operates as a trusted mark for health and wellness cannabis by constantly innovating to provide the best solutions for its patients and customers. As Columbia Care expands into new markets, it aims to be a leader in developing a national health and wellness cannabis brand, which in turn is expected to support its expansion into international jurisdictions. Revenues and expenses related to our international expansion have not been significant.

In May 2021, Columbia Care launched its Cannabist retail ecosystem. The Cannabist retail experience is centered on making shopping for cannabis as simple and approachable as possible, accommodating the vast range of experience levels among patients and customers. Merchandising set-ups and store layouts are organized to help customers move through the space with intent and become more comfortable in the process. Additionally, retail spaces are designed to encourage employees and customers to engage in conversations that enhance the shopping experience, whether through product recommendations or general education. To fully realize this goal, Cannabist staff undergo extensive training. Beyond the in-store experience, technology serves as a bridge across the retail ecosystem that enables a seamless shopping experience. Cannabist locations will continue to leverage existing solutions, such as Virtual.Care, the personal shopping platform, and a proprietary web-based application called Forage to help customers on their product discovery journey. Several dispensary locations in Utah, Arizona, Illinois, California, Massachusetts and Florida were transformed into Cannabist locations during 2021 with other company locations going through a similar transformation over the next twenty-four months. Columbia Care transformed all 14 Florida locations on December 8, 2021, bringing the total to 22 Cannabist locations nationwide.

Cannabis-based Product Selection and Offerings

Columbia Care has continually been at the forefront of developing and introducing innovative and safe products to serve patients' unique needs. Columbia Care offers a competitive product portfolio in the jurisdictions in which it operates. Depending on the jurisdiction, Columbia Care offers a variety of product, including, without limitation, flower, concentrates, edibles and/or accessories. As shown below, the product mix varies between jurisdictions. As such, Columbia Care benefits from its diverse and expanding product portfolio.

[Table of Contents](#)

The Company's products have similar characteristics due to the same raw material ingredient (cannabis), similar nature of cultivation process, the type or class of customer and the regulatory nature of our industry. Revenues from transactions with no single external customer exceed 10% of the consolidated revenues. Revenue earned outside of the United States of America is immaterial for the years ended December 31, 2020 and 2019 and December 29, 2018. Long-lived assets located outside of the United States of America are immaterial as at December 31, 2020 and 2019 and December 29, 2018.

Columbia Care has begun to bring its family of branded products to all jurisdictions where it has manufacturing operations. Columbia Care's focus is to develop proprietary formulations and delivery technologies that provide patients and adult-use customers with high quality and differentiated products.

In 2016, Columbia Care announced the launch of its line of controlled-dose, solid-fill medicinal cannabinoid capsules. Formulated using the full range of active cannabinoid ingredients from plants grown in its cultivation facilities, these proprietary capsules offer a variety of concentrations in a more accessible and convenient delivery form to patients and customers.

Columbia Care introduced proprietary, controlled-dose, hard-pressed tablets in New York State. The tablets are manufactured by segregating and formulating precise combinations of active compounds derived from targeted strains of cannabis plants. From the formulation of these tablets, Columbia Care introduced additional products to provide a spectrum of cannabinoid profiles to address the continuum of patient and consumer needs. This precisely engineered diversity of optimized cannabinoids includes the Company's patent pending Ceed line of medicinal cannabis products, including TheraCeed tablets, EleCeed sublingual tinctures and ClaraCeed vaporization oil.

In 2020, the Company launched Seed & Strain, its first lifestyle cannabis brand. Available in a number of markets, products include flower, pre-rolls and concentrates. Other product and branded categories include but are not limited to confections, chocolate, drink mixes, condiments, kief, shatter, and wax/crumble. Columbia Care launched Classix in five markets simultaneously in October 2021, and will bring the brand to additional markets. Triple Seven has also been expanded from California to other operational markets, which will continue beyond 2021.

Columbia Care intends to continue launching national brands across its medical and adult-use markets in order to maintain the consistency and quality of products that all patients and customers have come to expect from the Company.

None of Columbia Care's products have been shown to effectively treat or cure any disease. None of Columbia Care's products require approval by the U.S. Food and Drug Administration (the "FDA"), and none of Columbia Care's products have been approved, reviewed or cleared by the FDA for any purpose.

Product Pricing

Columbia Care's prices vary based on market conditions and product pricing from non-cannabis suppliers. As a result of different tastes, preferences and customer demographics across its core markets, average dispensary sales differ significantly from state to state.

Caring for The Community We Serve

Having completed over 4 million sales transactions in multiple medicinal and adult-use cannabis markets since its inception, Columbia Care's team has accumulated significant experience in the treatment of large consumer and specialized patient populations, addressing a wide range of unique combination of qualifying conditions, symptoms and risks. Columbia Care has dedicated funding for research collaborations and initiatives with leading academic medical centers across the country to enhance patient care, inform the policy debate and empower healthcare and wellness professionals with data on best practices and safe and efficacious cannabinoid use. Through its public policy efforts, Columbia Care is also at the forefront of ensuring that social equity is a large part of legalization efforts across the United States.

Columbia Care has launched extensive patient care initiatives including utilizing anonymized patient data to facilitate product optimization and innovation on behalf of patient needs. These initiatives allow Columbia Care to develop products with specific patient symptoms and optimal patient outcomes in mind. As Columbia Care scales this proprietary patient database, it is expected to become an increasingly important aspect of Columbia Care's product development strategy as it invests in branded formulations and administration types that best respond to patient needs.

Columbia Care has distinguished itself by establishing research collaborations with renowned medical and research institutions globally. The collaborations are designed to improve product efficacy and assess the medical utility in its products while enhancing patient safety. Columbia Care has developed innovative and collaborative working relationships with a number of leading academic, patient advocacy, research and healthcare organizations as well as partnerships with private, academic, agricultural, policy, sustainability and economic programs at various institutions in the pursuit of expanding the body of scientific knowledge related to cannabis. This focus is one of the principal foundations of Columbia Care's corporate culture and has materially contributed to Columbia Care's current position as one of the most qualified and experienced operators in certain regulated markets in the U.S. Some of the collaboration partners include but are not limited to researchers affiliated with the following institutions: Mount Sinai Hospital, Columbia University, Arizona State University, Brandeis University, The Center for Discovery in New York, The Dana Farber Cancer Institute, New York University, Albert Einstein/Montefiore Medical Center, Stanford University and King's College London.

Banking and Processing

Columbia Care deposits funds from its dispensary operations into bank accounts established with various banking partners. The Company ensures that the banks used are fully aware of the nature of the business and industry in which the Company operates. Columbia Care currently accepts cash, cashless ATMs, and in certain locations the CNC card. The CNC card is the first store credit card in the cannabis industry, providing Columbia Care customers an alternative payment method in participating markets, increasing access to the Company's products. Payment methods currently vary by market.

During the years ended December 31, 2020 and 2019, Columbia Care earned retail revenues of approximately \$3.5 million and \$2.1 million from the CNC program. Columbia Care does not consider the CNC program to be a material revenue stream.

Real Estate Strategy

In each market that Columbia Care enters, it spends a significant amount of time and resources selecting real estate in highly desirable locations with convenient access to healthcare communities and health and wellness providers and public transit, close proximity to major interstates and other traffic routes, ample parking, and the potential for significant foot traffic. Columbia Care targets retail spaces with a footprint of 2,500 to 7,500 square feet and cultivation/manufacturing facilities with a footprint of 20,000 to 65,000+ square feet, depending on the market and available real estate inventory. Columbia Care's practice is to secure leases with a base term of five to ten years with extension options for renewal terms of five years.

In-Store Pickup and Delivery

Columbia Care is currently associated with certain third-party platforms that offer pre-ordering for in-store pickup, online payment processing and home delivery services, where allowed by law. In all instances, patients are offered educational material and/or consultations regarding route of administration and dosing format.

Inventory Management

In the jurisdictions where Columbia Care is operational, it has comprehensive inventory management practices that are compliant with applicable state laws and regulations. Such practices ensure control over Columbia Care's cannabis and cannabis product inventory using seed to sale tracking software. See "*Columbia Care Compliance Program – Inventory and Security Policies*". Columbia Care's practices are designed to preclude contamination to ensure the safety and quality of the products dispensed.

Information Technology

Columbia Care strategically invests in information technology infrastructure. In fiscal year 2021, Columbia Care has initiated an effort to consolidate its operational systems, to provide national governance over business process and intelligence across merchandise planning, inventory management, production, costing, order management, accounting, reporting and analysis. These systems will provide the flexibility to support global and multi-channel expansion. Columbia Care has invested in information technology security platforms which are designed to protect patient and customer records and personal information in compliance with applicable laws and regulations.

Research and Development

Columbia Care has been tracking consented patient outcomes since 2013, and now has a research database of more than 23 million sales transactions across all sales locations. It is working with experts to analyze this anonymized data to devise new genetics and new products tailored to individual patient conditions and wellness states.

Columbia Care has operated a product development and process development center in its Rochester, New York cultivation and manufacturing location since 2014, and now also conducts these activities in San Diego, California and Denver, Colorado. At these facilities, unit-dose formulations of proprietary cannabinoid combinations are created, and methods of extraction and separation are scaled. Additional work to add automation to these efforts and commercial manufacturing is ongoing.

Employees

As of December 31, 2021, Columbia Care had 2,586 employees across its operating jurisdictions, up from 1,775 employees as of December 31, 2020 as a result of the Green Leaf Medical acquisition. As of February 8, 2022, Columbia Care had approximately 2,553 employees.

Columbia Care is committed to:

- Hiring, training and retaining an efficient, hard-working and qualified labor force that reflects the racial, cultural and ethnic composition of the communities it serves, including people of color, veterans, older workers and persons with physical and/or cognitive disabilities.
- Providing a work environment that is free of unlawful harassment, discrimination and retaliation: in furtherance of this commitment, Columbia Care strictly prohibits all forms of unlawful discrimination and harassment.
- Complying with all laws protecting qualified individuals with disabilities, as well as employees', independent contractors', vendors', unpaid interns' and volunteers' religious beliefs and observances.

Columbia Care is committed to all of the above without regard to race, ethnicity, religion, color, sex, gender, gender identity or expression, sexual orientation, national origin, ancestry, citizenship status, uniform service member and veteran status, marital status, pregnancy, age, protected medical condition, genetic information, disability, or any other protected status in accordance with all applicable federal, state, provincial and local laws.

Columbia Care employees are highly talented individuals who have educational achievements ranging from doctorates to masters to undergraduate degrees in a wide range of disciplines, as well as staff who have been trained on the job to uphold the highest standards as set by Columbia Care. It is currently a requirement that all of Columbia Care's employees pass background checks.

In addition, the safety of Columbia Care's employees is a priority and Columbia Care is committed to the prevention of illness and injury through the provision and maintenance of a healthy workplace. Columbia Care takes all reasonable steps to ensure staff are appropriately informed and trained to ensure the safety of themselves as well as others around them.

Columbia Care strives to provide an equal opportunity for all its employees to pursue career advancement and to consistently look within its organization for potential job candidates prior to posting employment offerings externally. Importantly, it does not embrace these policies solely out of altruism or an obligation under state requirements, but because it has learned from experience that the organization thrives and becomes more productive by maintaining a culture of inclusion where everyone feels valued and their individual contributions are appreciated and rewarded.

Competition

Columbia Care competes with other retail, manufacturing and cultivation license holders across the states in which it operates, as well as additional states, assuming and upon completion of pending acquisitions and receipt of licenses applied for or contemplated to be applied for in such additional states. Many of Columbia Care's competitors are smaller, local operators, as well as an increasing number of operators with a significant presence in multiple states that compete directly with Columbia Care for regional market share. In certain markets, a number of dispensaries and cultivators operate illegally and compete directly with Columbia Care. However, Columbia Care expects that law enforcement will increasingly respond to illicit market operators. In addition to physical dispensaries, Columbia Care also competes with third-party delivery services, which provide direct-to-consumer delivery services.

Further, as more U.S. jurisdictions pass legislation allowing adult-use of cannabis, Columbia Care expects an increased level of competition in the U.S. market. A number of publicly-traded companies are expanding operations to states that have decriminalized cannabis consumption. The increasingly competitive U.S. state markets may adversely affect the financial condition and operations of Columbia Care.

See "*United States Regulatory Environment*" for additional details as to the regulatory environment in which Columbia Care operates. See Item 1A —"Risk Factors" with respect to competition.

Intellectual Property

Columbia Care pursues patent and trademark protection around the world directed to its product and product candidates in an effort to establish intellectual property positions regarding cannabinoid products and devices. Patent prosecution is a lengthy process, during which the scope of the claims initially submitted for examination to the U.S. Patent and Trademark Office or foreign equivalents is often significantly narrowed by the time they are issued, if issued at all. Columbia Care expects this may be the case with respect to its pending patent applications referenced below.

Columbia Care's intellectual property strategy seeks to provide protection for its product and product candidates, through the prosecution of different types of patent and trademark applications in the U.S. and worldwide.

Columbia Care's patent portfolio covers a number of its products and product candidates. As of January 1, 2022, this portfolio included 1 issued U.S. patent and at least 22 pending patent applications owned by Columbia Care, filed in one or more of three jurisdictions, including Canada, Europe and the U.S., which have strong patent systems. The issued U.S. patent is projected to expire in 2037. The patent applications, if granted, are projected to expire between 2037 and 2041, excluding any extension of patent term that may be available in a particular country.

Our patent portfolio includes:

- 11 pending patent applications, filed in the US, Canada, and Europe, that protect our EleCeed line of products, including claims directed to compositions, methods of their manufacture, methods of their use, and devices comprising the compositions;
 - These patent applications, if granted, are projected to expire between 2037 and 2040, excluding any extension of patent term that may be available in a particular country.
- 19 pending patent applications, filed in the US, Canada, and Europe, that protect our TheraCeed line of products, including claims directed to compositions, methods of their manufacture, methods of their use, kits for their use, devices comprising the compositions, and cartridges for use in devices;
 - These patent applications, if granted, are projected to expire between 2037 and 2040, excluding any extension of patent term that may be available in a particular country.
- 9 pending patent applications, filed in the US, Canada, and Europe, that protect our ClaraCeed line of products, including claims directed to compositions, methods of their manufacture, methods of their use and administration, kits for their administration, and cartridges for use in devices;
 - These patent applications, if granted, are projected to expire in 2039, excluding any extension of patent term that may be available in a particular country.
- and 2 patent applications, filed in the US and Europe, that protect our Seed & Strain DabTabs, including claims to compositions and methods of their use.
 - These applications, if granted, are projected to expire in 2040, excluding any extension of patent term that may be available in a particular country.

While the USPTO has granted many patents for cannabis-related technologies, none have yet been successfully enforced in court. Until U.S. courts definitively address the enforceability of cannabis-related patents, or cannabis products are legalized federally in the U.S., we cannot be certain that any of our patents can be effectively enforced against our competitors, even if their products infringe our patents, which could have a material adverse effect on our business.

The USPTO may deny federal trademark registration if the trademark application covers goods or services that violate federal law, including cannabis products. However, certain hemp-derived goods, including hemp-derived CBD products with less than 0.3% THC, as well as ancillary products or services, are considered lawful under federal law and may be eligible for federal trademark registration. Additionally, the USPTO may accept trademark applications for consulting services or goods that do not directly involve the cannabis flower, such as computer software, educational platforms, and brand apparel. Trademarks covering these lawful goods and services are generally enforceable in federal court. Cannabis goods and services that do not meet the USPTO standard for trademark registration may qualify for state trademark registration in states where such goods and services have been legalized, and are generally enforceable in state courts in those states.

No guarantee can be given that Columbia Care will be able to successfully assert its trademark rights, nor can the company guarantee that its trademark registrations will not be invalidated, circumvented or challenged. Any such invalidity, particularly with respect to a product name, or a successful intellectual property challenge or infringement proceeding against the company, could have a material adverse effect on Columbia Care's business.

In addition to patents and trademarks, Columbia Care relies upon unpatented trade secrets and know-how to develop and maintain its competitive position. Columbia Care has developed numerous proprietary technologies and processes. While actively exploring the patentability of these techniques and processes, Columbia Care relies on non-disclosure/confidentiality arrangements and trade secret protection.

Columbia Care seeks to protect its proprietary information, in part, by executing confidentiality agreements with third parties, its collaborators, and scientific advisors, and as well as non-disclosure and invention assignment agreements with its employees and consultants. The confidentiality agreements it enters into are designed to protect its proprietary information and the agreements or clauses requiring assignment of inventions to the Company are designed to grant it ownership of technologies that are developed through its relationship with the respective counterparty. Columbia Care cannot guarantee, however, that these agreements will afford it adequate protection of its intellectual property and proprietary information rights.

Trade secrets and know-how can be difficult to protect. In particular, some of Columbia Care's trade secrets and know-how for which it decides to not pursue additional patent protection may, over time, be disseminated within the industry through independent development and public presentations describing the methodology.

UNITED STATES REGULATORY ENVIRONMENT

Federal Regulatory Environment

Under U.S. federal law, marijuana is currently classified as a Schedule I drug. The Controlled Substances Act (21 U.S.C. § 811) (the “CSA”) classifies drugs in five different schedules. As a Schedule I drug, the federal Drug Enforcement Agency (“DEA”) considers marijuana to have a high potential for abuse, no currently accepted medical use in treatment in the United States, and a lack of accepted safety for use of the drug under medical supervision. Following the passage of the Agriculture Improvement Act of 2018 (popularly known as the “2018 Farm Bill”), cannabis with a tetrahydrocannabinol (“THC”) content below 0.3% is classified as hemp and has been removed from the CSA. Lawfully cultivated hemp and products derived from it may now be sold into commerce and transported across state lines. The 2018 Farm Bill explicitly preserves the authority of the FDA to regulate certain products containing cannabis or cannabis-derived compounds such as CBD under the federal Food, Drug and Cosmetic Act (“FD&C Act”) and Section 351 of the Public Health Service Act. In conjunction with the enactment of the 2018 Farm Bill, the FDA released a statement about the regulatory status of CBD, noting the FDA’s position that it is unlawful to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, dietary supplements, regardless of whether the substances are hemp-derived. Despite its position, the FDA’s enforcement actions against companies manufacturing CBD products has primarily been limited to the issuance of warning letters to companies whose products have made prohibited, misleading, and unapproved drug claims. Various states have also enacted state-specific laws pertaining to the handling, manufacturing, labeling, and sale of CBD and other hemp consumable products. While some states explicitly authorize and regulate the production and sale of hemp-derived CBD consumable products or otherwise provide legal protection for authorized individuals to engage in such activities, other states restrict the sale of CBD products or prohibit such products outright.

Under federal law, cannabis having a concentration of THC greater than 0.3% is marijuana. The scheduling of marijuana as a Schedule I drug is inconsistent with what Columbia Care believes to be many valuable medical uses for marijuana accepted by physicians, researchers, patients, and others. As evidence of this, the federal FDA on June 25, 2018 approved Epidiolex (CBD) oral solution for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, in patients two years of age and older. This is the first FDA-approved drug that contains a purified drug substance derived from marijuana. In this case, the substance is cannabidiol, or CBD, a cannabinoid found in both hemp and marijuana, which does not contain the intoxication properties of THC, the primary psychoactive component of marijuana. Columbia Care believes the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of marijuana or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered. Moreover, while certain published studies show that marijuana may be less harmful than alcohol, alcohol is not classified under the CSA. This disparity may reflect the comparative stigma associated with marijuana that factors into scheduling decisions by the DEA.

The federal position is also not necessarily consistent with democratic approval of marijuana at the state government level in the United States. Thirty-seven (37) states, the District of Columbia, Guam, Puerto Rico, the Northern Mariana Islands and the U.S. Virgin Islands have passed laws broadly legalizing marijuana for medicinal use by eligible patients. In the District of Columbia, the Northern Mariana Islands, Guam and 18 of these states – Alaska, Arizona, California, Colorado, Connecticut, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, New Mexico, New York, Oregon, Vermont, Virginia and Washington – marijuana is legal for adult-use regardless of medical condition, although not all of those jurisdictions have fully implemented their legalization programs. Voters in South Dakota also approved a constitutional amendment to legalize adult-use marijuana in the state, but Governor Kristi Noem sued to challenge the amendment for violating the state constitution. A circuit court judge struck down the law, and the state Supreme Court upheld that ruling. The large increase in recent statewide referenda and legislation that liberalizes marijuana laws is consistent with public opinion. As more and more states legalized medical and/or adult-use marijuana, the federal government attempted to provide clarity on the incongruity between federal prohibition under the CSA and these state-legal regulatory frameworks. Until 2018, the federal government provided guidance to federal law enforcement agencies and banking institutions through a series of United States Department of Justice (“DOJ”) memoranda. One example of such memorandum was drafted by former Deputy Attorney General James Cole in 2013 (the “Cole Memo”).

The Cole Memo offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states. The Cole Memo put forth eight prosecution priorities:

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

Table of Contents

5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

On January 4, 2018, former United States Attorney General Jefferson Sessions rescinded the Cole Memo by issuing a new memorandum to all United States Attorneys (the “**Sessions Memo**”). Rather than establish national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain marijuana activity was legal under state law, the Sessions Memo instructs that “[i]n deciding which marijuana activities to prosecute... with the DOJ’s finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions.” Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles.

The former Attorneys General who succeeded former Attorney General Sessions following his resignation did not provide a clear policy directive for the United States as it pertains to state-legal marijuana-related activities. President Joseph R. Biden was sworn in as the 46th United States President on January 20, 2021. President Biden nominated Merrick Garland to serve as Attorney General in his administration. It is not yet known whether the Department of Justice under President Biden and Attorney General Garland, confirmed on March 10, 2021, will re-adopt the Cole Memo or announce a substantive marijuana enforcement policy. Justice Garland stated at a confirmation hearing before the United States Senate that “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.”¹

Nonetheless, there is no guarantee that state laws legalizing and regulating the sale and use of marijuana will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to marijuana (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. Currently, in the absence of uniform federal guidance, as had been established by the Cole Memo, enforcement priorities are determined by respective United States Attorneys.

In the absence of a uniform federal policy, as had been established by the Cole Memo, numerous United States Attorneys with state-legal marijuana programs within their jurisdictions have announced enforcement priorities for their respective offices. For instance, Andrew Lelling, the former United States Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office’s marijuana enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds.

Due to the CSA categorization of marijuana as a Schedule I drug, federal law also makes it illegal for financial institutions that depend on the Federal Reserve’s money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 (the “**Bank Secrecy Act**”). Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy.

¹ John Schroyer, (2021 February 22) Attorney general nominee Garland signals friendlier marijuana stance, *available at* <https://mjbizdaily.com/attorney-general-nominee-merrick-garland-signals-friendlier-marijuana-stance/>

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical and/or adult-use marijuana, the Department of the Treasury Financial Crimes Enforcement Network (“**FinCEN**”), in 2014, issued guidance to prosecutors of money laundering and other financial crimes (the “**FinCEN Guidance**”). The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memo are being violated (such as keeping marijuana away from children and out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
3. Requesting from state licensing and enforcement authorities available information about the business and related parties;
4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);
5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. Ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and
7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Because most banks and other financial institutions are unwilling to provide any banking or financial services to marijuana businesses, these businesses can be forced into becoming “cash-only” businesses. While the FinCEN Guidance decreased some risk for banks and financial institutions considering serving the industry, in practice it has not increased banks’ willingness to provide services to marijuana businesses. This is because, as described above, the current law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each marijuana business they accept as a customer. In fact, some banks that had been servicing marijuana businesses have been closing the marijuana businesses’ accounts and are now refusing to open accounts for new marijuana businesses due to cost, risk, or both.

The few state-chartered banks and/or credit unions that have agreed to work with marijuana businesses are limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to marijuana businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana businesses in a single day, while also keeping sufficient liquid capital on hand to serve their other customers. Those state-chartered banks and credit unions that do have customers in the marijuana industry charge marijuana businesses high fees to pass on the added cost of ensuring compliance with the FinCEN Guidance.

Unlike the Cole Memo, however, the FinCEN Guidance from 2014 has not been rescinded. The former Secretary of the U.S. Department of the Treasury, Stephen Mnuchin, publicly stated that the Department was not informed of any plans to rescind the Cole Memo.

Despite the rescission of the Cole Memo in 2018, Columbia Care continues to do the following towards ensuring compliance with the guidance provided by the Cole Memo, the FinCEN Guidance, and other best industry practices:

Columbia Care and its subsidiaries operate in compliance with licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions.

Columbia Care's cannabis-related activities adhere to the scope of the licensing obtained – for example, in the states where only medical cannabis is permitted, products are sold only to patients who hold the necessary documentation to permit the possession of the cannabis.

Columbia Care performs due diligence on contractors or anyone provided access to secure areas of its facilities to prevent cannabis products from being distributed to minors.

Columbia Care works to ensure that the licensed operators have an adequate inventory tracking system and adequate procedures in place so that their compliance system can track inventory effectively. This is done so that there is no diversion of cannabis or cannabis products into states where cannabis is not permitted by state law, or across state lines in general.

Columbia Care conducts background checks as required by applicable state law.

Columbia Care conducts reviews of activities of the cannabis businesses, the premises on which they operate, and the policies and procedures that are related to possession of cannabis or cannabis products outside of its licensed premises (including the cases where such possession is permitted by regulation – e.g., transfer of products between licensed premises). These reviews are completed to ensure that licensed operators do not possess or use cannabis on federal property or engage in manufacturing or cultivation of cannabis on federal lands.

Columbia Care's product packaging complies with applicable regulations and contains necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

Moreover, in recent years, certain temporary federal legislative enactments that protect the medical marijuana and hemp industries have also been in effect. For instance, certain marijuana businesses receive a measure of protection from federal prosecution by operation of temporary appropriations measures that have been enacted into law as amendments (or "riders") to federal spending bills passed by Congress and signed by both Presidents Obama and Trump. For instance, in the Appropriations Act of 2015, Congress included a budget "rider" that prohibits DOJ from expending any funds to enforce any law that interferes with a state's implementation of its own medical marijuana laws. The rider is known as the "**Rohrabacher-Farr Amendment**" after its original lead sponsors.

Originally, a Republican-controlled House and Democratic-controlled Senate passed the Rohrabacher-Farr Amendment. The bill was a bipartisan appropriations measure that looks to prohibit the DEA from spending funds to arrest state-licensed medical marijuana patients and providers. Subsequently, the amendment has been included in multiple budgets passed by a Republican-controlled Congress. While the Rohrabacher-Farr Amendment has been included in successive appropriations legislation or resolutions since 2015, its inclusion or non-inclusion is subject to political change.

The Rohrabacher-Farr Amendment was renewed most recently in the Omnibus Appropriations Act of 2021, which funds the agencies of the federal government through September 30, 2021. On September 30, 2021, the Amendment was extended through the signing of a continuing resolution, effective through February 18, 2021. Notably, Rohrabacher-Farr has applied only to medical marijuana programs and has not provided the same protections to enforcement against adult-use activities.

There is a growing consensus among marijuana businesses and numerous congressmen and congresswomen that guidance is not law and temporary legislation is an inappropriate way to protect lawful medical marijuana businesses. Numerous bills have been introduced in Congress in recent years to decriminalize aspects of state-legal marijuana trades. This has led to a bipartisan Congressional Marijuana Working Group in Congress.

Additionally, in 2020, the U.S. House of Representatives passed the Secure and Fair Enforcement Banking Act (the “**SAFE Banking Act**”), which had more than 200 cosponsors and would prevent federal banking regulators from taking adverse actions against financial institutions solely due to an institution’s provision of financial services to state-legal marijuana businesses. The Act ultimately stalled and was not taken up for a vote by the United States Senate in the 2020 legislative session. On March 18, 2021, the SAFE Banking Act was reintroduced in the House of Representatives. On March 23, 2021, the bill was reintroduced in the Senate as well. On April 19, 2021 the House passed the SAFE Banking Act by a vote of 321-101. In an attempt to help get the SAFE Banking Act passed in the Senate, Representative Ed Perlmutter proposed that it be included as an amendment to the National Defense Authorization Act (the “**NDAA**”). The Act was added to the NDAA by a voice vote on September 21, 2021, and the NDAA passed the House in a 316-113 vote on September 23, 2021. Despite its continued success in the House, the Act was removed from the version of the NDAA passed by the Senate on December 7, 2021.

An additional challenge to marijuana-related businesses is that the provisions of the Internal Revenue Code, Section 280E, are being applied by the IRS to businesses operating in the medical and adult-use marijuana industry. Section 280E of the Internal Revenue Code prohibits marijuana businesses from deducting their ordinary and necessary business expenses, forcing them to pay higher effective federal tax rates than similar companies in other industries. The effective tax rate on a marijuana business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal cannabis industry may be less profitable than they would otherwise be.

On December 4, 2020, the House of Representatives passed the Marijuana Opportunity Reinvestment and Expungement Act of 2019 (the “**MORE Act**”). The MORE Act would provide for the removal of marijuana from the list of controlled substances in the CSA and other federal legislation. It would also end the applicability of Section 280E to marijuana businesses, but would impose a 5% federal excise tax. The MORE Act was not passed by the Senate prior to the end of the 116th Congress, but an updated version was subsequently reintroduced in the House of Representatives on May 28, 2021. On September 30, 2021, the House Judiciary Committee voted to advance the MORE Act once again in a first step towards passage in the full House. Before it could become law, the MORE Act would need to be passed by the House of Representatives and Senate and then signed into law by the president.

Following the federal elections of 2020, the Democratic Party won control of both U.S. House of Representatives and the U.S. Senate, which has led some observers to predict that Congress will pass legislation that legalizes or decriminalizes marijuana or removes certain restrictions on financial services in the industry. Notwithstanding the foregoing, there is no guarantee that either the SAFE Banking Act or the MORE Act will become law in their current form, if at all. There also can be no assurance that the Biden administration will not change the stated policies or practices of the Department of Justice or individual United States Attorneys regarding the low-priority enforcement of U.S. federal laws that conflict with state laws. The Biden administration and the Congress could decide to enforce U.S. federal laws vigorously.

State Regulatory Environment

The following sections describe the legal and regulatory landscape in the states in which Columbia Care operates. While Columbia Care works to ensure that its operations comply with applicable state laws, regulations, and licensing requirements, for the reasons described above and the risks further described under the heading “*Risk Factors*”, there are significant risks associated with the business of Columbia Care. Readers are strongly encouraged to carefully read and consider all of the risk factors contained under the heading “*Risk Factors*” below.

Except as described above and elsewhere in this registration statement, Columbia Care is in compliance with applicable law and has not received any citations or notices of violation which may have an impact on Columbia Care's licenses, business activities or operations.

ARIZONA

Arizona Regulatory Landscape

In 2010, Arizona passed Ballot Proposition 203, which amended Title 36 to the Arizona Revised Statutes. This amendment added Chapter 28.1, titled the Arizona Medical Marijuana Act (the "AMMA"). The AMMA is codified in Arizona Revised Statutes § 36-2801 *et. seq.* The AMMA also appointed the Arizona Department of Health Services ("ADHS") as the regulator for the program and authorized ADHS to promulgate, adopt and enforce regulations for the AMMA. These ADHS regulations are embodied in the Arizona Administrative Code Title 9 Chapter 17 (the "Medical Rules"). ARS § 36-2801(12) defines a "nonprofit medical marijuana dispensary" as a not-for-profit entity that acquires, possesses, cultivates, manufactures, delivers, transfers, transports, supplies, sells or dispenses marijuana or related supplies and educational materials to cardholders.

The ADHS has established the medical marijuana program, which includes a vertically integrated license, meaning if allocated a Medical Marijuana Dispensary Registration Certificate (a "Certificate"), entities are authorized to dispense and cultivate medical cannabis. Each Certificate allows the holding entity to operate one on-site cultivation facility, and one off-site cultivation facility which can be located anywhere within the State of Arizona. An entity holding a Certificate is required to file an application to renew with the ADHS on an annual basis, which must also include audited annual financial statements. While a Certificate may not be sold, transferred or otherwise conveyed, Certificate holders typically contract with third parties to provide various services related to the ongoing operation, maintenance, and governance of its dispensary and/or cultivation facility so long as such contracts do not violate the requirements of the AMMA or the medical marijuana program.

The ADHS had until April 2012 to establish a registration application system for patients and nonprofit marijuana dispensaries, as well as a web-based verification platform for use by law officials and dispensaries to verify a patient's status as such. It also specified patients' rights, qualifying medical conditions, and allowed out-of-state medical marijuana patients to maintain their patient status (though not to purchase cannabis). On December 6, 2012, Arizona's first licensed medical marijuana dispensary opened in Glendale. Arizona recently enacted SB 1494, which, among other things will require testing of medical marijuana and require biannual renewal of agent licensure.

To qualify to use medical marijuana under the AMMA, a patient is required to have a debilitating medical condition. Valid medical conditions include HIV, cancer, glaucoma, immune deficiency syndrome, Hepatitis C, Crohn's disease, agitation of Alzheimer's disease, ALS, cachexia/wasting syndrome, muscle spasms, nausea, seizures, severe and chronic pain or another chronic or debilitating condition.

Arizona S.B. 1494 went into effect in August 2019. The bill authorized the ADHS to adopt rules for inspecting medical marijuana dispensaries and created an independent testing regime for marijuana cultivated by a medical marijuana dispensary. Beginning in November 2020, before marijuana is sold, it must be tested for unsafe levels of microbial contamination, heavy metals, pesticides, herbicides, fungicides, growth regulators and residual solvents.

S.B. 1494 also authorized civil penalties of up to \$1,000 per violation (not to exceed \$5,000 in a 30-day period) on medical marijuana dispensaries. The bill makes patient ID cards and medical marijuana dispensary registration certificates expire every two years rather than every year. Regulations implementing S.B. 1494 went into effect on August 27, 2019. In February 2020, the Department began an additional round of rulemaking designed to improve the regulations regarding independent testing.

In 2020, Arizona passed Ballot Proposition 207, which amended Title 36 to the Arizona Revised Statutes. This amendment added Chapter 28.2, titled the Smart and Safe Arizona Act (the “SSAA”). The SSAA is codified in Arizona Revised Statutes § 36-2850 *et. seq.* The SSAA appointed ADHS as the regulator for the program and required ADHS to promulgate, adopt, and enforce regulations for the SSAA. ADHS has published draft rules to administer the Adult-use Marijuana Program to be embodied in the Arizona Administrative Code Title 9 Chapter 18 (the “**Adult-use Rules;**” together with the Medical Rules, the “**Rules**”). These Adult-use Rules became effective on January 15, 2021. ARS § 36-2850 defines “marijuana establishment” as an entity licensed by the department to operate all of the following: a single retail location at which the licensee may sell marijuana and marijuana products to consumers, cultivate marijuana and manufacture marijuana products; a single off-site cultivation location at which the licensee may cultivate marijuana, process marijuana and manufacture marijuana products, but from which marijuana and marijuana products may not be transferred or sold to consumers; and a single off-site cultivation location at which the licensee may cultivate marijuana, process marijuana and manufacture marijuana products, but from which marijuana and marijuana products may not be transferred or sold to consumers.

Columbia Care (through its subsidiaries in the State of Arizona) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Arizona.

Arizona Medical Marijuana Licensing Requirements

In order for an applicant to receive a Certificate, it must: (i) fill out an application on the form prescribed by ADHS, (ii) submit the applicant’s articles of incorporation and by-laws, (iii) submit fingerprints for each principal officer or board member of the applicant for a background check to exclude felonies, (iv) submit a business plan and policies and procedures for inventory control, security, patient education, and patient recordkeeping that are consistent with the AMMA and the Medical Rules to ensure that the dispensary will operate in compliance, and (v) designate an Arizona licensed physician as the Medical Director for the dispensary. Certificates are renewed annually so long as the dispensary is in good standing with ADHS, pays the renewal fee, and submits an independent third-party financial audit.

Once an applicant has been issued a Certificate, they are allowed to establish one physical retail dispensary location, one cultivation location which is co-located at the dispensary’s retail site (if allowed by local zoning) and one additional off-site cultivation location. None of these sites can be operational, however, until the dispensary receives an approval to operate from ADHS for the applicable site. This approval to operate requires: (i) an application on the ADHS form, (ii) demonstration of compliance with local zoning regulations, (iii) a site plan and floor plan for the applicable property, and (iv) an in-person inspection by ADHS of the applicable location to ensure compliance with the Medical Rules and consistency with the dispensary’s applicable policies and procedures.

Arizona Adult-use Marijuana Licensing Requirements

In order for an applicant to receive a marijuana facility agent license, it must submit to ADHS (i) the personal identification information prescribed by ADHS including a background check and fingerprints and (ii) the applicable fee as prescribed in the Adult-use Rules. The license must be renewed every two years. A licensee may seek renewal by submitting to ADHS, at least thirty calendar days before the license expiration, (a) information on the license, (b) updated personal information including a criminal records check, and (c) the applicable fee as prescribed in the Adult-use Rules.

ADHS may issue one marijuana establishment license for every 10 pharmacies registered under § 32-1929 and no more than two licenses per county that contains no registered medical marijuana dispensaries, or one license per county that contains one registered medical marijuana dispensary. In the event that more complete and compliant applications are received than ADHS may issue, ADHS will issue the licenses according to criteria prescribed in the Adult-use Rules. The initial round of license applications were due March 9, 2021.

Table of Contents

In order for an application to be considered complete and compliant such that an applicant may be considered for a marijuana establishment license, the applicant must (i) pay the appropriate non-refundable fee prescribed by ADHS, (ii) submit the ADHS-prescribed application, (iii) documentation of: facility agent licenses for principal officers and board members, good standing with the Arizona Corporation Commission, zoning compliance, ownership of or permission to use the physical address, and sufficient funds.

Applicants that have a Certificate issued under the Medical Rules, the applicant may apply for a marijuana establishment license by submitting (i) an attestation from each principal officer and board member approving the application, (ii) the license number on the applicant's dispensary registration certificate, (iii) whether the applicant wants to transfer the cultivation site under the registration certificate to the marijuana license, and (iv) the applicable fee.

A holder of a marijuana establishment license may apply for approval to operate a marijuana establishment by submitting, within 18 months after the marijuana establishment license was issued, the following: (i) an application on the form prescribed by ADHS, (ii) documentation of local permission to use the property as a marijuana establishment (such as a certificate of occupancy, special use permit, or a conditional use permit), (iii) a list of activities the establishment is requesting, including cultivation, manufacturing, or preparation of edible products, (iv) a license of the location as a food establishment if preparing edible products, (v) a site plan, and (vi) a floor plan.

Marijuana establishments that received their license through the process for applicants with Certificates may begin operating without submitting the above if the entity holding the license (i) received approval to operate under the Medical Rules and (ii) is operating and available to dispense medical marijuana in accordance with the Medical Rules.

Marijuana establishment licenses must be renewed every two years.

[Table of Contents](#)

Arizona Licenses

The table below describes the Certificates and approvals held by Salubrious Wellness Clinic, Inc. and 203 Organix, LLC.

<u>Holding Entity</u>	<u>Permit/License</u>	<u>Registration Number</u>	<u>City</u>	<u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u>	<u>Description</u>
Salubrious Wellness Clinic, Inc.	Medical Dispensary Registration Certificate	00000097DCGK00454998	Tempe, AZ	08/07/22	The certificate allows the holder to cultivate, dispense, produce, process, extract, distribute and sell at retail and wholesale medical marijuana from the dispensary and one offsite cultivation facility.
Salubrious Wellness Clinic, Inc.	Approval to Operate cultivation at offsite location	00000097DCGK00454998	Chino Valley, AZ	08/07/22	Approval to operate cultivation offsite location
Salubrious Wellness Clinic, Inc.	Adult-Use Dispensary Registration Certificate	00000071ESFP14031510	Tempe, AZ	01/21/23	Approval to dispense adult-use cannabis
203 Organix, LLC	Medical Dispensary Registration Certificate	00000074DCGW00540313	Prescott, AZ	08/07/22	The certificate allows the holder to cultivate, dispense, produce, process, extract, distribute and sell at retail and wholesale medical marijuana from the dispensary and one offsite cultivation facility.
203 Organix, LLC	Adult-Use Dispensary Registration Certificate	00000070ESCO78837103	Prescott, AZ	01/21/23	Approval to dispense adult-use cannabis

With the passage of S.B. 1494, certificates are renewed biennially. Before expiry, licensees are required to submit a renewal application. While renewals are granted annually, there is no ultimate expiry after which no renewals are permitted. Additionally, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable Certificate,

Columbia Care would expect Salubrious Wellness Clinic, Inc. and 203 Organix, LLC to receive the applicable renewed Certificate in the ordinary course of business. 203 Organix's Approval to Operate a cultivation facility in Wickenburg is not in use and is therefore not considered a material contract of Columbia Care.

Arizona Security Requirements for Dispensary Facilities

Any dispensary facility (both retail and cultivation) or marijuana establishment must abide by the following security requirements: (i) ensure that access to the facilities is limited to authorized agents of the dispensary who are in possession of a dispensary agent identification card, and (ii) equip the facility with: (a) intrusion alarms and surveillance equipment, (b) exterior and interior lighting to facilitate surveillance, (c) at least one 19-inch monitor for surveillance and a video capable of printing a high resolution still image, (d) high resolution video cameras at all points of sale, entrances, exits, and limited access areas, both in and around the building, (e) 30 days' video storage, (f) failure notifications and battery backups for the security system, and (g) panic buttons inside each building.

Arizona Dispensing Requirements

In order to dispense medical marijuana to a qualifying patient or designated caregiver, a licensed dispensary is required to (1) verify the qualifying patient's or designated caregiver's identity, (2) offer appropriate patient education or support materials, (3) make available testing results related to the product sought, if requested by the qualifying patient or designated caregiver, (4) enter the qualifying patient's or designated caregiver's registry identification number on the identification card presented into the medical marijuana electronic verification system, (5) verify the validity of the identification card presented, (6) verify that the amount of marijuana product to be dispensed would not cause the qualifying patient to exceed the regulatory limit, and (7) enter information into the medical marijuana electronic verification system regarding the amount of medical marijuana dispensed, whether it was dispensed directly to the qualifying patient or to a caregiver, the date and time of dispensing, the registry identification number of the dispensary agent, and the dispensary's registry identification number.

Arizona Storage Requirements

Any dispensary facility (both retail and cultivation) or marijuana establishment must abide by the following requirements for the storage of product: (i) product must be stored in an area that is separate from areas used to store toxic and flammable materials, (ii) product must be stored in a manner that is clean and sanitary, (iii) product must be protected from flies, dust, dirt, and any other contamination, and (iv) surfaces and objects used in the handling and storage of product must be cleaned daily.

Additionally, the Rules establish strict inventory protocols for tracking product from "seed to sale," which requires product to be traceable to the original plants used to grow the cannabis used in the product. These requirements include (1) daily updated inventory amounts of marijuana products, (2) acquisitions of medical marijuana from qualifying patients or designated caregivers, (3) acquisitions of medical marijuana from other dispensaries, (4) information related to batches of marijuana cultivated by the licensee, (5) information regarding provision of medical marijuana to other dispensaries, (6) information relating to required testing of marijuana products, and (7) the disposition of marijuana products determined not to be dispensed to a patient or to be included in manufacturing a marijuana product. Licensed dispensaries are additionally required to keep records regarding qualifying patients that: (1) include dated entries from registered dispensary agents regarding dispensing, (2) are safeguarded against unauthorized access and tampering, (3) include documentation of requests by qualifying patients and caregivers regarding marijuana products and educational materials.

Arizona Transportation Requirements

Dispensaries may transport medical cannabis and marijuana establishments may transport adult-use cannabis between their own sites or between their sites and another dispensary's site and must comply with the following Rules: (i) prior to transportation, the dispensary agent must complete a trip plan showing: (a) the name of the dispensary agent in charge of transporting the cannabis, (b) the date and start time of the trip, (c) a description of the cannabis, cannabis plants, or cannabis paraphernalia being transported; and (d) the anticipated route of transportation, including any anticipated stops during the trip; (ii) during transport the dispensary agent shall: (a) carry a copy of the trip plan at all times, (b) use a vehicle with no medical cannabis identification, (c) have a means of communicating with the dispensary, and (d) ensure that no cannabis is visible, and (iii) dispensaries must maintain trip plan records for at least two years.

Arizona Adult-use Operating Requirements

Marijuana establishments must (i) ensure that the retail location is operating and available at least 30 hours a week between the hours of 7:00 a.m. and 10:00 p.m. within 18 months after receiving the marijuana establishment license, (ii) develop, implement and regularly review and update, no less than once every 12 months, policies related to job descriptions and employment contracts, training of facility agents, and inventory control, (iii) ensure all principal officers, board members, employees, and volunteers maintain valid marijuana facility agent licenses and keep them in their possession when working with marijuana, (iv) inform ADHS within 10 days when a marijuana facility agent is no longer employed or volunteering with the marijuana establishment, (v) document loss or theft and (vi) post the marijuana establishment's approval to operate, the license, hours of operation, and the applicable ADHS-prescribed warning signs.

Marijuana products to be sold at a marijuana establishment's retail location must (i) comply with the packaging and labeling requirements in the SSAA, (ii) be labeled with the appropriate product information and warnings as prescribed by ADHS, and (iii) be placed in child-resistant packaging.

Prior to selling or transferring any marijuana product to a consumer, the marijuana facility agent must (i) verify the consumer's age, (ii) make available the results of testing of the marijuana if requested, and (iii) ensure that the amount to be sold or transferred does not exceed one ounce, with not more than 5 grams being in the form of a marijuana concentrate.

A marijuana establishment that prepares, sells, or transfers marijuana-infused edible food products shall (i) obtain a license or permit as a food establishment under 9 A.A.C. 8, Article 1, (ii) ensure that the products are prepared according to the applicable requirements in 9 A.A.C. 8, Article 1, whether prepared on-site or by another marijuana establishment, and (iii) ensure that any sold products (a) are sold in accordance with 9 A.A.C. 8, Article 1, (b) contain no more total THC than 10 mg per serving or 100 mg per package, and (c) if packaged as more than one serving, are scored or delineated into standard serving size and consistent in THC disbursement.

ADHS Inspections and Enforcement

ADHS may inspect a medical facility at any time upon five (5) days' notice to the dispensary. However, if someone has alleged that the dispensary is not in compliance with the AMMA or the Medical Rules, ADHS may conduct an unannounced inspection. ADHS will provide written notice to the dispensary of any violations found during any inspection and the dispensary then has 20 working days to take corrective action and notify ADHS.

ADHS must revoke a Certificate if a dispensary: (i) operates before obtaining approval to operate a dispensary from ADHS, (ii) dispenses, delivers, or otherwise transfers cannabis to an entity other than another licensed dispensary, a qualifying patient with a valid registry identification card, a designated caregiver with a valid registry identification card, or a laboratory with a valid laboratory registration certificate, (iii) acquires usable cannabis or mature cannabis plants from any entity other than another licensed dispensary, a qualifying patient with a valid registry identification card, or a designated caregiver with a valid registry identification card, or (iv) if a principal officer or board member has been convicted of an excluded felony offense.

Furthermore, ADHS may revoke a Certificate if a dispensary does not: (i) comply with the requirements of AMMA or the Medical Rules, (ii) implement the policies and procedures or comply with the statements provided to ADHS with the dispensary's application.

ADHS may inspect an adult-use facility at any time during regular hours of operation. ADHS must make at least one unannounced visit annually to each licensed facility.

ADHS may suspend or revoke a marijuana establishment license if (i) the marijuana establishment (a) provides false or misleading information to ADHS, (b) operates before obtaining approval to operate from ADHS, (c) diverts marijuana to an individual or entity not allowed to possess marijuana, or (d) acquires marijuana from an individual or entity not allowed to possess marijuana; (ii) a principal officer or board member (a) has been convicted of an excluded felony offense, or (b) provides false or misleading information to ADHS; (iii) the marijuana establishment does not (a) comply with the requirements in the SSAA or the Adult-use Rules, or (b) implement the policies or procedures or comply with the statements provided to ADHS in the marijuana establishment's application.

CALIFORNIA

California Regulatory Landscape

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996. This legalized the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief.

In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills collectively known as the Medical Cannabis Regulation and Safety Act (“MCRSA”). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in California overwhelmingly passed Proposition 64, the Adult Use of Marijuana Act (“AUMA”) creating an adult-use marijuana program for adults 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”), which amalgamates MCRSA and AUMA to provide a set of regulations to govern a medical and adult-use licensing regime for cannabis businesses in the State of California. The four agencies that originally regulated marijuana at the state level were the Bureau of Cannabis Control (“BCC”), California Department of Food and Agriculture (“DFA”), California Department of Public Health (“DPH”), and California Department of Tax and Fee Administration. MAUCRSA went into effect on January 1, 2018.

On July 1, 2019, California enacted A.B. 97. In relevant part, the bill authorizes licensing authorities to issue citations and fines to a licensee or an unlicensed person who violates MAUCRSA. The maximum fine is \$5,000 per violation for licensees and \$30,000 per violation for unlicensed persons. Each day of a violation constitutes a separate violation.

A.B. 97 also repeals a prior requirement that an applicant for a provisional license first hold a temporary license. The bill also requires applicants for provisional licenses to submit evidence of compliance with the California Environmental Quality Act, limits the validity of a provisional license to 12 months with subsequent renewals as approved by the relevant licensing authority, and allows licensing authorities to revoke provisional licenses for failing to diligently pursue final licensure. Finally, the bill requires the DPH to establish a certification program for manufactured cannabis products comparable to the National Organic Program and the California Organic Food and Farming Act.

On October 12, 2019, California enacted A.B. 1529. The bill mandates that all cannabis vaping cartridges and cannabis vaporizers must include a universal symbol identifying the product as a vaping product.

On July 12, 2021, California Governor Gavin Newsom signed into law Assembly Bill 141 (AB-141), which creates the Department of Cannabis Control (“DCC”). The DCC will consolidate the state’s cannabis program oversight from three of the existing agencies – the BCC, the DFA, and the DPH – under a single department in an effort to centralize and simplify regulatory and licensing oversight in California. DCC similarly announced its intention to create a single Licensing Division that would be responsible for licensing of all cannabis businesses. On or about September 15, 2021, the DCC filed emergency regulations to consolidate, clarify, and make consistent cannabis regulations to the California Office of Administrative Law. After a limited comment period, these consolidated emergency regulations were approved and became effective on or about September 27, 2021. These regulations created consistent standards for cannabis licensees across all license types, by aligning application requirements, unifying terminology, and clarifying ownership and financial interest requirements.

At present, to legally operate a medical or adult-use cannabis business in California, the operator must have both a local and state license. This requires license holders to operate in cities with marijuana licensing programs. Therefore, cities in California are allowed to determine the number of licenses they will issue to marijuana operators or can choose to outright ban marijuana.

Columbia Care (through its subsidiaries in the State of California) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of California.

California Licenses

The table below describes the licenses held by Columbia Care subsidiaries in California. The granting of a temporary license does not guarantee that an annual license will subsequently be granted.

[Table of Contents](#)

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Mission Bay, LLC	California Department of Cannabis Control - # C10-0000472- LIC	San Diego	07/18/22	Adult-Use and Medicinal Provisional Retailer License
Focused Health, LLC	California Department of Cannabis Control – CDPH-10003760	San Diego	07/29/22	Annual Manufacturing License – Type 7: Volatile Solvent Extraction
Focused Health, LLC	California Department of Cannabis Control –CCL19-0003852	San Diego	12/26/22	Provisional Cannabis Cultivation License – Adult-Use Specialty Indoor -
Focused Health, LLC	California Department of Cannabis Control - C11-0001210-LIC	San Diego	06/09/22	Adult-Use and Medicinal Provisional Distributor License
The Healing Center of San Diego, LLC	California Department of Cannabis Control - C10-0000213-LIC	San Diego	06/13/22	Adult-Use and Medicinal Provisional Retailer License
PHC Facilities, Inc.	California Department of Cannabis Control CCL18-0003760	Los Angeles	04/26/22	Provisional Cannabis Cultivation License – Adult-Use Medium Indoor
PHC Facilities, Inc.	California Department of Cannabis Control - C11-0000072-LIC	Los Angeles	05/09/22	Adult-Use and Medicinal Provisional Distributor License
PHC Facilities, Inc.	California Department of Cannabis Control - C10-0000050-LIC	Los Angeles	05/09/22	Adult-Use and Medicinal Provisional Retailer License
Resource Referral Services, Inc.	California Department of Cannabis Control - C10-0000130-LIC	North Hollywood	06/04/22	Adult-Use and Medicinal Provisional Retailer License
Access Bryant SPC	California Department of Cannabis Control - C10-0000527-LIC	San Francisco	07/28/22	Adult-Use and Medicinal Provisional Retailer License
The Wellness Earth Energy Dispensary, Inc.	California Department of Cannabis Control – C10-0000288-LIC	Studio City	06/24/22	Adult-Use and Medicinal Provisional Retailer License

California Licensing Requirements

A medicinal retailer license permits the sale of medicinal cannabis and cannabis products to a medicinal cannabis patient in California who possesses a physician's recommendation. Only certified physicians may provide medicinal marijuana recommendations. An adult-use retailer license permits the sale of cannabis and cannabis products to any individual age 21 years of age or older who presents a valid government-issued photo identification.

An adult-use or medicinal cultivation license permits cannabis cultivation activity which means any activity involving the planting, growing, harvesting, drying, curing, grading or trimming of cannabis. Such licenses further permit the production of a limited number of non-manufactured cannabis products and the sales of cannabis to certain licensed entities within the state of California for resale or manufacturing purposes.

An adult-use or medical manufacturing license permits the manufacturing of cannabis products. Manufacturing includes the compounding, blending, extracting, infusion, packaging or repackaging, labeling or relabeling, or other preparation of a cannabis product.

In the state of California, only cannabis that is grown in the state can be sold in the state. Although California is not a vertically-integrated system, the state allows licensees to make wholesale purchase of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

Holders of marijuana licenses in California are subject to a detailed regulatory scheme encompassing: security, staffing, sales, manufacturing standards, inspections, inventory, advertising and marketing, product packaging and labeling, records and reporting, and more. As with all jurisdictions, the full regulations, as promulgated by each applicable state agency, should be consulted for further information about any particular operational area.

California Dispensary Requirements

Cannabis retailers may only sell cannabis products that were received by the retail licensee from a licensed distributor or licensed microbusiness authorized to engage in distribution, and the licensed retailer must verify that the cannabis goods have not exceeded their best-by, sell-by, or expiration date if one is provided. The goods must have undergone appropriate laboratory testing, and the batch number labeled on the package of cannabis goods must match the batch number on the corresponding certificate of analysis for regulatory compliance testing. The packaging and goods must comply with all applicable laws in order for the goods to be sold at the retail location. In addition to cannabis goods, a licensed retailer may sell only cannabis accessories and licensee's branded merchandise. A licensed retailer may not provide free cannabis goods except for in certain limited circumstances.

Cannabis retailers may only display cannabis goods for inspection and sale in the retail area. Such goods may be removed from their packaging and placed in containers to allow for customer inspection, so long as the containers are not readily accessible to customers without assistance of retailer personnel. A container must be provided to the customer by the licensed retailer or its employees, who must remain with the customer at all times that the container is being inspected by the customer. Cannabis goods removed from their packaging in this way may not be sold or consumed. They must be destroyed appropriately when they are no longer being used for display.

California Reporting Requirements

The state of California uses METRC as the state's track-and-trace ("T&T") system used to track commercial cannabis activity and movement across the distribution chain for all state-issued annual licensees. The system allows for other third-party system integration via application programming interface. Only licensees have access to METRC.

California Storage, Transportation, and Security Requirements

To ensure the safety and security of cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products, California's marijuana businesses are required to do the following:

- maintain a fully operational security alarm system;
- contract for security guard services;
- maintain a video surveillance system that records continuously 24 hours a day;
- ensure that the facility's outdoor premises have sufficient lighting;
- not dispense from its premises outside of permissible hours of operation;
- store cannabis and cannabis product only in areas per the premises diagram submitted to the state of California during the licensing process;
- store all cannabis and cannabis products in a secured, locked room or a vault;
- report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and
- ensure the safe transport of cannabis and cannabis products between licensed facilities, maintain a delivery manifest in any vehicle transporting cannabis and cannabis products. Only vehicles registered with the BCC that meet BCC distribution requirements are to be used to transport cannabis and cannabis products.

DCC Inspections

The DCC, and its authorized representatives, shall have full and immediate access to inspect and enter onto any premises licensed by the DCC. Prior notice of an inspection, investigation, review, or audit is not required. The DCC may also test any vehicle or equipment possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity. Moreover, it may test any cannabis goods or cannabis-related materials, or products possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity. The DCC may also copy any materials, books, or records of any licensee or their agents and employees. Failure to cooperate with and participate in any DCC investigation pending against the licensee may result in a licensing violation subject to discipline.

COLORADO

Colorado Regulatory Landscape

On November 7, 2000, Colorado voters approved Amendment 20, which amended the state constitution to allow the use of marijuana in the state by approved patients with written medical consent. On November 6, 2012, Colorado voters approved Amendment 64, which amended the state constitution to establish an adult use cannabis program in Colorado and permit the commercial cultivation, manufacture and sale of marijuana to adults 21 years of age or older. The commercial sale of marijuana for adult use to the general public began on January 1, 2014 at cannabis businesses licensed under the regulatory framework. As of January 1, 2020, medical and adult use marijuana are regulated together under a single statute – the Colorado Marijuana Code.

[Table of Contents](#)

Under the Colorado Marijuana Code, the Colorado Department of Revenue is empowered to grant licenses to both adult use and medical marijuana businesses, including cultivation facilities, products manufacturers, testing facilities, transporters, researchers and developers, and (in the adult use context) accelerator cultivators, accelerator stores, and hospitality businesses.

Cannabis businesses must also comply with local licensing requirements. Colorado localities are allowed to limit or prohibit the operation of marijuana businesses.

Columbia Care in Colorado is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Colorado.

Colorado License Requirements

An application for a marijuana business in Colorado requires submission of (1) a copy of any local license required for the marijuana business, (2) a certificate of good standing from the jurisdiction in which the business was formed, (3) the identity and address of the registered agent in Colorado, (4) organizational documents such as articles of incorporation, bylaws, articles of organization, and similar documents, (5) corporate governance documents, (6) a deed, lease, or similar document establishing the applicant's ability to use the proposed premises, (7) a facility diagram, (8) findings of suitability with respect to the business' owners, (8) information regarding securities listings (if the business is publicly traded), (9) financial statements, and documents related to payments of taxes. A business is required to obtain permission from its locality as part of the licensing process.

Colorado Licenses

Columbia Care operates marijuana establishments as detailed below.

<u>Holding Entity</u>	<u>Permit/License</u>	<u>City</u>	<u>Expiration or Renewal Date (if applicable)</u>	<u>Description</u>
The Green Solution LLC	Cannabis retail license 402R-00780	Aspen, Colorado	9/25/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00300	Aurora, Colorado (Peoria Court)	10/1/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00302	Aurora, Colorado (E. Montview Boulevard)	10/1/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00297	Aurora, Colorado (S. Potomac)	10/1/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00303	Aurora, Colorado (E. Colfax)	10/1/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00666	Aurora, Colorado (Quincy Avenue)	5/1/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00474	Denver, Colorado (Federal Boulevard)	6/24/2022	Authorizes retail of cannabis.

[Table of Contents](#)

 Holding Entity	 Permit/License	 City	 Expiration or Renewal Date (if applicable)	 Description
The Green Solution LLC	Cannabis retail license 402R-00374	Black Hawk, Colorado	12/15/2022	Authorizes retail of cannabis. The regulator has provided a letter confirming renewal receipt and continuing validity of license.
The Green Solution LLC	Cannabis retail license 402R-00015	Denver (Grape Street)	1/1/2022	Authorizes retail of cannabis. The regulator has provided a letter confirming renewal receipt and continuing validity of license.
The Green Solution LLC	Cannabis retail license 402R-00016	Denver, Colorado (Alameda Avenue)	1/1/2022	Authorizes retail of cannabis. The regulator has provided a letter confirming renewal receipt and continuing validity of license.
The Green Solution LLC	Cannabis retail license 402R-00700	Denver, Colorado (Wewatta Street)	5/20/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis cultivation license 403R-00018	Denver, Colorado Grape (REC) Grow	1/1/2022	Authorizes cultivation of cannabis. The regulator has provided a letter confirming renewal receipt and continuing validity of license.
The Green Solution LLC	Cannabis cultivation license (medical) 403-00208	Denver, Colorado Grape Grow	3/5/2022	Authorizes cultivation of medical cannabis.
The Green Solution LLC	Cannabis retail license 402R-00298	Edgewater, Colorado	10/1/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00501	Fort Collins, Colorado	9/23/2022	Authorizes retail of cannabis.

[Table of Contents](#)

Holding Entity	Permit/License	City	Expiration or Renewal Date (if applicable)	Description
The Green Solution LLC	Cannabis retail license (medical) 402-00839	Fort Collins, Colorado	6/26/2022	Authorizes retail of medical cannabis.
The Green Solution LLC	Cannabis retail license 402R-00654	Glendale, Colorado	3/13/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00742	Glenwood Springs, Colorado	3/29/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00718	Longmont, Colorado	1/18/2023	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00014	Northglenn, Colorado	1/1/2022	Authorizes retail of cannabis. The regulator has provided a letter confirming renewal receipt and continuing validity of license.
The Green Solution LLC	Cannabis retail license 402R-00737	Sheridan, Colorado (3926 S. Federal Boulevard)	3/26/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00743	Sheridan, Colorado (3318 S. Federal Boulevard)	3/29/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00299	Silver Plume, Colorado	10/1/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00670	Pueblo, Colorado	5/12/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00582	Trinidad, Colorado (Santa Fe Trail)	7/11/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis retail license 402R-00583	Trinidad, Colorado (N. Commercial Street)	7/11/2022	Authorizes retail of cannabis.
The Green Solution LLC	Cannabis delivery permit 605R-00005	Aurora, Colorado	10/1/2022	Authorizes delivery of retail cannabis within the City of Aurora
Rocky Mountain Tillage, LLC	Cannabis cultivation license 403R-01151	Trinidad, Colorado (36900 El Moro Road)	5/28/2022	Authorizes cultivation of cannabis.
Rocky Mountain Tillage, LLC	Cannabis cultivation license 403R-00892	Trinidad, Colorado (1200 Republic Drive)	2/15/2022	Authorizes cultivation of cannabis.

[Table of Contents](#)

 Holding Entity 	 Permit/License 	 City 	 Expiration or Renewal Date (if applicable) 	 Description
Rocky Mountain Tillage, LLC	Cannabis cultivation license 403R-00893	Trinidad, Colorado (1201 Republic Drive)	2/15/2022	Authorizes cultivation of cannabis.
Rocky Mountain Tillage, LLC	Cannabis cultivation license 403R-00894	Trinidad, Colorado (1202 Republic Drive)	2/15/2022	Authorizes cultivation of cannabis.
Rocky Mountain Tillage, LLC	Cannabis cultivation license 403R-00895	Trinidad, Colorado (1203 Republic Drive)	2/15/2022	Authorizes cultivation of cannabis.
Rocky Mountain Tillage, LLC	Cannabis cultivation license 403R-00020	Denver, Colorado (Steele Street)	1/1/2022	Authorizes cultivation of cannabis. The regulator has provided a letter confirming renewal receipt and continuing validity of license.
Rocky Mountain Tillage, LLC	Cannabis cultivation license 403R-00836	Denver, Colorado (Barberry Place)	1/25/2022	Authorizes cultivation of cannabis.
Infuzionz, LLC	Cannabis processing license 404R-00003	Denver, Colorado (Washington Street)	1/1/2022	Authorizes manufacturing of cannabis products. The regulator has provided a letter confirming renewal receipt and continuing validity of license.
Infuzionz, LLC	Cannabis processing license (Medical) 404-00329	Denver, Colorado (Washington Street)	1/28/2022	Authorizes manufacturing of medical cannabis products. The regulator has provided a letter confirming renewal receipt and continuing validity of license.
Futurevision Ltd	Cannabis retail license 402R-00034	Denver, Colorado (Nome Street)	1/1/2022	Authorizes retail of cannabis
Futurevision Ltd	Cannabis retail license (medical) 402-00088	Denver, Colorado (Nome Street)	11/21/2021	Authorizes retail of medical cannabis
Futurevision Ltd	Cannabis retail license 402R-00296	Aurora, Colorado (Havana Street)	10/1/2022	Authorizes retail of cannabis
Columbia Care CO, Inc	Cannabis retail license 402R-00640	Thornton, Colorado	2/6/2022	Authorizes retail of cannabis
Futurevision Ltd	Cannabis cultivation license 403R-00040	Denver, Colorado (Nome Street)	1/1/2022	Authorizes cultivation of cannabis
Futurevision Ltd	Cannabis cultivation license (medical) 403-00131	Denver, Colorado (Nome Street)	7/5/2022	Authorizes cultivation of medical cannabis
Futurevision Ltd	Cannabis Delivery Permit 605R-00006	Aurora, Colorado	10/1/2021*	Authorizes the delivery of retail cannabis within the city of Aurora

* Currently in the process of renewal

With respect to the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, Columbia Care would expect to receive the applicable renewed licenses in the ordinary course of business.

Regulatory Requirements

The regulations establish requirements applicable to all marijuana businesses, along with specific requirements for each type of business.

All marijuana businesses in Colorado are required to (1) create and enforce limited access areas for the protection of marijuana and marijuana products, (2) maintain security alarm systems installed and maintained by a licensed alarm installation company, as well as approved locks and surveillance equipment, (3) follow all applicable laws regarding waste disposal (including cannabis-containing wastes), (4) implement an inventory tracking system used for inventory tracking and recordkeeping, (5) comply with both state and local requirements as to hours of operation, (6) comply with sanitary requirements applicable to employees and production spaces, including sanitation audits, (7) comply with recordkeeping requirements, and (8) maintain and provide procedures for dealing with product recalls.

Cultivation facilities are additionally required to (1) provide and maintain copies of standard operating procedures for cultivation, harvesting, drying, curing, trimming, packaging, storing, and sampling, (2) comply with requirements related to pesticides, and (3) comply with additional sanitary and product safety requirements. Marijuana products manufacturers are required to (1) comply with labeling and dosing requirements related to standardized doses of marijuana, (2) comply with specific prohibitions regarding the shapes, colors, and similar characteristics of edible products, refrain from use of prohibited additives and ingredients, (3) maintain and provide standard operating procedures related to manufacturing of each category of products. Marijuana dispensaries are subject to additional requirements regarding (1) methods of accepting orders, (2) payments by customers, and (3) identification of customers.

The Marijuana Enforcement Division and local licensing authorities may conduct announced or unannounced inspections of licensees to determine compliance with applicable laws and regulations. Licensees may also be subject to inspection of the licensed premises by the local fire department, building inspector, or code enforcement officer to confirm that no health or safety concerns are present.

Colorado uses METRC as the Marijuana Enforcement Division's marijuana inventory tracking system for all medical and adult use licensees. Marijuana is required to be tracked and reported with specific data points from seed to sale through METRC for compliance purposes under Colorado marijuana laws and regulations. This tracking is conducted by using electronic tags on plants and shipments between licensees and facilities.

DELAWARE

Delaware Regulatory Landscape

Delaware's medical marijuana program is governed by the Delaware Medical Marijuana Act, 16 Del. C.

§ 4901A *et seq.*, and the Department of Health and Social Services' (the "**Department**") implementing regulations, CDR 16-4000-4470. The program authorizes registered qualified patients with a debilitating medical condition to use marijuana. "Debilitating medical condition" includes: (a) terminal illness, cancer, HIV, AIDS, decompensated cirrhosis, amyotrophic lateral sclerosis, agitation of Alzheimer's disease, PTSD, intractable epilepsy, seizure disorder, glaucoma, chronic debilitating migraines; (b) a chronic or debilitating disease or medical condition or its treatment that produces cachexia or wasting syndrome; severe, debilitating pain that has not responded to previously prescribed medication or surgical measures for more than 3 months or for which other treatment options produced serious side effects; intractable nausea; seizures; severe and persistent muscle spasms, including those characteristic of multiple sclerosis; and (c) other medical conditions or treatments that may be added by the Department. Citizens may petition the Department to add conditions or treatments to the list of debilitating medical conditions.

The medical marijuana program creates a licensing regime for medical marijuana compassion centers ("**Compassion Centers**"). Compassion Centers must be operated on a non-profit basis. Once registered, a Compassion Center may acquire, possess, cultivate, manufacture, deliver, transfer, transport, supply, or dispense marijuana strictly for the purpose of assisting registered patients or their designated caregivers with the medical use of marijuana. Compassion Centers are required to grow an amount of marijuana sufficient to meet demand but may not possess more than 1,000 pounds of usable marijuana without having a variance approved by the Department. Delaware prohibits Compassion Centers from purchasing marijuana from any person other than another Compassion Center.

Columbia Care (through its subsidiary in the State of Delaware) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Delaware.

Delaware License Requirements

Applicants for a license to operate a Compassion Center must include a US\$5,000 application fee along with identifying documentation about the proposed Compassion Center, such as the proposed legal name, bylaws, articles of incorporation, and proposed address. An application must include information about the proposed facility, including: a description of the enclosed, locked facility, meeting all Department requirements for use in the cultivation of marijuana; and a description of proposed security and safety measures which demonstrate compliance with the Department’s regulations. The Department also requires applicants to disclose financial and organizational information. Such information must include evidence of the Compassion Center’s non-profit status; identifying information for each principal officer and board member; a draft operations manual which demonstrates compliance with the Department’s regulations; a list of persons or business entities having direct or indirect authority over the management or policies of the Compassion Center; a list of persons or business entities having 5.0% or more ownership in the Compassion Center, including owners of any business entity which owns all or part of the land or building; and the identities of creditors holding a security interest in the premises, if any. Applications must also include an example of the design and security features of medical marijuana containers which demonstrates compliance with the regulations.

When the Department notifies an applicant that its application to operate a Compassion Center has been approved, it must submit a number of additional items before the registration certificate authorizing operation of a Compassion Center will be issued: a certification fee of US\$40,000; the legal name, articles of incorporation, and bylaws of the Compassion Center; the physical address of the Compassion Center and any other address used for cultivation; evidence of compliance with zoning laws, other location restrictions, and the State Fire Code; and updates to previously submitted information.

Delaware Dispensary Requirements

Registered Compassion Centers are required to keep detailed financial reports of proceeds and expenses; maintain inventory, sales, and financial records in accordance with generally accepted accounting principles; and provide Department or Department-contracted audit firms with access to its books and records.

Compassion Centers must comply with a detailed process for disposing of unusable marijuana. A Compassion Center must immediately update its inventory system to reflect a disposal of marijuana, and the marijuana waste must be stored, secured, and managed in a manner that renders the waste unusable. Delaware also prohibits the use of pesticides on marijuana.

The Department has promulgated regulations specific to the dispensing of marijuana. Marijuana must be dispensed in sealed, tamperproof containers clearly identified as having been issued by the Compassion Center and that include certain disclosures. The containers should be accompanied by written instruction that the marijuana shall remain in this container when it is not being prepared for ingestion or being ingested. Compassion Centers must verify the patient’s or caregiver’s identification card as valid before dispensing marijuana, and marijuana must not be dispensed to a person other than a qualifying patient or primary caregiver. The maximum amount a Compassion Center can dispense to a single patient is 3 ounces during a 14-day period.

Delaware Licenses

Columbia Care operates through a management services arrangement with Columbia Care Delaware LLC, a non- profit affiliate that holds a Compassion Center license and operates a dispensary and a manufacturing center, as noted in the table below.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Columbia Care Delaware LLC	Registration Certificate and Operation Permit for Medical Marijuana Compassion Center 2009-CC01	Milford, DE	09/15/22	Cultivation and Manufacturing Facility

[Table of Contents](#)

<u>Holding Entity</u>	<u>Permit/License</u>	<u>City</u>	<u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u>	<u>Description</u>
Columbia Care Delaware LLC	Registration Certificate and Operation Permit for Medical Marijuana Compassion Center 2009-CC02	Smyrna, DE	09/15/22	Dispensary
Columbia Care Delaware LLC	Registration Certificate and Operation Permit for Medical Marijuana Compassion Center 2009-CC06	Wilmington, DE	09/15/22	Dispensary
Columbia Care Delaware LLC	Registration Certificate and Operation Permit for Medical Marijuana Compassion Center 2009-CC07	Rohoboth Beach, DE	09/15/22	Dispensary

Compassion Centers' registrations expire every two years. A renewal application must be submitted between 90 and 30 days prior to the expiration of the current registration certificate. With respect to the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Columbia Care Delaware LLC would expect to receive the applicable renewed licenses in the ordinary course of business.

Delaware Security, Storage, and Transportation Requirements

Compassion Centers must store marijuana in a locked area with adequate security. The adequacy of security is to be determined based on the quantity of usable marijuana on hand, the Compassion Center's inventory system, the number of people with access to the marijuana, the location of the Compassion Center, the scope and sustainability of the alarm system, and the root cause analysis of any prior breaches. Compassion Centers are also subject to detailed security and inventory-management requirements. A Compassion Center must implement appropriate security and safety measures to deter and prevent the unauthorized entrance into areas containing marijuana and the theft of marijuana. This includes access and entry limitations; maintaining a fully operational alarm system with immediate automatic notification to alert local authorities of a security breach; maintaining a log of security inspections and tests, alarm activations, and security breaches; and instituting a 24/7 video surveillance system covering areas in which marijuana is handled. The Department has also instituted a number of inventory controls. Compassion Centers must utilize a bar-coding inventory control system to track sales and inventory data; store marijuana in a locked area with adequate security; and conduct and document monthly inventory reviews and bi-annual comprehensive inventory reviews.

A registered Compassion Center agent must have documentation when transporting marijuana on behalf of the registered Compassion Center that specifies the amount of marijuana being transported, the date the marijuana is being transported, the registry ID certificate number of the registered Compassion Center or registered safety compliance facility, and a contact number to verify that the marijuana is being transported on behalf of the registered Compassion Center or registered safety compliance facility.

Department Inspections

Compassion Centers are also subject to inspections by the Department's Office of Medical Marijuana. These inspections may include: a review of the Compassion Center's financial and dispensing records; a review of the physical facility; an inspection for pesticides, fungus, or mold; and random sampling of marijuana plants. Moreover, the Department or an independent auditor with which it contracts shall at all times have access to all books and records kept by any Compassion Center.

FLORIDA

Florida Regulatory Landscape

In 2014, the Florida Legislature passed the Compassionate Use Act which was the first legal medical cannabis program in the state's history. The original Compassionate Use Act only allowed for low-THC cannabis to be dispensed and purchased by patients suffering from cancer and epilepsy. In 2016, the Legislature passed the Right To Try Act which allowed for full potency cannabis to be dispensed to patients suffering from a diagnosed terminal condition. Also in 2016, the Florida Medical Marijuana Legalization Initiative was introduced by citizen referendum and passed with a 71.3% majority on November 8. This language amended the state constitution and mandated an expansion of the state's medical cannabis program.

The Florida Medical Marijuana Legalization Initiative, Amendment 2 ("**Amendment 2**"), and the expanded qualifying medical conditions, became effective on January 3, 2017. The Florida Department of Health, physicians, dispensing organizations, and patients are also subject to Article X Section 29 of the Florida Constitution and § 381.986 of the Florida Statutes. On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017. The law regulating Amendment 2 provides for another four licenses to be issued for every 100,000 patients added to the state's medical marijuana registry and allows growers to open 25 dispensaries, plus an additional five dispensaries for every 100,000 patients. The 2017 legislation's cap on dispensing facilities expired on April 1, 2020 and there is now no limit. There is also no state-imposed limitation on the permitted size of cultivation or processing facilities in Florida, nor is there a limit on the number of plants that may be grown. The Department of Health, Office of Medical Marijuana Use ("OMMU") is expected to issue up to 27 new vertically integrated medical marijuana treatment center licenses by July 1, 2023.

Additionally, in 2017, the Florida legislature passed an act developing an industrial hemp pilot project, which created the framework for legalized industrial hemp in Florida. The pilot project allowed for the research of industrial hemp. In 2019, the State Hemp Program (the "**FL Act**") became effective and expanded the hemp program in Florida. The FL Act permitted the development of a state hemp plan by the Florida Department of Agriculture and Consumer Services ("**FDACS**"). In 2020, FDACS submitted a state plan for regulation of industrial hemp to the U.S. Department of Agriculture for approval pursuant to the 2018 Farm Bill. The U.S. Department of Agriculture has approved Florida's plan.

The Florida Hemp Program includes several regulatory requirements. FDACS requires any individual or entity processing, manufacturing, distributing, retailing, or growing hemp to obtain a permit with FDACS. Other requirements include testing to ensure the hemp has a permissible THC level of under 0.3%; inventory of land used for cultivation of hemp; disposal procedure plans; submission to inspection by and information sharing with FDACS; and state certification. Intentional violations of the Act and FDACS's rules may result in criminal penalties and a loss of license. Repeated negligent violation may result in a suspension of license.

Columbia Care (through its subsidiary in the State of Florida) is materially compliant with applicable licensing requirements and the regulatory framework enacted by the State of Florida.

Florida Licenses

Subsection 381.986(8)(a) of the State of Florida Statutes provides a regulatory framework that requires licensed producers, which are statutorily defined as “Medical Marijuana Treatment Centers” (“**MMTC**”), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace. Licenses issued by the Department may be renewed biennially so long as the license meets the requirements of the law and the license holder pays a renewal fee. License holders can only own one license.

Under the terms of its MMTC license, Columbia Care’s 100%-owned subsidiary, Columbia Care Florida, is permitted to sell medical cannabis only to qualified medical patients that are registered with the state. Only certified physicians who have successfully completed a medical cannabis educational program can register patients and their medical cannabis orders on the Florida Office of Compassionate Use Registry. Pursuant to subsection 381.986(8)(a)(5)(b) of the State of Florida Statutes, MMTCs may not establish more than the maximum number of dispensing facilities allowed in each region of the state, as determined by the Department of Health based on a population-centric formula. Dispensaries may otherwise be in any geographic location within the state as long as the local municipality’s zoning regulations authorize such a use and the proposed site is zoned for a pharmacy and not within 500 feet of a church or school. In the State of Florida, only cannabis that is grown in the state can be sold in the state. As Florida is a vertically integrated system, Columbia Care Florida is able to cultivate, harvest, process and sell/dispense/deliver its own medical cannabis products. The State of Florida also allows Columbia Care Florida to make a wholesale purchase of medical cannabis from, or a distribution of medical cannabis to, another licensed dispensing organization within the state under certain circumstances such as crop failure.

 Holding Entity 	 Permit/License 	 City 	 Expiration/Renewal Date (if applicable) (MM/DD/YY) 	 Description
Columbia Care Florida LLC	Medical Marijuana Treatment Center – MMTC- 2017-0011	Multiple Locations	05/19/22	Authorizes Columbia Care Florida to cultivate, process, transport and dispense cannabis for medical use
Columbia Care Florida LLC	License to Cultivate Hemp – 12_4B86A8D7	Arcadia, FL	01/12/22	License to cultivate industrial hemp.

Florida Reporting Requirements

The Florida Department of Health requires that any licensee establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the Florida Department of Health to such data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of when marijuana seeds are planted, when marijuana plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Additionally, the Florida Department of Health also maintains a patient and physician registry and Columbia Care must comply with requirements and regulations relative to providing required data or proof of key events to said system.

Florida Licensing Requirements

Licenses issued by the Department may be renewed biennially so long as the licensee meets requirements of the law and pays a renewal fee. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Columbia Care Florida would expect to receive the applicable renewed license in the ordinary course of business. While Columbia Care's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of Columbia Care and have a material adverse effect on its business, financial condition, results of operations, or prospects.

MMTC license holders can only own one license. An MMTC applicant must demonstrate that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of raw materials, finished products, and by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably required to dispense cannabis to registered qualified patients statewide or regionally as determined by the Department, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the Department, (viii) its owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the Department, the applicant must post a performance bond of up to US\$5 million, which may be reduced by meeting certain criteria such as a minimum patient count.

Florida Dispensary Requirements

An MMTC may not dispense to a patient more than a 70-day supply of cannabis within a 70-day period, except an MMTC may not dispense more than a 35-day supply of marijuana in a form for smoking within a 35-day period. By law, a 35-day supply is 2.5 ounces of whole flower. The MMTC employee who dispenses the cannabis must enter into the registry his or her name or unique employee identifier. The MMTC must verify that: (i) the qualified patient and the caregiver, if applicable, each has an active registration in the registry and active and valid medical cannabis use registry identification card, (ii) the amount and type of cannabis dispensed matches the physician certification in the registry for the qualified patient, and (iii) the physician certification has not already been filled. An MMTC may not dispense to a qualified patient younger than 18 years of age, only to such patient's caregiver. An MMTC may not dispense or sell any other type of cannabis, alcohol, or illicit drug-related product, except a cannabis delivery device as specified in the physician certification. An MMTC must, upon dispensing, record in the registry:

- (i) the date, time, quantity and form of cannabis dispensed,
- (ii) the type of cannabis delivery device dispensed, and
- (iii) the name and registry identification number of the qualified patient or caregiver to whom the cannabis delivery device was dispensed. An MMTC must ensure that patient records are not visible to anyone other than the patient, caregiver, and MMTC employees.

Florida Security, Transportation, and Storage Requirements

Each MMTC must maintain a video surveillance system with specified features. MMTCs must retain video surveillance recordings for at least 45 days, or longer upon the request of law enforcement.

An MMTC's outdoor premises must have sufficient lighting from dusk until dawn. An MMTC's dispensing facilities must include a waiting area with sufficient space and seating to accommodate qualified patients and caregivers and at least one private consultation area and such facilities may not display products or dispense cannabis or cannabis delivery devices in the waiting area and may not dispense cannabis from its premises between the hours of 9:00 p.m. and 7:00 a.m. but may perform all other operations and deliver cannabis to qualified patients 24-hours a day.

Cannabis must be stored in a secured, locked room or a vault. An MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis occurs. MMTC employees must wear a photographic identification badge and visitors must wear a visitor pass at all times on the premises. An MMTC must report to law enforcement within 24 hours after the MMTC is notified of or becomes aware of the theft, diversion or loss of cannabis.

A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system and must include the: (i) departure date and time, (ii) name, address, and license number of the originating MMTC, (iii) name and address of the recipient, (iv) quantity and form of any cannabis or cannabis delivery device being transported, (v) arrival date and time, (vi) delivery vehicle make and model and license plate number; and (vii) name and signature of the MMTC employees delivering the product. Further, a copy of the transportation manifest must be provided to each individual, MMTC that receives a delivery. MMTCs must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must have their employee identification on them at all times. Lastly, at least two people must be in a vehicle transporting cannabis or cannabis delivery devices, and at least one person must remain in the vehicle while the cannabis or cannabis delivery device is being delivered.

Florida Inspections

The Department conducts announced and unannounced inspections of MMTCs to determine compliance with the laws and rules. The Department shall inspect an MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that may cause an adverse effect to humans or the environment. The Department shall conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

ILLINOIS

Illinois Regulatory Landscape

The Compassionate Use of Medical Cannabis Pilot Program Act, which allows individuals diagnosed with a debilitating medical condition access to medical marijuana, became effective January 1, 2014 and has since been made permanent and retitled as the Compassionate Use of Medical Cannabis Program Act. There are over 35 qualifying conditions as part of the medical program, including epilepsy, traumatic brain injury, and post-traumatic stress disorder. In January 2019, the Illinois Department of Health launched the Opioid Alternative Pilot Program, which provides access to medical marijuana for individuals who have or could receive a prescription for opioids.

Illinois' retail market size for medical cannabis in 2018 was over US\$136 million, representing an over 160% year-over-year increase. Total retail sales by licensed medical cannabis dispensaries since November 2015 are over US\$1.1 billion in aggregate.

In March 2018, Cook County voters (Cook County is the most populous county in the state, encompassing all of Chicagoland metro area) responded positively for state-wide adult-use legalization with a 63% majority in a non-binding vote. In November 2018, Illinois elected J.B. Pritzker as governor. Pritzker supported legalizing marijuana during his campaign.

Illinois enacted the Cannabis Regulation and Tax Act in June 2019 (the “**IL Act**”). The IL Act legalized the adult use of marijuana effective January 1, 2020. Under the IL Act, Illinois residents age 21 and older are allowed to possess any combination of (i) up to 30 grams of raw marijuana, (ii) marijuana infused products containing no more than 500 mg of THC; and (iii) 5 grams of marijuana in concentrated form. Non-residents can possess any combination of (i) up to 15 grams of raw marijuana, (ii) marijuana infused products containing no more than 250 mg of THC; and (iii) 2.5 grams of marijuana in concentrated form. The IL Act authorizes the Illinois Department of Financial and Professional Regulation (“**IDFPR**”) to issue up to 75 Conditional Adult Use Dispensing Organization licenses before May 1, 2020 and an additional 110 conditional licenses during 2021. Existing medical dispensaries were able to apply for an “Early Approval Adult Use Dispensing Organization License” to serve adult users at an existing medical dispensary or at a secondary site. No person can hold a financial interest in more than 10 dispensing organizations.

Following backlash related to the IDFPR’s adult-use license rollout, on July 15, 2021, Governor Pritzker signed House Bill 1443, now Public Act 102-0098, modifying the IL Act and the Compassionate Use of Medical Cannabis Program Act and establishing a more comprehensive criteria to award the adult-use licenses. Lotteries for the adult-use licenses were held July 29, 2021, August 5, 2021, and August 19, 2021. IDFPR has issued 110 Adult Use Dispensing Organization licenses to date.

The Illinois Department of Agriculture is authorized to make up to 30 cultivation center licenses available between the state’s medical and adult-use programs. As with existing medical dispensaries, existing cultivation centers were able to apply for an “Early Approval Adult Use Cultivation Center License.” The Department has issued approximately 21 Early Approval Adult Use Cultivation Centers to date. No person can hold a financial interest in more than three cultivation centers, and the centers are limited to 210,000 square feet of canopy space. Cultivation centers are also prohibited from discriminating in price when selling to dispensaries, craft growers, or infuser organizations. The Department is also permitted to license up to 40 craft growers and 40 infuser organizations by July 1, 2020 and another 60 of each license type by the end of 2021. To date, the Department has issued 82 craft grower licenses and 31 infuser licenses.

The IL Act imposes several operational requirements on adult-use licensees and requires prospective licensees to demonstrate their plans for complying with the requirements. Applicants for dispensary licenses must, for example, include an employee training plan, a security plan, recordkeeping and inventory plans, a quality control plan, and an operating plan. Applicants for craft growers must similarly submit a facility plan, an employee training plan, a security record keeping plan, a cultivation plan, a product safety and labeling plan, a business plan, an environmental plan, and more.

Licensees must establish methods for identifying, recording, and reporting diversion, theft, or loss, correcting inventory errors, and complying with product recalls. Licensees also must comply with detailed inventory, storage, and security requirements. Cultivation licenses are subject to similar operational requirements, such as complying with detailed security and storage requirements, and must also establish plans to address energy, water, and waste-management needs. Dispensary licenses will be renewed bi-annually, and cultivation licenses, craft grower licenses, infuser organization licenses, and transporter licenses will be renewed annually.

The Illinois Department of Agriculture is authorized to promulgate regulations for cultivators, craft growers, infuser organizations, and transporting organizations, and the IDFPR is authorized to regulate dispensaries. The Department of Agriculture’s final rules took effect on June 3, 2020, while the IDFPR has not yet issued final regulations for the adult-use program.

The IDFPR issued an emergency rule regarding relocation of Early Approval Adult Use Dispensing Organization Licenses (“Early Approval License”), which became effective on October 12, 2021 and will expire 150 days from the effective date. This rule permits Early Approval License holders to apply to relocate their dispensary on a form prescribed by the IDFPR.

Additionally, in 2015, the Illinois Industrial Hemp Pilot Program became effective pursuant to the 2014 Farm Bill. This statute enabled researchers and higher education institutions to grow hemp for educational and research purposes. The Illinois Department of Agriculture (“**IDOA**”) administered the Industrial Hemp Pilot Program. In 2018, the Illinois Industrial Hemp Act (the “**IL Hemp Act**”) became effective. The IL Hemp Act allowed for the growing and processing to expand beyond researchers and higher education institutions and allowed planting and processing by farmers and others. IDOA was given authority to develop and oversee rules for the state hemp program.

[Table of Contents](#)

IDOA promulgated rules for the state’s hemp program in 2019. An individual or entity cultivating, processing, or handling hemp must obtain a license from IDOA. The IL Hemp Act subjects licensees to several regulatory requirements. These include filing a report on the harvest and planting; submission to inspection and sampling at the discretion of IDOA; testing to ensure the hemp has a permissible THC level of under 0.3%; and certain restrictions on the sale and transport of hemp. Intentional violations of the IL Hemp Act and IDOA’s rules may result in criminal penalties and a loss of license. Repeated negligent violation may result in a suspension of license.

In 2020, the U.S. Department of Agriculture approved the Illinois hemp production plan.

Columbia Care (through its subsidiaries in the State of Illinois) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Illinois.

Illinois Licenses

The table below lists the licenses issued to Columbia Care with respect to its operations in Illinois. Under applicable laws, the licenses permit Columbia Care to, collectively, cultivate and dispense marijuana pursuant to the terms of the licenses, which are issued by the Department of Agriculture and the Department of Financial and Professional Regulation under the provisions of Illinois Revised Statutes 410 ILCS 130 and 410 ILCS 705. All licenses are, as of the date hereof, active with the State of Illinois.

There are two categories of medical cannabis licenses in Illinois: (1) cultivation/processing and (2) dispensary. The licenses are independently issued for each approved activity. All cultivation/processing establishments must register with Illinois Department of Agriculture. All dispensaries must register with the Illinois Department of Financial and Professional Regulation. If applications contain all required information, and after vetting by officers, establishments are issued a medical marijuana establishment registration certificate. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from the Department of Agriculture or the Department of Financial and Professional Regulation and include a renewal form. Adult-use dispensary licenses must be renewed with the IDFPR prior to March 31 of every even-numbered year, while adult-use cultivation center licenses must be renewed annually.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Curative Health LLC	IL Dept. of Financial & Professional Regulation Certificate – 280.000044-DISP	Chicago, IL	08/29/2022	Registered Medical Cannabis Dispensing Organization Certificate
Curative Health LLC	Il. Dept. of Financial & Professional Regulation – 284.000024-AUDO	Chicago, IL	03/31/2022	Registered Adult-Use Cannabis Dispensing Organization Certificate
Curative Health LLC	Il. Dept. of Financial & Professional Regulation – 284.000065-AUDO	Villa Park, IL	03/31/2022	Registered Adult-Use Cannabis Dispensing Organization Certificate

[Table of Contents](#)

<u>Holding Entity</u>	<u>Permit/License</u>	<u>City</u>	<u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u>	<u>Description</u>
Curative Health Cultivation, LLC	IL Dept. of Agriculture Early Approval Adult Use Cultivation Center License #1512040751-EA	Aurora, IL	03/31/2022	Early Approval Adult-Use Cultivation Center License
Curative Health Cultivation, LLC	IL Dept. of Agriculture Medical Cannabis Cultivation Permit #1512040751	Aurora, IL	12/04/2022	Medical Cannabis Cultivation Center Operating Permit
Curative Health Cultivation LLC	IL Dept. of Agriculture Registered Industrial Hemp Processor License – #1204-332	Aurora, IL	12/31/2022	Registered Industrial Hemp Processor License
Curative Health Cultivation LLC	IL Dept. of Agriculture Registered Cannabis Transporter License #1512040751-TR	Aurora, IL	07/14/22	Registered Cannabis Transporter License

Illinois License and Regulations

The medical marijuana retail dispensary license permits Columbia Care to purchase marijuana and marijuana products from cultivation/processing facilities and allows the sale of marijuana and marijuana products to registered patients. The adult-use dispensing organization license permits Columbia Care to acquire cannabis from a cultivation center, craft grower, processing organization, or another dispensary for the purpose of selling or dispensing cannabis, cannabis-infused products, cannabis seeds, paraphernalia, or related supplies to adult use purchasers and to qualified registered medical cannabis patients and caregivers.

The medical cultivation license permits Columbia Care to acquire, possess, cultivate, manufacture/process into edible medical marijuana products and/or medical marijuana-infused products, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries. The adult-use cultivation center license permits Columbia Care to cultivate, process, and perform other necessary activities to provide cannabis and cannabis-infused products to cannabis business establishments.

Illinois Dispensary Requirements

Curative Health LLC must operate in accordance with the representations made in its application and registration packet. It must include its name on the packaging of any cannabis product it sells. All medical products must be obtained from an Illinois registered medical cultivation center, while all adult-use products must be obtained from a licensed adult-use cultivation center, craft grower, processing organization, or another dispensary. Curative Health LLC must inspect and count product it receives before dispensing it. It may only accept cannabis products which come properly packaged and labeled from such cultivation center suppliers. The dispensary must also stay in compliance with all applicable building, fire, and zoning requirements or regulations. The dispensary may not operate a drive through window, nor may it offer delivery services. Curative Health LLC may only operate between 6 a.m. and 8 p.m. local time for medical sales and 6 a.m. to 10 p.m. for adult-use sales, and two or more employees must be present at all times.

Each dispensary must submit a list of all third-party vendors to the Department of Financial and Professional Regulation – Division of Professional Regulation and the name of all service professionals that will work at the dispensary. The list must include a description of the type of business or service provided, and changes to the service professional list must be promptly provided. No service professional may work in the dispensary until his or her name is provided to the Department of Financial and Professional Regulation – Division of Professional Regulation on the service professional list.

Curative Health LLC may not produce or manufacture cannabis at its dispensary, nor may it allow the consumption of cannabis there. It is prohibited to sell cannabis or cannabis-infused products to a consumer unless the individual presents an active registered identification card issued by the Department of Public Health or presents valid government identification verified using an electronic scanning device and showing that the consumer is at least 21 years of age.

Curative Health LLC may not enter into an exclusive agreement with any supplier, and it must deal with all suppliers on the same terms. It may not contract with, pay, or have a profit-sharing arrangement with third party groups that assist individuals with finding a physician or completing the patient or participant application; nor may it pay a referral fee to a third-party group for sending it patients or participants. No more than 40% of its adult-use inventory may originate from a single supplier.

Illinois Reporting Requirements

The state of Illinois uses BioTrack as the state's computerized T&T system for seed-to-sale. Individual licensees, whether directly or through third-party integration systems, are required to push data to the state to meet all reporting requirements. Columbia Care integrates its in-house tracking system with the state's BioTrack program to capture the data points required by the Illinois Compassionate Use of Medical Cannabis Pilot Program Act and the Cannabis Regulation and Tax Act.

Illinois Storage and Security Requirements

As to its cultivation facility, the adult-use and medical-use laws and regulations require Columbia Care to store marijuana and marijuana infused products in a safe, vault, or secured room in such a manner to prevent diversion, theft, or loss. Marijuana that is not a finished product must likewise be maintained in a secured area within the facility only accessible to authorized personnel. Locks and security equipment safeguarding the marijuana must be kept in good working order, and the storage areas must be locked and protected from unauthorized access.

The cultivation facility must also have an operational 24-hour, seven-days-a-week, closed circuit television surveillance system on the premises that complies with certain regulatory minimum standards. Access to the surveillance area is restricted to those people who are essential to surveillance operations, law enforcement agencies, security system service personnel, and the regulator. In addition, video surveillance recordings must be retained for 90 days at the facility and an additional 90 days off site.

Columbia Care must also maintain an alarm system at its cultivation facility. The cultivation facility must maintain and use a professionally monitored robbery and burglary alarm system that meets certain regulatory minimum standards. A qualified alarm system vendor must test the system annually.

With respect to its Illinois dispensary, Columbia Care must store inventory on site in a secured and restricted access area consistent with the security regulations and track its inventory in accordance with the inventory tracking regulations. Containers storing medical marijuana that have been tampered with or opened must be stored separately until disposed; such materials can only be stored at the dispensary for one week.

The dispensary must also implement security measures to deter and prevent entry into and theft from restricted access areas that contain marijuana and/or currency. This includes having a commercial grade alarm and surveillance system installed by an Illinois licensed private alarm contractor or private alarm contractor agency. The facility must also have security measures to protect the premises, customers and dispensing organization agents.

Illinois Transportation Requirements

Cultivation centers may transport cannabis in accordance with certain guidelines; however, cultivation centers will be prohibited from transporting adult-use cannabis without obtaining a separate transporting organization license beginning on July 1, 2020.

For medical marijuana, prior to transportation, a cultivation center must complete a shipping manifest using a form prescribed by the Department of Agriculture. The cultivation center must transmit a copy of the manifest to the dispensary facility that will receive the products and to the Department of Agriculture before the close of business the day prior to transport. Such shipping manifests must be maintained, and they must be provided to the Department of Agriculture at its request. Cannabis may only be transported in a locked storage compartment or container, and it must not be visible from outside the vehicle. Motor vehicles may not make detours while transporting cannabis except to dispensary facilities or laboratories, refueling stops, or emergencies. Emergencies must be immediately reported to 911 and the cultivation center, and the cultivation center must immediately notify the Department of Agriculture. Deliveries must be randomized, and there must be a minimum of two employees on each transport team. At least one team member must remain with the vehicle whenever the vehicle contains cannabis. Every delivery team member must have a secure means of contacting personnel at the cultivation center, as well as the ability to contact emergency personnel. Each team member must also have his or her department-issue identification card at all times when transporting cannabis and must produce it upon request by the Department of Agriculture or law enforcement.

The requirements for adult-use cannabis transported by a licensed transporting organization are similar. Cannabis must be pre-packaged in a sealed cannabis container by the business shipping the cannabis. The transporting organization cannot open the container. The transporting organization must maintain a daily inventory of all cannabis that it transports, containing names of the agents and businesses shipping and receiving the cannabis and a notation of the traceable information located on the cannabis container, such as the type of cannabis and the weight. In addition to other safety and security requirements, all transportation vehicles must be equipped with a GPS tracking system that stores historic data for no less than 12 months. The Department is permitted to search all historic and real-time GPS data upon request.

Dispensaries may not accept deliveries through public areas or areas where patrons may be. Deliveries must be accepted through a secure area unless otherwise approved by the Department of Financial and Professional Regulation– Division of Professional Regulation.

Illinois Inspections

Dispensaries and cultivation centers are subject to random and unannounced inspections and cannabis testing. They must also make all records, logs, and reports immediately available for inspection upon request by the Department of Financial and Professional Regulation – Division of Professional Regulation or the Department of Agriculture, as applicable.

MARYLAND

The Maryland Medical Cannabis Commission (the “**Maryland MCC**”) grants medical cannabis grower, processor, dispensary and transportation licenses. A licensee may hold a license in each category to obtain vertical integration. The applicant must first seek pre-approval from the Maryland MCC to be granted a license. As part of the pre-approval application, the applicant must submit information related to its operations; safety and security; medical cannabis professionalism; retail management factors; business and economic factors; and other additional factors that may apply. Columbia Care’s 96%-owned subsidiary, Columbia Care MD LLC, received its final license in September 2019 to operate a dispensary.

[Table of Contents](#)

 Holding Entity 	 Permit/License 	 City 	 Expiration/Renewal Date (if applicable) (MM/DD/YY) 	 Description
Columbia Care MD LLC	Medical Cannabis Establishment License #D-19- 00012	Chevy Chase, MD	09/26/25	Dispensary
Green Leaf Medical, LLC	Medical Cannabis Establishment License #G-17-00008	Frederick, MD	08/14/23	Cultivation Facility
Green Leaf Extracts, LLC	Medical Cannabis Establishment License #P-17-00001	Bishopville, MD	08/14/23	Processor Facility
Wellness Institute of Maryland, LLC	Medical Cannabis Establishment License #D-17-00001	Frederick, MD	07/05/23	Dispensary
Sugarloaf Enterprises, LLC	Medical Cannabis Establishment License #D-20-00007(1)	Rockville, MD	03/25/26	Dispensary
Time for Healing LLC	Pre-Approval Stage	Prince George’s County	Pre-Approval Stage	Dispensary

Notes:

- (1) Columbia Care is operating the license under the terms of a management services agreement

Dispensary licenses in Maryland are renewed every six years. Before expiry, licensees are required to submit a renewal application. While renewals are granted every six years, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Columbia Care MD LLC would expect to have its future anticipated license renewed in the ordinary course of business. While Columbia Care’s compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that licenses will be renewed in the future in a timely manner.

Columbia Care (through its subsidiary in the State of Maryland) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Maryland.

Maryland Licensing Requirements

To become a licensed medical cannabis dispensary, each applicant must submit an application detailing the location of the proposed dispensary, the personal details of each principal officer or director, and operating procedures the dispensary will use. Owners, members, shareholders, officers, and directors of dispensary holding a 5% or greater interest in the company must undergo a criminal and financial background checks. Employees, volunteers and personnel who will be working in the dispensary with access to the non-public areas are required to undergo background checks and register as a dispensary agent with the Maryland MCC.

Maryland Reporting Requirements

Once licensed, the medical cannabis dispensary is required to submit to the Maryland MCC quarterly reports including the following information: (i) the number of patients served; (ii) the county of residence of each patient served; (iii) the medical condition for which medical cannabis was recommended; (iv) the type and amount of medical cannabis dispensed; and (v) if available, a summary of clinical outcomes, including adverse events and any cases of suspected diversion. The medical cannabis dispensary must not include any patient personal information in the quarterly report.

Maryland Inspections

Licensees must be inspected by the Maryland MCC prior to receiving approval from the Maryland MCC to be authorized to begin cultivation, processing, and dispensing. Licensees are eligible to apply to renew their license every two years during which time a full inspection of the facility is performed. Spot-inspections may be performed at the dispensary at any time and without advance notice.

Maryland Safety and Security Requirements

As part of the medical cannabis dispensary application, the applicant must provide information about the dispensary's operating procedures consistent with the oversight regulations established by the Maryland MCC, including the following: (i) storage of cannabis and products containing cannabis only in enclosed and locked facilities; (ii) security features and procedures; (iii) how the dispensary will prevent diversion; and (iv) safety procedures. As part of the safety and security requirements, the applicant must detail how the premises will be constructed to prevent unauthorized entry, including a designation of a secured room meeting high-security requirements. The applicant must describe how it would train all registered dispensary agents on safety procedures, including responding to: (i) a medical emergency; (ii) a fire; (iii) a chemical spill; and (iv) a threatening event including: (a) an armed robbery, (b) an invasion, (c) a burglary, or (d) any other criminal incident.

The applicant must describe its security and surveillance plan with information including the following: (i) an alarm system that covers perimeter entry points, windows, and portals at the premises that: (a) will be continuously monitored; (b) detects smoke and fire capabilities; (c) detects power loss capabilities; (d) includes panic alarm devices mounted at convenient, readily-accessible locations through the licensed premises; (e) inclusion of a second, independent alarm system to protect where records are stored on- and off-site and where any secure room holds medical cannabis; (f) equipped with auxiliary power to continue operation for at least 48 hours; (ii) a video surveillance system that: (a) records continuously for 24 hours per day for 365 days a year without interruption, (b) has cameras in fixed places that allow for the clear facial identification and of activities in the controlled areas of the premises, including where medical cannabis is packaged, tested, processed, stored, or dispensed, (c) has the capability of recording clear images and displays the time and date of the recording, and (d) demonstrates a plan for retention of recordings for at least 30 days.

Following issuance of a license, no major renovation or modification may be undertaken without notification to the Maryland MCC. Other than while the dispensary is open for business and one hour before and one hour after, the medical cannabis inventory must be stored in the secure room.

Medical cannabis products are subject to testing for contaminants by an independent testing laboratory. In November 2019, the Maryland MCC mandated enhanced testing requirements for vape cartridges and disposable vape pens. Such products must be screened for vitamin E acetate, and any product found to contain vitamin E acetate is prohibited from being sold to patients.

Maryland Operating Requirements

As part of the dispensary application, the applicant must provide information about the dispensary's operations, including the following: (i) communication systems; (ii) facility odor mitigation; and (iii) back-up systems for cultivation and processing systems. The applicant must establish a standard operating procedure of the receipt, storage, packaging, labelling, handling, tracking, and dispensing of products containing medical cannabis and medical cannabis waste.

In addition, the applicant must provide information about the dispensary's medical cannabis professionalism, including the following information: (i) experience, knowledge, and training in training dispensary agents in the science and use of medical cannabis; and (ii) use of a clinical director (optional).

The applicant must also provide information about the dispensary's retail management operations, including the following: (i) a detailed plan to preserve the quality of the medical cannabis; (ii) a plan to minimize any negative impact on the surrounding community and businesses; (iii) a detailed inventory control plan; and (iv) a detailed medical cannabis waste disposal plan.

The business and economic factors of the dispensary business must also be detailed, including the following information: (i) a business plan demonstrating a likelihood of success, demonstrating sufficient business ability and experience on the part of the applicant, and providing for appropriate employee working conditions, benefits, and training; (ii) demonstration of adequate capitalization; and (iii) a detailed plan evidencing how the dispensary will enforce the alcohol and drug free workplace policy.

Additional information the applicant must also provide includes the following: (i) demonstration of Maryland residency among the owners and investors; (ii) evidence that the applicant is not in arrears regarding any tax obligation in Maryland or other jurisdictions; and (iii) the medical cannabis extracts and medical cannabis-infused products proposed to be dispensed with proposed cannabinoid profiles, including varieties with high CBD content, and the varieties of routes of administration.

Maryland Record Keeping and Inventory Tracking

Maryland requires use of a seed-to-sale tracking system software operated by Metrc LLC ("METRC"). Licensees must create and use a perpetual inventory control system that identifies and tracks the stock of medical cannabis from the time it is delivered or produced to the time it is delivered to a patient or qualified caregiver. The applicant must describe how it will assure the integrity of the electronic manifest and inventory control system and that a cannabis transportation agent will continue the chain of custody to a dispensary agent. In May 2020, Maryland amended the medical marijuana statutes to authorize a parent or legal guardian of a medical cannabis patient under 18 to designate up to two additional adults to be caregiver and authorizing the patient to obtain medical cannabis from certain school personnel.

The applicant must retain attendance records and ensure dispensary agents are trained on the record retention and standard operating procedure. Maryland MCC regulators have the authority to audit the records of licensees to ensure they comport with the reporting in METRC.

Maryland Dispensing

In order to dispense medical cannabis, a licensed dispensary is required to comply with various dispensing requirements: (1) require presentment of a written certification from a qualifying patient or caregiver, (2) query the MMCC's data network to verify that the patient is currently registered and has a certification from a provider, as well as the amount of medical cannabis that has already been dispensed pursuant to the written certification (3) dispense no more than a 30 day supply, (4) refuse to dispense medical cannabis if the patient or caregiver appears to be under the influence of drugs or alcohol. Registered patients and caregivers are required to provide attestations relating to their knowledge of the status of medical cannabis under Maryland and Federal law, as well as limitations on use of medical cannabis, such as keeping away from children and refraining from transfer to any other person.

Maryland Transportation

Only licensed medical cannabis growers, processors, or authorized secure transportation companies may transport business-to-business packages containing medical cannabis. Dispensaries are not authorized to pick up medical cannabis products from licensed growers or processors. Owners and employees of secure transportation companies must register as transportation agents with the Maryland MCC by undergoing criminal and financial background checks, and they must carry identification cards evidencing they hold current registration at all times while in possession of medical cannabis. Transportation agents must possess a current, valid driver's license and may not wear any clothing or symbols that indicate ownership or possession of medical cannabis while on duty. Medical cannabis transport vehicles must be approved by the Maryland MCC and shall display current registration from the state, be insured, and may not display any sign or illustration related to medical cannabis or a licensee.

Electronic manifests must accompany shipments to record the chain of custody and includes (i) the name and address of the shipping licensee; (ii) the shipping licensee's shipment identification number; (iii) the weight and description of each individual package that is part of the shipment, and the total number of individual packages; (iv) the name of the licensee agent that prepared the shipment; (v) the name and address of the receiving licensee; (vi) any special handling or storage instructions; (vii) the date and time the shipment was prepared; (viii) the date and time the package was placed in the secure transport vehicle; and (ix) a listing of any other people who had custody or control over the shipment, and the person's identity, circumstances, duration and disposition.

Dispensary licensees in Maryland are authorized to perform home delivery directly to patients. To do so, the dispensary must (i) independently verify the patient's identification and registration status, (ii) enter the transaction in METRC prior to delivery; (iii) perform the delivery through a registered dispensary agent; and (iv) confirm the transaction otherwise complies with other requirements regarding sale of medical cannabis under applicable regulations. All home deliveries must be performed using a properly registered and insured secure medical cannabis transport vehicle. The vehicle may not bear any markings related to medical cannabis.

MASSACHUSETTS (MEDICAL)

The Commonwealth of Massachusetts has authorized the cultivation, possession and distribution of marijuana for medical purposes by certain licensed Massachusetts marijuana businesses. The Medical Use of Marijuana Program (the "**MUMP**") registers qualifying patients, personal caregivers, Medical Marijuana Treatment Centers ("**MMTCs**"), and MMTC agents. The MUMP was established by Chapter 369 of the Acts of 2012, "An Act for the Humanitarian Medical Use of Marijuana", following the passage of the Massachusetts Medical Marijuana Initiative, Ballot Question 3, in the 2012 general election. Additional statutory requirements governing the MUMP were enacted by the Legislature in 2017 and codified at G.L. c. 94I, et. seq. (the "**Massachusetts Medical Act**"). MMTC Certificates of Registration are vertically integrated licenses in that each MMTC Certificate of Registration entitles a license holder to one cultivation facility, one processing facility and one dispensary location. There is a limit of three (3) MMTC licenses per person/entity.

The Commonwealth of Massachusetts Cannabis Control Commission ("**CCC**") regulations, 935 CMR 501.000 et seq. ("**Massachusetts Medical Regulations**"), provide a regulatory framework that requires MMTCs to cultivate, process, transport and dispense medical cannabis in a vertically integrated marketplace. Patients with debilitating medical conditions qualify to participate in the program, including conditions such as cancer, glaucoma, positive status for human immunodeficiency virus (HIV), acquired immune deficiency virus (AIDS), hepatitis C, amyotrophic lateral sclerosis (ALS), Crohn's disease, Parkinson's disease, and multiple sclerosis (MS) when such diseases are debilitating, and other debilitating conditions as determined in writing by a qualifying patient's healthcare provider. The CCC assumed control of the MUMP from the Department of Public Health on December 23, 2018.

Effective January 8, 2021, the CCC repealed certain regulations applicable to co-located medical and adult use facilities and incorporated them into the adult use regulations at 935 CMR 500.00 and the medical regulations at 935 CMR 501.000, as part of an overall update of both sets of regulations. The updated regulations also included the following significant changes:

- permitting Marijuana "Courier" Licensees to deliver directly to consumers from the premises of licensed marijuana retailer establishments and Marijuana Delivery Operators to purchase wholesale marijuana products directly from marijuana cultivation and product manufacturer establishments and deliver the products directly to consumers from the Delivery Operator's warehouse location. Both Marijuana Courier and Marijuana Delivery Operator Licensees are reserved for at least 36 months for companies majority-owned and controlled by certain classes of certified Economic Empowerment or Social Equity applicants, for which Columbia Care does not qualify;
- permitting Personal Caregivers to be registered to care for more than one – and up to five – Registered Qualifying Patients at one time; and
- permitting non-Massachusetts residents receiving end-of-life or palliative care or cancer treatment in Massachusetts to become Registered Qualifying Patients.

Columbia Care (through its subsidiary in the Commonwealth of Massachusetts) is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Massachusetts.

Massachusetts Licensing Requirements (Medical)

The Massachusetts Medical Regulations delineate the licensing requirements for MMTCs in Massachusetts. Licensed entities must demonstrate the following: (i) they are licensed and in good standing with the Secretary of the Commonwealth of Massachusetts, the Department of Revenue, and the Department of Unemployment Assistance; (ii) no executive, member or any entity owned or controlled by such executive or member directly or indirectly controls more than three MMTC licenses and no person or entity can maintain more than 100,000 square feet of canopy; (iii) no person with an interest in an independent testing laboratory may have an interest in an MMTC; (iv) an MMTC may not cultivate, prepare or dispense medical cannabis from more than two locations statewide under a single license;

(v) dispensary agents must be registered with the CCC; (vi) an MMTC must have a program to provide reduced cost or free marijuana to patients with documented verifiable financial hardships; (vii) one executive of an MMTC must register with the Massachusetts Department of Criminal Justice Information Services on behalf of the entity as an organization user of the Criminal Offender Record Information (iCORI) system; (viii) the MMTC applicant has at least US\$500,000 in its control as evidenced by bank statements, lines of credit or equivalent; (ix) payment of the required application fee; and (x) activities authorized by the MMTC license must only be conducted at the address(es) specified for that license.

An application for an MMTC license must include an Application of Intent, a Background Check, and a Management and Operations Profile. The Application of Intent consists of several requirements, including: (i) documentation that the MTC is registered to do business in Massachusetts and disclosures regarding all persons with direct or indirect control of the business; (ii) documentation regarding the amount and sources of capital available to the MMTC; (iii) the proposed address of the MMTC and documentation regarding the MMTC's property interest in the proposed address; (iv) an executed host community agreement with a locality; (v) documentation that the MMTC has held a community outreach meeting; (vi) plans to ensure compliance with local codes, ordinances, and bylaws; (vii) a plan to positively impact Area of Disproportionate Impact; and (viii) the application fee. The Background Check section must include: (i) a list of all individuals and entities having direct or indirect control; (ii) identifying information for each listed individual, as well as a CORI Acknowledgment form; and (iii) background information on certain criminal, civil, or administrative actions as to each listed person. The Management and Operational Profile must include, among other requirements: (i) certain business registration information and a certificates from the Secretary of the Commonwealth, the Department of Revenue, and the Department of Unemployment Assistance; (ii) a timeline for achieving operation of the MMTC and evidence of the MMTC's ability to timely operationalize; (iii) a plan to obtain liability insurance (or to utilize an escrow account in lieu of insurance); (iv) a detailed summary of the MMTC's business plan; (v) a detailed summary of the MMTCs operating policies, including security, diversion prevention, cannabis storage, transportation, inventory, quality control, personnel, dispensing procedures, record-keeping, financial records, and diversity plans; (vi) qualifications and trainings for MMTC agents; (vii) proposed hours of operation and disclosure of emergency contacts; (viii) a home delivery plan (if applicable); (ix) a cultivation plan; (x) a list of products the MMTC intends to produce; and (xi) a summary of the MMTC's plan to provide reduced-cost or free cannabis to patients with financial hardship.

Upon the determination by the CCC that an MMTC applicant has met the above requirements in a satisfactory fashion, the MMTC applicant is required to pay the applicable registration fee and shall be issued a provisional license. Thereafter, the CCC shall review architectural plans for the building of the MMTC's cultivation facility and/or dispensing facilities, and shall either approve, modify or deny the same. Once approved, the MMTC provisional license holder shall construct its facilities in conformance with the requirements of the Massachusetts Regulations. Once the CCC completes its inspections and issues approval for an MMTC of its facilities, the CCC shall issue a final license to the MMTC applicant. MMTC final licenses are valid for one year and shall be renewed by filing the required renewal application no later than sixty days prior to the expiration of the certificate of registration.

Massachusetts Licenses (Medical)

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Patriot Care Corp.	Cannabis Control Commission "Certificate of Registration" #RMD165	Lowell, MA	06/27/22	Medical Dispensary, Cultivation and Product Manufacturing
Patriot Care Corp.	Cannabis Control Commission "Certificate of Registration" #RMD727	Greenfield, MA	10/14/22	Medical Dispensary, Cultivation and Product Manufacturing
Patriot Care Corp.	Cannabis Control Commission "Certificate of Registration" #RMD265	Boston, MA	10/14/22	Medical Dispensary, Cultivation and Product Manufacturing

The licenses in Massachusetts are renewed annually. Before expiry, licensees are required to submit a renewal application. While renewals are granted annually, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Patriot Care Corp. would expect to receive the applicable renewed license in the ordinary course of business.

Massachusetts MMTC Requirements (Medical)

An MMTC shall follow its written and approved operation procedures in the operation of its MMTC facilities. Operating procedures shall include (i) security measures in compliance with the Massachusetts Regulations; (ii) employee security policies including personal safety and crime prevention techniques; (iii) hours of operation and after-hours contact information; (iv) storage and waste disposal protocols in compliance with state law; (v) a description of the various strains of marijuana that will be cultivated and dispensed, and the forms that will be dispensed; (vi) procedures to ensure accurate recordkeeping including inventory protocols; (vii) plans for quality control; (viii) a staffing plan and staffing records; (ix) emergency procedures; (x) alcohol, smoke, and drug-free workplace policies; (xi) a plan describing how confidential information will be maintained; (xii) a policy for the immediate dismissal of MMTC agents engaged in diversion or unsafe practices, or who has been the subject of certain criminal proceedings; (xiii) disclosure of a list of all directors, members, and executives upon request; (xiv) policies and procedures for the handling of cash on MMTC premises including storage, collection frequency and transport to financial institutions; (xv) standards and procedures related to pricing, price changes, and financial hardship; (xvi) policies for energy efficiency and conservation; policies and procedures for workplace safety; and (xvii) a description of the MMTC's patient education activities. For MMTC cultivation operations, there are 11 tiers of cultivator licenses ranging from a maximum of 5,000 square feet (Tier 1) to between 90,001 to 100,000 square feet of canopy (Tier 11). MMTCs can apply to change their tier classification to expand or reduce production.

The siting of MMTC locations is expressly subject to local/municipal approvals pursuant to state law, and municipalities control the permitting application process that an MMTC must comply with. More specifically, an MMTC shall comply with all local requirements regarding siting and unless a locality adopts a less restrictive requirement, an MMTC shall not be sited within a radius of five hundred feet of a school, daycare center, or any facility in which children commonly congregate. The 500-foot distance under this section is measured in a straight line from the nearest point of the facility in question to the nearest point of the proposed MMTC. The Massachusetts Regulations require that MMTCs limit their inventory of seeds, plants, and useable marijuana to reflect the projected needs of registered qualifying patients. An MMTC shall only dispense to a registered qualifying patient or caregiver who has a current valid certification.

Massachusetts Security and Storage Requirements (Medical)

An MMTC shall implement sufficient security measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the MMTC. These measures must include: (i) allowing only registered qualifying patients, caregivers, dispensary agents, authorized persons, or approved outside contractors access to the MMTC facility; (ii) preventing individuals from remaining on the premises of an MMTC if they are not engaging in activities that are permitted; (iii) disposing of marijuana or byproducts in compliance with law; (iv) establishing limited access areas accessible only to authorized personnel; (v) storing finished marijuana in a secure locked safe or vault; (vi) keeping equipment, safes, vaults or secured areas securely locked; (vii) ensuring that the outside perimeter of the MMTC is sufficiently lit to facilitate surveillance; and (viii) ensuring that landscaping or foliage outside of the MMTC does not allow a person to conceal themselves. An MMTC shall also utilize a security/alarm system that: (i) monitors entry and exit points and windows and doors, (ii) includes a panic/duress alarm, (iii) includes system failure notifications, (iv) includes 24-hour video surveillance of safes, vaults, sales areas, areas where marijuana is cultivated, processed or dispensed, and (v) includes date and time stamping of all records and the ability to produce a clear, color still photo. The video surveillance system shall have the capacity to remain operational during a power outage. The MMTC shall also maintain a backup alarm system with the capabilities of the primary system, and both systems shall be maintained in good working order and shall be inspected and tested on regular intervals.

Massachusetts Transportation Requirements (Medical)

An MMTC, as an element of its License, is licensed to transport its marijuana to other licensed establishments. Marijuana may only be transported between licensed MMTCs by registered MMTC Agents. Licensed Marijuana Transporters may also transfer marijuana to or from an MMTC. The originating and receiving licensed MMTCs shall ensure that all transported Marijuana Products are linked to the Seed-to-sale tracking program. Any Marijuana Product that is undeliverable or is refused by the destination MMTC shall be transported back to the originating establishment. All vehicles transporting marijuana must be staffed with a minimum of two MMTC Agents. Prior to leaving an MMTC for the purpose of transporting marijuana, the originating MMTC must weigh, inventory, and account for, on video, all marijuana to be transported. Within eight hours after arrival at the destination MMTC, the destination MMTC must re-weigh, re-inventory, and account for, on video, the marijuana. The marijuana must be packaged in sealed, labeled, and tamper or child-resistant packaging prior to and during transportation. Transportation times and routes are randomized and all transport routes remain within the Commonwealth. If the transported product required temperature control, all vehicles and transportation equipment must provide adequate temperature control. Vehicles must also be equipped with a video system.

A vehicle used for transporting Marijuana Products must be: (i) owned or leased by the MMTC or otherwise licensed by the Commission as a third-party transporter; (ii) properly registered, inspected, and insured in the; (iii) equipped with an alarm system approved by the Commission; and (iv) equipped with functioning heating and air conditioning systems appropriate for maintaining correct temperatures for storage of marijuana. Marijuana must not be visible from outside the vehicle and a transport vehicle cannot bear any markings indicating that the vehicle is being used to transport marijuana. Once on board the vehicle, marijuana must be transported in a secure, locked storage compartment that is a part of the vehicle and cannot be easily removed. Vehicles must be equipped with a GPS meeting certain regulatory requirements, and agents must always have access to secure communication devices.

The transporting MMTC Agents must contact the originating location when stopping at and leaving any scheduled location, and regularly throughout the trip, at least every 30 minutes. The originating location must have an MMTC Agent assigned to monitoring the GPS unit and secure form of communication, who must log all official communications with MMTC Agents transporting marijuana. Unexpected stops or incidents, along with discrepancies in inventory, must be reported to the Commission and to law enforcement. A manifest must accompany all deliveries. The manifest must include certain information specified by regulation to identify the shipping, transporting, and receiving persons; the products being transported; and more. Prior to transport, the manifest shall be securely transmitted to the destination MMTC by facsimile or email. On arrival at the destination MMTC, an MMTC Agent must compare the manifest produced by the agents who transported the marijuana to the copy transmitted by facsimile or email. Manifests must be retained for at least a year and made available to the CCC upon request.

Massachusetts Department Inspections (Medical)

The CCC or its agents may inspect an MMTC and affiliated vehicles at any time without prior notice. An MMTC shall immediately upon request make available to the CCC information that may be relevant to a CCC inspection, and the CCC may direct an MMTC to test marijuana for contaminants. Any violations found will be noted in a deficiency statement that will be provided to the MMTC, and the MMTC shall thereafter submit a Plan of Correction to the CCC outlining with particularity each deficiency and the timetable and steps to remediate the same. The CCC has the authority to suspend or revoke an MMTC license and to take other disciplinary actions against MMTC license holders.

MASSACHUSETTS (ADULT-USE)

Adult-use (recreational) marijuana has been legal in Massachusetts since December 15, 2016, following a ballot initiative in November of that year. The Cannabis Control Commission (the “CCC”), a regulatory body created in 2018, licenses adult use cultivation, processing and dispensary facilities (collectively, “**Marijuana Establishments**”) pursuant to 935 CMR 500.000 et seq. The first adult-use marijuana facilities in Massachusetts began operating in November 2018.

Columbia Care (through its subsidiary in the Commonwealth of Massachusetts) is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Massachusetts.

Massachusetts Licensing Requirements (Adult-Use)

Existing MMTCs are given priority status over other applicants (except Economic Empowerment Priority Applicants) in applying for licensure as a Marijuana Establishment. However, the CCC has limited the scope of the priority applicant status to the functions and locations that the MTC currently operates. The same material application requirements exist for a Marijuana Establishment license as an MTC application; namely an application for an MTC license must include an Application of Intent, a Background Check, and a Management and Operations Profile including the content specified in the Massachusetts (Medical) section above.

The adult-use license application process commenced on April 1, 2018 for existing MMTC license holders, and on July 1, 2018 for all non-MMTC license holders. Existing MMTC license holders that timely applied for an adult-use license on or before April 1, 2018 are eligible to receive three adult-use licenses per medical MMTC license. Namely, one integrated MMTC medical license is eligible, if awarded by the CCC, to receive three adult-use licenses as follows: one for cultivation, one for processing, and one for dispensary. Additionally, there are 11 tiers of cultivator licenses ranging from a maximum of 5,000 square feet (Tier 1) to between 90,001 to 100,000 square feet of canopy (Tier 11).

Patriot Care Corp. applied for adult-use licenses for facilities in Lowell, Massachusetts and Greenfield, Massachusetts in May and June 2018. On September 6, 2018, the CCC approved provisional licenses for retail, manufacturing, and cultivation in Lowell, Massachusetts, and retail in Greenfield, Massachusetts. On January 25, 2019, the CCC approved and thereafter issued final marijuana establishment licenses for retail, manufacturing and cultivation of adult-use marijuana in Lowell and retail of adult-use marijuana in Greenfield.

The final licenses allow Patriot Care Corp. to operate the Marijuana Establishments. The licenses are listed in the table below.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Patriot Care Corp.	Final Marijuana Establishment License #MR281283	Lowell, MA	09/15/22	Dispensary
Patriot Care Corp.	Final Marijuana Establishment License #MP281308	Lowell, MA	09/15/22	Manufacturing
Patriot Care Corp.	Final Marijuana Establishment License #MC281265	Lowell, MA	09/15/22	Cultivation
Patriot Care Corp.	Final Marijuana Establishment License #MR281282	Greenfield, MA	09/15/22	Dispensary
Patriot Care Corp.	Provisional Marijuana Retail License #MR281284	Boston, MA	01/18/22	Dispensary

After receiving the Final Licenses in Lowell and Greenfield, in order to commence operations, Patriot Care Corp. was required to ensure that the following occurred:

1. Agent registration applications have been approved for all executives, board members, managers, and a sufficient number of employees to operate the Marijuana Establishment;
2. The establishment's Metrc administrator has successfully completed all Metrc training and has been allowed access into the Metrc system;
3. All necessary agents have successfully logged into Metrc;
4. Beginning inventory has been entered into Metrc;
5. All plants are tagged properly;
6. All labeling and packaging requirements for finished marijuana and marijuana products are compliant with 935 CMR 500 and are ready for inspection;
7. All marijuana products that are packaged for sale to consumers have traceable lab results and such results were completed by an Independent Testing Laboratory approved by the CCC for licensure (if applicable);
8. The licensee shall demonstrate that it is in compliance with or has obtained applicable waivers or approvals from the Department of Public Health, as necessary, and provide documents as the Commission may request prior to commencing operations. The licensee may certify compliance on the Post-Final License Request Form;
9. Documentation from the Department of Revenue stating that the licensee is registered with DOR for sales tax purposes (for retail applications);

Table of Contents

10. All registered agents have personnel files containing background check reports and all applicable information within those background reports were provided within the agent registration applications;
11. The background check report in each personnel file must have been obtained within 30 days prior to the submission of the agent application, unless the agent application was approved with a submitted background check waiver; and
12. Ensure that all conditions of the final license have been fully satisfied and are ready for inspection.

Massachusetts Dispensary Requirements (Adult-Use)

Marijuana retailers are subject to certain operational requirements in addition to those imposed on marijuana establishments generally. Dispensaries must immediately inspect patrons' identification to ensure that everyone who enters is at least twenty-one years of age. Dispensaries may not dispense more than one ounce of marijuana or five grams of marijuana concentrate per retail customer per day. Point-of-sale systems must be approved by the CCC, and retailers must record sales data. Records must be retained and available for auditing by the CCC and Department of Revenue.

Dispensaries must also make patient education materials available to patrons. Such materials must include:

- A warning that marijuana has not been analyzed or approved by the FDA, that there is limited information on side effects, that there may be health risks associated with using marijuana, and that it should be kept away from children;
- A warning that when under the influence of marijuana, driving is prohibited by M.G.L. c. 90, § 24, and machinery should not be operated;
- Information to assist in the selection of marijuana, describing the potential differing effects of various strains of marijuana, as well as various forms and routes of administration;
- Materials offered to consumers to enable them to track the strains used and their associated effects;
- Information describing proper dosage and titration for different routes of administration, with an emphasis on using the smallest amount possible to achieve the desired effect;
- A discussion of tolerance, dependence, and withdrawal;
- Facts regarding substance abuse signs and symptoms, as well as referral information for substance abuse treatment programs;
- A statement that consumers may not sell marijuana to any other individual;
- Information regarding penalties for possession or distribution of marijuana in violation of Massachusetts law; and
- Any other information required by the CCC.

Transportation requirements for Marijuana Establishments are materially the same as is described above for MMTCs.

Massachusetts Security and Storage Requirements (Adult-Use)

Each marijuana establishment must implement sufficient safety measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the establishment. Security measures taken by the establishments to protect the premises, employees, consumers and general public shall include, but not be limited to, the following:

- Positively identifying individuals seeking access to the premises of the Marijuana Establishment or to whom marijuana products are being transported pursuant to 935 CMR 500.105(14) to limit access solely to individuals 21 years of age or older;

Table of Contents

- Adopting procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by these regulations and its enabling statute are allowed to remain on the premises;
- Disposing of marijuana in accordance with 935 CMR 500.105(12) in excess of the quantity required for normal, efficient operation as established within 935 CMR 500.105;
- Securing all entrances to the Marijuana Establishment to prevent unauthorized access;
- Establishing limited access areas pursuant to 935 CMR 500.110(4), which shall be accessible only to specifically authorized personnel limited to include only the minimum number of employees essential for efficient operation;
- Storing all finished marijuana products in a secure, locked safe or vault in such a manner as to prevent diversion, theft and loss;
- Keeping all safes, vaults, and any other equipment or areas used for the production, cultivation, harvesting, processing or storage of marijuana products securely locked and protected from entry, except for the actual time required to remove or replace marijuana;
- Keeping all locks and security equipment in good working order;
- Prohibiting keys, if any, from being left in the locks or stored or placed in a location accessible to persons other than specifically authorized personnel;
- Prohibiting accessibility of security measures, such as combination numbers, passwords or electronic or biometric security systems, to persons other than specifically authorized personnel;
- Ensuring that the outside perimeter of the marijuana establishment is sufficiently lit to facilitate surveillance, where applicable;
- Ensuring that all marijuana products are kept out of plain sight and are not visible from a public place without the use of binoculars, optical aids or aircraft;
- Developing emergency policies and procedures for securing all product following any instance of diversion, theft or loss of marijuana, and conduct an assessment to determine whether additional safeguards are necessary;
- Developing sufficient additional safeguards as required by the CCC for marijuana establishments that present special security concerns;
- At Marijuana Establishments where transactions are conducted in cash, establishing procedures for safe cash handling and cash transportation to financial institutions to prevent theft, loss and associated risks to the safety of employees, customers and the general public;
- Sharing the Marijuana Establishment's floor plan or layout of the facility with law enforcement authorities, and in a manner and scope as required by the municipality and identifying when the use of flammable or combustible solvents, chemicals or other materials are in use at the Marijuana Establishment; and
- Sharing the Marijuana Establishment's security plan and procedures with law enforcement authorities and fire services and periodically updating law enforcement authorities and fire services if the plans or procedures are modified in a material way.

Marijuana must be stored in special limited access areas, and alarm systems must meet certain technical requirements, including the ability to record footage to be retained for at least 90 days.

CCC Inspections

The CCC or its agents may inspect a Marijuana Establishment and affiliated vehicles at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of a Marijuana Establishment, all Marijuana Establishment agents and activities, and all records are subject to such inspection. Marijuana Establishments must immediately upon request make available to the Commission all information that may be relevant to a CCC inspection, or an investigation of any incident or complaint. A Marijuana Establishment must make all reasonable efforts to facilitate the CCC’s inspection, or investigation of any incident or complaint, including the taking of samples, photographs, video or other recordings by the CCC or its agents, and to facilitate the CCC’s interviews of Marijuana Establishment agents. During an inspection, the CCC may direct a Marijuana Establishment to test marijuana for contaminants as specified by the CCC, including but not limited to mold, mildew, heavy metals, plant- growth regulators, and the presence of pesticides not approved for use on marijuana by the Massachusetts Department of Agricultural Resources.

Moreover, the CCC is authorized to conduct a secret shopper program to ensure compliance with all applicable laws and regulations.

MISSOURI

Missouri Regulatory Landscape

Article XIV of the Missouri Constitution (“**Article XIV**”) provides that state-licensed physicians may recommend marijuana to patients for medical purposes and allows for the limited, regulated production, distribution, sale and purchase of marijuana for medical use. At a high level, Article XIV authorizes the Missouri Department of Health and Senior Services (“**DHSS**”) to promulgate rules for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical uses, including the licensure of entities authorized to undertake those activities, operational standards for those activities, taxation of retail sales of marijuana for medical use, and the registration of qualified patients. In Missouri, a qualified patient is one that suffers from cancer, epilepsy, glaucoma, intractable migraines, a condition that causes severe and persistent pain, a debilitating psychiatric disorder, HIV/AIDS, a terminal illness, a chronic condition that normally requires a prescription medication that could be physically or psychologically addictive, or another chronic or debilitating condition as certified by a physician.

Pursuant to Article XIV, DHSS promulgated final rules governing the medical marijuana program in May 2019. Following promulgation of the rules, DHSS also undertook a process competitively to license entities in the areas of laboratory testing, cultivation, manufacturing, dispensing, and transportation in summer 2019. DHSS reported that it received approximately 2,270 applications for the various facility licenses, including 582 cultivation facility applications, 430 manufacturing facility applications, and 1,219 dispensary facility applications. Among these, DHSS issued 60 cultivation licenses, 86 manufacturing licenses, 192 dispensary licenses, and 10 laboratory testing licenses. These are the maximum number of licenses currently available under DHSS’s regulations, though the regulations state that DHSS may in the future determine that additional licenses should be issued to meet the demand for medical marijuana of qualifying patients.

Missouri Licenses

Columbia Care MO LLC holds the following licenses in Missouri:

 Holding Entity	 Permit/License	 City	 Expiration/Renewal Date (if applicable) (MM/DD/YY)	 Description
Columbia Care MO LLC	Medical Marijuana Certificate #MAN000036	Columbia, MO	01/10/23	Certificate for Infused Product Manufacture of Medical Marijuana
Columbia Care MO LLC	Medical Marijuana Certificate #DIS000184	Hermann, MO	01/23/23	Certificate to Dispense Medical Marijuana

Missouri Regulations

DHSS’s regulations establish both general requirements applicable to all licensed facilities, as well as specific requirements for various types of licenses, including manufacturing and dispensary licenses.

All medical marijuana facilities are required to implement inventory control systems that utilize a DHSS-approved seed-to-sale tracking system for the tracking of marijuana products through the seed or immature plant stage through to sale to a qualified patient (or compliant disposal). Medical marijuana facilities are required to install and maintain security equipment designed to prevent unauthorized entrance, and include components of intrusion detection, electronic video monitoring, access limitation and control, and training of security personnel. Medical marijuana facilities are also required to maintain policies and procedures for addressing recalls, and proper labelling and packaging of products. In general, medical marijuana facilities are not permitted to be operated within 1,000 feet of schools or religious facilities. Wastes from medical marijuana facilities, such as solid wastes and wastewater, must be disposed of in accordance with otherwise-applicable Missouri law regarding waste disposal. Medical marijuana wastes are also required to be rendered unusable by mixture with non-marijuana wastes.

Manufacturing facilities, in addition to complying with all otherwise-applicable requirements, are required to develop and maintain an odor mitigation plan, develop a protocol to ensure independent testing of products, plans for minimizing the risk of explosions and fires, and plans to transport medical marijuana to dispensaries in a manner that complies with applicable regulations. Manufacturing facilities that produce ingestible products are required to comply with all otherwise-applicable food safety standards under Missouri law.

Dispensary facilities, in addition to complying with all otherwise-applicable requirements, are required to maintain information accessible to qualified patients regarding such topics as addiction, different strains of medical marijuana and their effects, the risks of medical marijuana use, and prohibitions on consumption of medical marijuana in public places. Dispensary facilities are required to utilize point-of-sale systems that verify a qualified patient's purchases through the statewide track and trace system, and that require verification of the qualified patient's government-issued identification. A dispensary may not dispense medical marijuana in excess of what the qualified patient is permitted to purchase under the patient's physician authorization. Dispensary facilities are required to limit access to qualifying patients and primary caregivers, and to enforce limited access areas throughout the dispensary facility.

NEW JERSEY

New Jersey Regulatory Landscape

New Jersey's medical marijuana program is governed by the Jake Honig Compassionate Use Medical Cannabis Act, N.J. Stat. § 24:61-1 *et seq.* (the "Medical Cannabis Law"), and the implementing regulations of the Cannabis Regulatory Commission (the "**Commission**"), N.J.A.C. 17:30A *et seq.* Pursuant to the Medical Cannabis Law, qualifying patients with debilitating medical conditions may become registered to use medical marijuana. Debilitating medical conditions include: amyotrophic lateral sclerosis, anxiety, cancer, chronic pain, dysmenorrhea, glaucoma, inflammatory bowel disease including Crohn's disease, intractable skeletal spasticity, migraine, multiple sclerosis, muscular dystrophy, opioid use disorder, positive status for human immunodeficiency virus (HIV) and acquired deficiency syndrome (AIDS), post-traumatic stress disorder, seizure disorder including epilepsy, terminal illness with prognosis of less than 12 months to live, and Tourette's syndrome. The Medical Cannabis Law creates a permitting regime for "alternative treatment centers" ("**ATCs**"), which are vertically-integrated medical marijuana businesses. In addition, the Commission's regulations allow applicants for ATC permits to seek cultivation-, manufacturing-, or dispensing-specific licensure. Holders of an ATC license with a cultivation endorsement can possess, cultivate, plant, grow, harvest, and package usable marijuana; and can display, transfer, transport, distribute, supply, or sell marijuana to other ATCs, but not directly to registered qualifying patients. Holders of an ATC license with a manufacturing endorsement can possess and process usable marijuana; purchase usable marijuana from other ATCs possessing a cultivating endorsement; manufacture products containing marijuana approved by the Commission; conduct research and develop products containing marijuana for approval by the Commission; and can display, transfer, transport, distribute, supply, or sell marijuana and products containing marijuana to other ATCs, but not directly to registered qualifying patients. Finally, holders of an ATC license with a dispensary endorsement can purchase usable marijuana and products containing marijuana from other ATCs authorized to cultivate or manufacture usable marijuana or products containing marijuana; and can possess, display, supply, sell, and dispense, usable marijuana and/or products containing marijuana, to registered qualifying patients.

On July 2, 2019, New Jersey enacted the Jake Honig Compassionate Use Medical Cannabis Act that made several changes to the state's medical marijuana program. Amongst other changes, the NJ Act: (i) created the Commission, whereas the medical marijuana program was previously regulated by the New Jersey Department of Health, Division of Medicinal Marijuana ("DOH"); (ii) increases the monthly purchasing limit from two to three ounces of dry flower, and after 18 months allows the maximum to be adjusted by regulation; (iii) removes the purchasing limit for terminally ill and hospice patients; (iv) permits the sale of edible products; (v) phases out sales taxes on medical marijuana; (vi) provides reciprocity for patients registered with other state medical marijuana programs; (vii) authorizes home delivery to patients; and (viii) permitted ATCs to apply for up to two additional satellite dispensing facilities, a right which expired as of January 2, 2021.

Columbia Care (through its subsidiary in the State of New Jersey) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of New Jersey for the medical marijuana program.

On February 22, 2021, the Governor of New Jersey signed into law an adult-use legalization bill entitled the "New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act," which legalized personal use cannabis for certain adults, subject to State regulations (the "CREAMM Act"). The CREAMM Act provides ATCs specific expanded cultivation rights as well as the right to open up sales to the adult-use marketplace, subject to limited and specified conditions. As it relates to sales into the adult-use marketplace, the CREAMM Act permits ATCs to apply to the Commission for permission to operate as an Expanded ATC, i.e., servicing both the medical and adult-use marketplace, upon the demonstration of meeting the following two conditions: (1) written approval to operate as an adult-use cannabis establishment from the municipality in which the ATC is located and compliance with said municipality's local zoning restrictions; and (2) the ATC's certification that it has sufficient quantities of medical cannabis and, if applicable, medical cannabis products, available to meet the reasonably anticipated needs of registered qualifying conditions. The CREAMM Act also permits ATCs to cultivate from up to two physical locations, provided that the ATC's combined mature cannabis plant grow canopy between both locations does not exceed 150,000 square feet of bloom space.

On August 19, 2021, the Commission approved the first set of rules governing the state's adult-use cannabis program. The rules will allow the CRC to begin licensing cannabis businesses. The rules are effective upon their filing with the state's Office of Administrative Law, until August 19, 2022. Adult-use sales must commence within 1 year of February 22, 2021. On November 23, 2021, the Executive Director of the Commission issued guidance to ATCs on the process for submitting Expanded ATC applications, which the Commission anticipates it will begin accepting for review in December of 2021. Should Columbia Care be awarded an Expanded ATC permit, it would be permitted to cultivate, manufacture, and dispense in the adult-use marketplace.

New Jersey Regulations

ATC permits are awarded by a selection committee that evaluates applicants on the following general criteria: (1) submittal of mandatory organizational information; (2) ability to meet the overall health needs of qualified patients and safety of the public; (3) history of compliance with regulations and policies governing government-regulated marijuana programs; (4) ability and experience of applicant in ensuring an adequate supply of marijuana; (5) community support and participation; (6) ability to provide appropriate research data; (7) experience in cultivating, manufacturing, or dispensing marijuana in compliance with government-regulated marijuana programs; and (8) workforce and job creation plan. Information required to be submitted is wide-ranging, and includes identification information and background checks of principals, employees, directors, and other stakeholders, and evidence of compliance with certain state and local laws and ordinances. Columbia Care was awarded a vertically integrated ATC permit as a result of the result of a 2018 Request for Applications ("2018 RFA"), along with five (5) other applicants selected for final approval for vertically integrated ATC permits by the DOH. The Commission has since approved an additional fourteen (14) ATC permits as part of the 2019 Request for Applications ("2019 RFA"), inclusive of four (4) additional vertically integrated permits, and ten (10) stand-alone cultivation permits.

New Jersey Licenses

<u>Holding Entity</u>	<u>Permit/License</u>	<u>City</u>	<u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u>	<u>Description</u>
Columbia Care New Jersey LLC	Operational Permit #02042020	Vineland, NJ & Deptford, NJ	12/31/21	Cultivation, Processing and Dispensing

Permits expire annually on December 31 and require the submittal of a renewal application 60-days prior to the expiration of an ATC permit. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the permit, Columbia Care New Jersey would expect to receive a renewed permit in the ordinary course of business.

New Jersey Dispensary Requirements

ATCs are subject to a number of regulations regarding their policies, procedures, records, and reporting. For example, ATCs must develop oversight procedures; procedures to ensure safe growing and dispensing operations; security policies; inventory protocols; disaster plans; pricing standards; and crime prevention plans and must maintain careful records, including organizational charts; facility documents; supply-and-demand projections; general business records; detailed sales records; and detailed personnel and training records. ATCs must provide substantial training for their employees and must maintain an alcohol and drug-free workplace.

Holders of an ATC permit are subject to a detailed regulatory scheme encompassing: security, staffing, point-of-sale systems, manufacturing standards, hours of operation, delivery, advertising and marketing, product labeling, records and reporting, and more. As with all jurisdictions, the full regulations (N.J.A.C. 8:64 *et seq.*) should be consulted for further information about any particular operational area.

New Jersey Storage, Security, and Transportation Requirements

Each ATC is required to provide effective controls and procedures to guard against theft and diversion of marijuana including, when appropriate, systems to protect against electronic records tampering. With respect to security and inventory protocols, ATCs are required to maintain robust security and alarm systems in good working order; test and inspect such security systems; employ policies to limit unauthorized access to areas containing marijuana; adopt security protocols to protect personnel; minimize exterior access and ensure the exterior of the facility has adequate lighting; and notify the proper authorities of reportable losses, security breaches, alarm activations, and electrical failures. ATCs are required to conduct detailed monthly inventories and an annual comprehensive inventory.

Each ATC must install, maintain in good working order and operate a safety and security alarm system at its authorized physical address(es) that will provide suitable protection 24 hours a day, seven days a week against theft and diversion and that provides, at a minimum: (i) immediate automatic or electronic notification to alert state or local police agencies to an unauthorized breach of security at the alternative treatment center; and (ii) a backup system that activates immediately and automatically upon a loss of electrical support and that immediately issues either automatically or electronic notification to state or local police agencies of the loss of electrical support. ATCs must also implement appropriate security and safety measures to deter and prevent the unauthorized entrance into areas containing marijuana and the theft of marijuana and security measures that protect the premises, registered qualifying patients, registered primary caregivers and principal officers, directors, board members and employees of the alternative treatment center. Each ATC must establish a protocol for testing and maintenance of the security alarm system and conduct maintenance inspections and tests of the security alarm system at the ATC’s authorized location at intervals not to exceed 30 days from the previous inspection and test, and it must promptly implement all necessary repairs to ensure the proper operation of the alarm system. In the event of a failure of the security alarm system due to a loss of electrical support or mechanical malfunction that is expected to last longer than eight hours, an ATC must notify the Department and either provide alternative security measures or close the affected facilities until service is restored. Finally, each ATC must equip its interior and exterior premises with electronic monitoring, video cameras, and panic buttons.

Department Inspections

ATCs are subject to inspection by the Department at any time, with or without notice. ATCs must provide immediate access to all facilities, materials, and information requested by the Department. Failure to cooperate with an onsite assessment and or to provide the Department access to the premises or information may be grounds to revoke the permit of the ATC and to refer the matter to state law enforcement agencies. If a problem is discovered, the ATC must notify the Department in writing, with a postmark date that is within 20 business days of the date of the notice of violations, of the corrective actions the ATC has taken to correct the violations and the date of implementation of the corrective actions.

NEW YORK

New York Regulatory Landscape

In July 2014, the New York Legislature and Governor enacted the Compassionate Care Act (A06357E, S07923) (the “**CCA**”) to provide a comprehensive, safe and effective medical marijuana program to meet the needs of New Yorkers. The program allows ten (10) registered organizations (“**Registered Organizations**”) to hold vertically integrated licenses and service qualified patients and caregivers. Limited product types are allowed in the state and smoking of cannabis flower is prohibited. The New York State Department of Health (“**NYSDOH**”) was the regulatory agency overseeing the medical marijuana program at that time. Columbia Care (through its subsidiary in the State of New York) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of New York.

On March 31, 2021, New York became the 16th state to legalize the adult-use of marijuana with the enactment of Senate Bill S854A, also known as The Marijuana Regulation and Taxation Act (the “**MRTA**”). Under MRTA, the current medical marijuana program is set to undergo several changes. A new Cannabis Control Board, and within it the Office of Cannabis Management (collectively as the “**CCB**”)—an independent agency operating as part of the New York State Liquor Authority—will be responsible for regulating the adult-use marijuana market as well as the existing medical marijuana and hemp cannabinoid programs Board. The list of medical conditions covered under the CCA will be widened to include additional qualifying conditions, medical patients will no longer be restricted from smoking medical marijuana, and the current limit on marijuana supply for medical patients will be doubled. Medical marijuana license holders may also be allowed to double their existing number of dispensaries for up to a total of eight dispensaries, but no more than three of the dispensary locations will be permitted to serve as adult-use marijuana retail stores. The legislation takes effect immediately, though full implementation will not occur until the Cannabis Control Board develops regulations for the adult-use marijuana program. It is currently expected that full implementation could take between 18 months to two years.

New York Licenses

Columbia Care NY LLC, a wholly-owned subsidiary of Columbia Care, holds certificates of registration for manufacturing in Rochester, New York, and for dispensing in Riverhead, Brooklyn, New York (City), and Rochester, New York (collectively, the “**New York Licenses**”). Pursuant to the CCA and Medical Use of Marijuana Regulations (Title 10, Chapter XIII, Part 1004) by the NYSDOH, the New York Licenses collectively permit Columbia Care NY LLC to acquire, possess, manufacture, sell, transport, distribute, and dispense medical cannabis in the State of New York. The table lists the licenses issued to Columbia Care NY LLC in respect of its operations in New York.

[Table of Contents](#)

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Columbia Care NY LLC	MM0301M	Rochester, NY	07/31/23	Cultivation and Manufacturing
Columbia Care NY LLC	MM0307M	Riverhead, NY	07/31/23	Cultivation and Manufacturing
Columbia Care NY LLC	MM0302D	New York, NY	07/31/23	Dispensary
Columbia Care NY LLC	MM0303D	Riverhead, NY	07/31/23	Dispensary
Columbia Care NY LLC	MM0306D	Brooklyn, NY	07/31/23	Dispensary
Columbia Care NY LLC	MM0305D	Rochester, NY	07/31/23	Dispensary
Columbia Care NY, LLC	New York Department of Health - Controlled Substances License No. 0100220	Rochester, NY	03/05/23	Class 1 Manufacturer – Controlled Substances
Columbia Care NY, LLC	New York Department of Health - Controlled Substances License No. 1000105	Rochester, NY	05/16/23	Class 10 Exporter
Columbia Care Industrial Hemp LLC	HEMP-P-000069	Rochester, NY	04/30/22	Industrial Hemp Processor

The New York Licenses are renewed every two years. Before the two-year period ends, licensees are required to submit a renewal application per guidelines published by the NYSDOH. While renewals are granted every two years, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Columbia Care NY LLC would expect to receive the applicable renewed license in the ordinary course of business.

New York Regulations

The New York Licenses permit the sale of medical cannabis products to any qualified patient who possess a physician's recommendation. Under the terms of the New York Licenses, Columbia Care NY LLC is permitted to sell NYSDOH approved medical marijuana manufactured products to any qualified patient, provided that the patient presents a valid government-issued photo identification and NYSDOH-issued registry identification card proving the patient or designated caregiver meets the statutory conditions to be a qualified patient or designated caregiver. Registry identification cards are valid for one year after the date the certification is signed. The card contains the recommendation from the physician and the limitation on form or dosage of medical marijuana.

For a physician to recommend medical marijuana, the physician must pay for and pass a four-hour NYSDOH approved physician certification training program. The content of the course includes: "pharmacology of marijuana; contraindications; side effects; adverse reactions; overdose prevention; drug interactions; dosing; routes of administration; risks and benefits; warnings and precautions; abuse and dependence; and such other components as determined by the commissioner." The CCB recently expanded this pool of recommending physicians by identifying that any practitioner who has a license to prescribe controlled substances may certify medical marijuana patients.

In order for a patient or registered caregiver to receive dispensed marijuana, they must be logged into the Prescription Monitoring Program (“PMP”) registry. The PMP registry is monitored by the NYSDOH and contains controlled substance prescription dispensing history and medical marijuana dispensing history to ensure that patients only receive a maximum of 30-days-worth of dispensed product from one Registered Organization. Only registered pharmacists can dispense medical marijuana to approved patients and caregivers.

Allowable forms of medical marijuana in New York State are the following: flower, metered liquid or oil preparations, solid and semisolid preparations (e.g. capsules, chewable and effervescent tablets, lozenges), metered ground plant preparations and topical forms and transdermal patches.

Medical marijuana may not be incorporated into food products by the Registered Organization, unless approved by the CCB.

Qualifying conditions in the state of New York are the following: cancer, HIV infection or AIDS, amyotrophic lateral sclerosis (ALS), Parkinson’s disease, multiple sclerosis, spinal cord injury with spasticity, epilepsy, inflammatory bowel disease, neuropathy, Huntington’s disease, certain types of severe debilitating pain, pain that degrades health and functional capability where medical marijuana is used as an opioid alternative, substance use disorder, or post- traumatic stress disorder. The severe debilitating or life-threatening condition must also be accompanied by one or more of the following associated or complicating conditions: cachexia or wasting syndrome, severe or chronic pain resulting in substantial limitation of function, severe nausea, seizures, severe or persistent muscle spasms, post- traumatic stress disorder, or opioid use disorder.

In the state of New York, only cannabis that is grown and manufactured in the state can be sold in the state. New York is a vertically integrated system; however, it does allow Registered Organizations to wholesale manufactured product to one another. As such, Columbia Care NY LLC is vertically integrated and has the capabilities to cultivate, harvest, process, transport, sell, and dispense cannabis products. Delivery is allowed from dispensaries to patients, however the delivery plan must be pre-approved by the NYSDOH. Columbia Care NY LLC obtained approval for its delivery plan in February 2017 and utilizes its 70% owned subsidiary, CC Logistics Services LLC, to provide home delivery services throughout the state.

New York Dispensary Requirements

A qualified pharmacist must be present at a dispensary whenever medical marijuana products are being dispensed or handled. Dispensing facilities can only sell approved medical marijuana products, related products necessary for the approved forms of administration of medical marijuana, and items that promote health and well-being subject to disapproval of the department and only in such a manner as does not increase risks of diversion, theft or loss of approved medical marijuana products or risk physical, chemical or microbial contamination or deterioration of approved medical marijuana products.

No medical marijuana products may be consumed at a dispensary. Dispensaries must maintain patient confidentiality, including by keeping security footage secure. Dispensaries must affix a label to each medical marijuana product which (1) identifies the patient and caregiver (if any); (2) contains the name of the certifying practitioner, (3) identifies the dispensary name, address, and phone number; (4) provides the dosing and administration instructions; (5) gives the quantity and date dispensed; (6) lists any recommendation or limitation by the practitioner as to the use of medical marijuana; and (7) includes the expiration date of the product once opened. Each package must also include a safety insert approved by NYSDOH and/or CCB.

New York Reporting Requirements

The state of New York has selected BioTrackTHC's solution as the state's T&T system used to track commercial cannabis activity and seed-to-sale. The BioTrackTHC system is required to serve as all Registered Organizations' patient verification system but is optional as the Registered Organization facing tracking system. Columbia Care NY LLC currently uses ADILAS Cannabis software as its inventory control system, and also uses BioTrackTHC on a limited basis. ADILAS is a robust system that enables users to track and generate inventory reports on demand with almost unlimited parameters and filters. While certain features of the system are available on the open market, Columbia Care's proprietary modifications have optimized its functionality to respond to the unique requirements of a highly regulated medical marijuana program, such as New York's.

Every month the NYSDOH requests a dispensing report in Excel format, via email, showing the products dispensed for the month. This is the only report Columbia Care NY LLC is required to submit to the NYSDOH. All other data is pulled by the NYSDOH directly from Columbia Care NY LLC's seed-to-sale tracking system.

New York Storage, Transportation and Security Requirements

Registered Organizations must comply with a range of storage and security measures designed to ensure the safety and security of the cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products. Among other obligations, Registered Organizations are required to maintain a security operations plan that includes: an alarm system; motion detectors; video cameras in areas that may contain marijuana; exportable video recordings that Columbia Care must retain for 90 days and make available to the NYSDOH; measures to ensure adequate lighting; and other security measures. Registered Organizations must work to ensure that manufacturing and dispensing facilities maintain all security system equipment and recordings in a secure location with access limited to surveillance personnel, law enforcement, security system service employees, the NYSDOH or its authorized representative, and others when approved by the NYSDOH. Security equipment must be kept in working order and periodically tested.

Marijuana must be stored in a secure area accessible to a minimum number of employees to prevent diversion, theft, loss, and contamination or deterioration of the product. Approved safes, vaults or any other approved equipment or areas used for the manufacturing or storage of marijuana and approved medical marijuana products must be securely locked or protected from entry, except for the actual time required to remove or replace marijuana or approved medical marijuana products.

Prior to transporting medical marijuana, Registered Organizations must complete a shipping manifest using a form determined by the NYSDOH. A copy of the shipping manifest must be transmitted to the destination that will receive the products and to the NYSDOH at least two Business Days prior to transport unless otherwise expressly approved by the NYSDOH. In this regard, the Registered Organization must maintain shipping manifests and make them available to the NYSDOH for inspection upon request, for a period of 5 years. Approved medical marijuana products must be transported in a locked storage compartment that is part of the vehicle transporting the marijuana and in a storage compartment that is not visible from outside the vehicle. Employees, when transporting approved medical marijuana products, travel directly to their destination(s) and may not make unnecessary stops in between. Delivery times must be randomized, transportation vehicles must be staffed by at least two employees, and a copy of the shipping manifest must be on hand while transporting or delivering approved medical marijuana products.

NYSDOH Inspections

All registered organizations must make their books, records, and facilities available to NYSDOH for monitoring, on-site inspection, and audit purposes, including but not limited to periodic inspections and evaluations. If a problem is found by NYSDOH, the registered organization must submit a plan of correction within 15 days.

New York Hemp

The CCB also has regulatory authority over New York's industrial hemp program. That program creates a licensing regime for growers, processors, retailers, and of industrial hemp and hemp cannabinoid products, and subjects such licensees to recordkeeping, product-quality testing, transportation, disposal, and security requirements. The CCB has authority to inspect a registered premises as often and to the extent necessary to ensure compliance with hemp laws and regulations.

OHIO

Ohio Regulatory Landscape

House Bill 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program (“**MMCP**”) allows people with certain medical conditions, upon the recommendation of an Ohio- licensed physician certified by the State Medical Board, to purchase and use medical marijuana. House Bill 523 required that the framework for the MMCP would be in place no later than September 2018. This timeframe allowed for a deliberate process to ensure the safety of the public and to promote access to a safe product. Sales of medical marijuana in Ohio began in January 2019.

The following three state government agencies are responsible for the operation of the MMCP: (i) the Ohio Department of Commerce is responsible for overseeing medical marijuana cultivators, processors and testing laboratories; (ii) the State of Ohio Board of Pharmacy is responsible for overseeing medical marijuana retail dispensaries, the registration of medical marijuana patients and caregivers, the approval of new forms of medical marijuana and coordinating the Medical Marijuana Advisory Committee; and (iii) the State Medical Board of Ohio is responsible for certifying physicians to recommend medical marijuana and may add to the list of qualifying conditions for which medical marijuana can be recommended. Qualifying medical conditions for medical marijuana include: HIV/AIDS, Lou Gehrig’s disease, Alzheimer’s disease, Cancer, Chronic traumatic encephalopathy, Crohn’s disease, epilepsy or other seizure disorder, fibromyalgia, glaucoma, hepatitis C, inflammatory bowel disease, multiple sclerosis (MS), pain (either chronic, severe, or intractable), Parkinson’s disease, PTSD, sickle cell anemia, spinal cord disease or injury, Tourette’s syndrome, traumatic brain injury, ulcerative colitis. In order for a patient to be eligible to obtain medical marijuana, a physician must make the diagnosis of one of these conditions. The Board of Pharmacy is in the process of revising its regulations for dispensaries, for the forms and methods for administering medical marijuana, and for patients and caregivers.

Several forms of medical marijuana are legal in Ohio, these include: inhalation of marijuana through a vaporizer (not direct smoking), oils, Tinctures, plant material, edibles, patches and any other forms approved by the State Board of Pharmacy. On November 18, 2021, the Ohio Board of Pharmacy closed its Request for Applications process to solicit applications for up to 73 new dispensary licenses. It is expected that the Board of Pharmacy will award these new dispensary licenses in early 2022.

Columbia Care (through its subsidiary in the State of Ohio) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Ohio.

Licenses in the State of Ohio

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Columbia Care OH LLC	Certificate of Operation #MMCP00024	Mount Orab, OH	07/01/22	Certificate of Operation to Cultivate Medical Marijuana
Cannascend Alternative LLC, dba Columbia Care	Medical Marijuana Dispensary Certificate of Operation #MMD.0700073	Dayton, OH	07/01/23	Medical Marijuana Dispensary Certificate of Operation
Cannascend Alternative Logan, LLC dba Columbia Care	Medical Marijuana Dispensary Certificate of Operation #MMD.0700071	Logan, OH	07/01/23	Medical Marijuana Dispensary Certificate of Operation

[Table of Contents](#)

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Cannascend Alternative LLC dba Columbia Care	Medical Marijuana Dispensary Certificate of Operation #MMD.0700072	Monroe, OH	07/01/2023	Medical Marijuana Dispensary Certificate of Operation
Cannascend Alternative LLC dba Columbia Care	Medical Marijuana Dispensary Certificate of Operation #MMD.0700070	Marietta, OH	07/01/2023	Medical Marijuana Dispensary Certificate of Operation
Corsa Verde LLC	Certificate of Operation #MMCPC00039	Columbus, OH	12/12/2021	Certificate of Operation to Process Medical Marijuana
Green Leaf Medical of Ohio II, LLC	Medical Marijuana Dispensary Certificate of Operation #MMD.0700074	Warren, OH	07/01/2023	Medical Marijuana Dispensary Certificate of Operation

Ohio Operating Requirements

Cultivators must establish, maintain, and comply with the policies and procedures contained in the operations plans submitted as part of their applications. Operations plans must include policies and procedures for the production, storage, inventory, and transportation of medical marijuana. At a minimum, such plans must: (1) designate areas in the facility that are compartmentalized based on function, such as the marijuana cultivation area, with restricted access between the different areas of the facility; (2) implement policies and procedures that provide best practices for secure and proper cultivation of medical marijuana, which includes restricted movement between the different production areas by personnel based on access credentials assigned by the facility; (3) document the chain for all medical marijuana in the inventory tracking system; (4) establish a standard for the facility to be maintained in a clean and orderly condition, which includes free from infestation by rodents, insects, birds, and other animals of any kind; and (5) maintain a facility with adequate lighting, ventilation, temperature, sanitation, equipment and security for the safe and consistent cultivation of medical marijuana. Cultivators must also submit and maintain a quality control plan, and they are limited to the use of pesticides, fertilizers, and other chemical approved by the Department of Commerce. Moreover, cultivators are subject to recordkeeping and reporting requirements regarding their use of such chemicals.

Cultivators must maintain their facilities according to certain standards. All floors and benches must be free of debris, dust, and any other potential contaminants. Cultivators must remove dead and unusable plant parts from the marijuana cultivation area, and control rodents and other non-plant related pests. In maintaining their facilities, cultivators may only use chemicals, cleaning solutions, and other sanitizing agents approved for use around vegetables, fruit, or medicinal plants and must store them in a manner that protects against contamination. Cultivators must keep their equipment in a clean, professional environment and maintain cleaning and equipment maintenance logs at their facilities. Scales, balances, or other weight and/or mass measuring devices must be routinely calibrated using "National Institute of Standards and Technology" (NIST)-traceable reference weights, at least once each calendar year, by an independent third party approved by the Department of Commerce. The water supply for each cultivation center must be derived from a source that is a regulated water system or a private water supply and must meet the needs of the cultivator. Each cultivator must implement policies and procedures related to receiving, inspecting, transporting, segregating, preparing, packaging, and storing medical marijuana in accordance with adequate sanitation principles. The disposal of undesired, excess, unauthorized, obsolete, adulterated, misbranded or deteriorated medical marijuana waste is subject to a specific set of procedures set forth in OAC 3796:2-2-03.

Cultivators may not sell marijuana to patients or caregivers, nor may they permit the consumption of marijuana on their premises. A cultivator may not grow a prohibited form of marijuana that is not registered and approved by the state of Ohio Board of Pharmacy pursuant to section 3796.061 of the Revised Code. A cultivator must not produce or maintain medical marijuana in excess of the quantity required for normal, efficient operation based on patient population and consumption reported in the inventory tracking system. A cultivator may not amend or otherwise change its approved operations plan, quality assurance plan, or cultivation or production techniques, unless written approval is obtained from the Department of Commerce, and a cultivator may not change the use or occupancy of the facility unless the Department of Commerce is notified of and provides prior written approval of such changes. A cultivator shall not sell plant material that exceeds thirty-five per cent THC content as defined in OAC 3796:1-1-01. Finally, a licensed cultivator may not directly or indirectly discriminate in price between different processor or dispensary facilities that are purchasing a like grade, strain, brand, quality, and quantity of medical marijuana.

Ohio Reporting Requirements

Ohio uses the METRC system as its seed-to-sale tracking system. Licensees are required to use METRC to push data to the state to meet all of the reporting requirements. When Columbia Care Ohio LLC is operational, it intends to implement its tracking system to comply with the state's tracking and reporting requirements.

Ohio Storage, Transportation, and Security Requirements

The regulations permit Columbia Care OH LLC to store medical marijuana inventory at its cultivation facility in a designated, enclosed, locked facility identified in its plans and specifications that it submitted to the Ohio Department of Commerce. This storage area can only be accessible by authorized individuals. On an annual basis and as a condition to renewal of its cultivator license, Columbia Care OH LLC must perform a physical, manual inventory, of the medical marijuana on hand and compare it to the annual report generated by the inventory tracking system. The cultivation facility must install a commercial grade security alarm system to prevent and detect diversion, theft, or loss. The facility also must maintain surveillance equipment to capture the entire facility and provide direct access to the regulator on a real-time basis. This equipment must be kept in good working order and inspected and tested on an annual basis by a third party.

Prior to transporting any medical marijuana, regardless of form, a medical marijuana entity must maintain a transportation log, in writing, that contains the following information: (1) the names and addresses of the medical marijuana entities sending and receiving the shipment; (2) the names and registration numbers of the registered employees transporting the medical marijuana or the products containing medical marijuana; (3) the license plate number and vehicle type that will transport the shipment; (4) the time of departure and estimated time of arrival; (5) the specific delivery route, which includes street names and distances; and (6) the total weight of the shipment and a description of each individual package that is part of the shipment, and the total number of individual packages. A copy of this log must be sent to the receiving entity before the close of business on the business day prior to transport. A copy of the log must also be in the vehicle at all times while it is transporting medical marijuana products. All such logs must be maintained and provided to law enforcement upon request.

Vehicles used to transport marijuana must be insured as required by law and staffed with a minimum of two registered employees, with at least one employee remaining with the vehicle at all times that the vehicle contains medical marijuana. The marijuana must be kept in a locked container or compartment, and it must not be visible from outside the vehicle. The vehicle must be unmarked. Any vehicle transporting medical marijuana or any product containing medical marijuana must travel directly from the sending medical marijuana entity to the receiving medical marijuana entity and shall not make any stops in between except to other medical marijuana entities listed on the transportation log, to refuel the vehicle, or to notify the medical marijuana entities, the department and law enforcement in the event of an emergency. In the event of an emergency, the employees must report the emergency immediately to law enforcement through the 911 emergency system and to the medical marijuana entities, which will immediately notify the appropriate regulatory authorities, unless the notification is impractical under the circumstances. The employees must notify the sending medical marijuana entity when the delivery has been completed.

Department of Commerce Inspections

The Ohio Department of Commerce may, at any time it determines an inspection is needed, with or without notice, conduct an inspection of a cultivator to ensure compliance with the facility's application and state laws and regulations. An inspection of a cultivator may include, without limitation, investigation of standards for safety from fire on behalf of the department by the local fire protection agency. If a local fire protection agency is not available, the division of state fire marshal may conduct the inspection after the cultivator pays the appropriate fee to the division of state fire marshal for such inspection. If a problem is detected during an inspection, the cultivator must produce a plan of correction within ten business days.

PENNSYLVANIA

Pennsylvania Regulatory Landscape

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

On March 22, 2018, it was announced that the final phase of the Pennsylvania medical marijuana program would be initiated, which would include the issuance of 13 additional cultivation/processing licenses and 23 additional dispensary licenses. This application period ran from April 2018 through May 17, 2018. The Pennsylvania Department of Health announced the results of the application period, granting 23 new dispensary permits and 13 grower/processor permits across six regions of the state, on December 18, 2018.

In the introductory months of the program, Pennsylvania's medical marijuana dispensaries experienced supply shortages that rendered the market unable to keep up with demand. It was announced on April 17, 2018 that dry flower would be included in the regulations as an approved product form for sale and consumption (in addition to the already approved forms of concentrates, pills, and tinctures). Simultaneously, it was announced that the list of qualifying conditions would expand from 17 to 21, including additions of cancer remission therapy and opioid-addiction therapy. In July of 2019, the Pennsylvania Department of Health expanded the list of qualifying medical conditions to include anxiety disorders and Tourette syndrome, increasing the number of qualifying conditions to 23.

On March 5, 2021, the Department of Health proposed permanent regulations relating to medical marijuana, replacing the temporary regulations governing the program through its history. These proposed regulations are in substantially the same form as the temporary regulations, with only a few distinctions. One proposed revision identifies that a medical marijuana organization's change in ownership without the Department's knowledge and written approval of all individuals affiliated with the medical marijuana organization would be a violation of the act and proposed rules. The proposed regulations also require dispensaries and grower/processors to supplement ongoing reports to the Department with information related to the average price per unit of medical marijuana products sold, as opposed to the per-dose price. The proposed rules also augment the list of reasons for which the Department may suspend or revoke a medical marijuana organization's permit by adding falsification of information on any applications submitted to the Department. The proposed regulations also address training, identifying that principals, as well as employees, who have direct contact with patients or caregivers or who physically handle medical marijuana plants, seeds and products must also complete a training.

Additionally, the Pennsylvania Department of Agriculture administers an Industrial Hemp Research Pilot Program, as permitted by the federal Industrial Hemp Research Act of 2016 (P.L. 822, No. 92). As it is allowed to do under the 2018 Farm Bill, the Commonwealth of Pennsylvania will submit a regulatory plan to the U.S. Department of Agriculture program to administer a larger Industrial Hemp Program, including licensing the cultivation of hemp, as defined by federal law, for interstate commercial purposes. In January of 2019, the Pennsylvania Department of Agriculture lifted its 100-acre acreage cap on permitted hemp cultivators to grow unlimited acreage on locations approved under pre-existing permits.

Columbia Care (through its subsidiary in the State of Pennsylvania) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Pennsylvania.

Pennsylvania Licenses

Under applicable laws, the license permits Columbia Care to purchase marijuana and marijuana products from cultivation/processing facilities, and to sell marijuana and marijuana products to registered patients pursuant to the terms of the license. The license is issued by the Pennsylvania Department of Health (the “Department”) under the provisions of the Medical Marijuana Act (35 P.S. §§ 10231.101—10231.2110) and Chapters 1141, 1151 and 1161 of the Pennsylvania regulations. The license is, as of the date hereof, active with the Commonwealth of Pennsylvania.

All dispensaries must register with the Department. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email and include a renewal form. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Columbia Care would expect to receive the applicable renewed license in the ordinary course of business.

<u>Holding Entity</u>	<u>Permit/License</u>	<u>City</u>	<u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u>	<u>Description</u>
Columbia Care Pennsylvania LLC	Permit D-2009- 17	Allentown, PA Scranton, PA Wilkes-Barre, PA	07/31/22	Dispensary
Green Leaf Medicals, LLC	Permit GP-18-3005	Saxton, PA	7/31/21	Grower Processor

Pennsylvania Dispensary Requirements

In order to maintain its permit, a dispensary must continue to meet all of the qualifications for obtaining such permit. Dispensaries must purchase marijuana only from authorized growers and processors. They may sell devices related to the use of medical marijuana, but only with the Department’s prior written approval. Dispensaries must require a valid identification card from each patient or caregiver and verify it via electronic tracking system before dispensing any product. A dispensary may not dispense (1) a quantity of marijuana greater than the amount indicated on a patient’s certification, (2) a form or dosage of product that is listed as a restriction or limitation on the patient certification, (3) or a form of medical marijuana product which is not permitted by law or regulation. Dispensaries cannot dispense more than a 30-day supply at one time, and they must wait until the patient has exhausted all but a 7-day supply before providing a refill. Moreover, dispensaries are subject to certain advertising and promotional restrictions.

Dispensaries must maintain their facilities in sanitary condition. Generally, employees working in direct contact with medical marijuana products must comply with the food-handling regulations of Pennsylvania. Employees and visitors must have access to adequate hand-washing facilities and sanitary lavatories.

Dispensaries may not employ individuals under the age of eighteen. A dispensary may not permit a patient to self- administer medical marijuana products at the facility unless the patient is also an employee of the dispensary, and the dispensary permits self-administration of medical marijuana products at the facility by the employees.

Pennsylvania Reporting Requirements

The Commonwealth of Pennsylvania uses MJ Freeway as the state’s computerized T&T system for seed-to-sale. Individual licensees are required to use MJ Freeway to push data to the state to meet all reporting requirements. Columbia Care Pennsylvania LLC integrates its in-house software with the state’s MJ Freeway program to capture the data points required by the Pennsylvania medical marijuana laws and regulations.

Pennsylvania Storage, Transportation, and Security Requirements

The regulations require a dispensary to have a locked limited access area for the storage of medical marijuana that is expired, damaged, deteriorated, mislabeled, contaminated, recalled or whose containers or packages have been opened or breached until such product is returned to the grower/processor.

Columbia Care Pennsylvania LLC must have a security system with professional monitoring, 24-hours a day and seven days a week, and fixed cameras on the interior and exterior of the facilities. The surveillance system must store data for a period of four years in a readily available format for investigative purposes.

Unless otherwise approved by the Department, a dispensary may deliver medical marijuana products to a medical marijuana organization only between 7 a.m. and 9 p.m. for the purposes of transporting medical marijuana products among the permittee's dispensary locations and returning medical marijuana products to a grower/processor. Dispensaries may not transport medical marijuana products outside of Pennsylvania, and they must use a global positioning system to ensure safe, efficient delivery of the medical marijuana products to a medical marijuana organization. Dispensaries may not offer delivery of medical marijuana. Dispensaries must have an enclosed, secure area out of public sight for the loading and unloading of medical marijuana products into and from a transport vehicle.

All vehicles used in the transport of marijuana must be unmarked and equipped with a secure lockbox or locking cargo area. Products must be appropriately packaged and labeled. If transporting perishable medical marijuana products, they must be temperature controlled. They must display current inspection stickers and be insured for a commercially reasonable amount. Each vehicle must be staffed with at least two people while transporting marijuana, with at least one team member remaining in the vehicle at all times. Each team member must have access to a secure form of communication with the dispensary and have a valid driver's license. Team members must not wear clothing or symbols related to marijuana, and they must carry an identification badge or card at all times and produce it to law enforcement upon request. The team must also carry a transportation manifest and provide a copy to the recipient of the medical marijuana products.

Department Inspections

The Department may conduct announced or unannounced inspections or investigations to determine the medical marijuana organization's compliance with its permit and all relevant laws and regulations. Such inspection or investigation may include (1) inspection of a medical marijuana organization's site, facility, vehicles, books, records, papers, documents, data, and other physical or electronic information; (2) questioning of employees, principals, operators, financial backers, authorized agents of, and any other person or entity providing services to the medical marijuana organization; and (3) inspection of a grower/processor facility's equipment, instruments, tools and machinery that are used to grow, process and package medical marijuana, including containers and labels. Failure to provide immediate access to any of the materials, information, or individuals listed above may result in the imposition of a civil monetary penalty, suspension or revocation of the medical marijuana organization's permit, or an immediate cessation of its operations pursuant to a cease-and-desist order issued by the Department.

PUERTO RICO

Puerto Rico Regulatory Landscape

Puerto Rico's medical marijuana program is governed by the Medical Cannabis Act, 24 L.P.R.A. § 2621 *et seq.* (the "**PR Act**"), and by regulations promulgated by the Medical Cannabis Regulatory Board (the "**MCR Board**"), Regulation No. 9038, July 2, 2018. The program allows for the medical administration of cannabis in private locations when the use is recommended by an authorized physician. Smoking medical marijuana, which does not include vaporizing, remains prohibited. The MCR Board has authorized physicians to prescribe medical cannabis for a "bona fide" medical condition not otherwise prohibited by the regulations or the PR Act, as determined by a physician, provided that patients who are prescribed medical marijuana must register with the MCR Board and provide a MCR Board-issued identification to obtain medical marijuana.

The Medical Cannabis Act authorizes the MCR Board to create licensing regimes for – among other entities – cultivation centers, dispensaries, and manufacturing facilities. Licensees of separate types of licenses are only permitted to engage in the specific licensing activity for which they are granted a license.

Columbia Care (through its subsidiary in Puerto Rico) is currently maintaining turnkey facilities that are awaiting an operational role.

Puerto Rico License Requirements

Applicants for manufacturing, cultivation, and dispensing licenses are subject to stringent measures designed to guarantee the safety of patients, the community, and persons participating in the medical cannabis industry. Specifically, applicants must demonstrate, among other things, the following:

- Those seeking a license for dispensaries must fulfill 17 different licensing requirements, including forms and supplementary materials required by the MCR Board; evidence that the applicant is at least 21 years old; a copy of identification for each owner with at least 5% interest; evidence that at least 51% of the ownership capital originates in Puerto Rico; background check information concerning each owner with at least 5% interest; evidence that the applicant has not been convicted of a felony relating to the possession, distribution, manufacture, cultivation or use of a controlled substance; evidence that the applicant has the financial capacity to operate each establishment for which it applies for a period of twelve months; certified copy of a criminal record submitted by the Puerto Rico police; certified copy of “no debt” from the Puerto Rico Department of Treasury; certification of “no debt” from the Municipal Revenue Collection Center; a partnership agreement; a zoning map demonstrating the dispensary will not be within a 100 meter radius of a school; evidence of ownership; submit a request to do business as a registered merchant; a detailed plan of the establishment; financial projections and a break even analysis; and payment of the requisite fees.
- In addition to the licensing requirements listed above, those seeking a cultivation license must fulfill the following requirements: a certificate of compliance with good agricultural practice or its equivalent approved by the Puerto Rico Department of Agriculture; evidence of having taken a course of good agricultural practices. In addition, establishments must follow good cultivation practices and maintain standard operational procedures to protect and guarantee quality; structures that cultivate indoors should be in a closed space with rigid walls without windows to avoid visibility indoors; access must be limited; they must be available for inspection; and must be surrounded by a double fence.
- In addition to the licensing requirements listed above, those seeking a manufacturing license must fulfill the following requirements: they must follow best manufacturing practices provided for in Title 21 of the Code of Federal Regulations; have a current certificate for food hygiene from the Assistant Secretary of Environmental Health; evidence of having taken a course on food security; limitations on access to the areas of manufacture, inventory, and loading; and the establishment of processes and standards detailed for each product manufactured.

Puerto Rico Licenses

Columbia Care Puerto Rico LLC does not currently hold licenses in Puerto Rico.

Licenses are available for new operators and expire within one year. Columbia Care Puerto Rico LLC would expect a new qualifying operator to obtain a license at the facilities.

Puerto Rico Dispensary Operational Requirements

Only authorized patients may purchase marijuana and may only use such products in the privacy of their homes and in authorized locations. Marijuana may not be used in a commercial facility. Marijuana may not be sold to someone without a valid license to purchase. No more than 2.5 ounces of marijuana in a product may be sold during a transaction.

A dispensary may not purchase more than 30% of its supply from another licensed dispensary, nor may a licensed dispensary sell more than 30% of its supply to another licensed dispensary.

License holders must maintain a “Seed to Sale Tracking System,” which must include a complete and precise registry of the materials used in the production of marijuana products. An administrator must be appointed to maintain the system. Use of the system must be limited to those with a valid occupational license. There must be an alert system to track completion, and the license holder must resolve outstanding questions.

Puerto Rico Security, Transportation, and Storage Requirements

Puerto Rican regulations mandate various security requirements, including the following:

- A dispensary must be a building with two places of access, one in the front and one in the side or the back. There must be an administrative system with strict controls over lists of qualified patients. This area must be separate from where inventory is located, and these areas must be separate from where product is sold. There must also be a separate waiting area at the front of the building near the street. The loading area must also be separate and inaccessible to the public.
- Dispensaries must have security and alarm systems to track unauthorized entrance outside of working hours. There must also be an electronic surveillance system to account for theft and similar conduct, with multiple different kinds of alarms.
- There must be no fewer than one security guard at a dispensary, 24 hours per day. The security guard permits access to the facility.

Table of Contents

- Those in limited access areas must be able to provide evidence of the appropriate license provided by the licensing board at any time, as well as their own individual identification card. The license provided by the board may not be tampered with or altered in any way.
- Visitors to a facility with limited access must obtain a visitor identification card and display it in a manner visible to others. Such visitors must be escorted at all times in a limited access area, and the license holder must maintain a registry of visitors.
- Specific and detailed requirements on the marking of exits and entrances to and from a limited access area.

With regard to transportation, all transportation of marijuana must be accompanied by a manifest approved by the Department of Health with specific information, including the name of the registered distributing entity, the name of the registered establishment receiving the product, a description of the route taken, and the name of the vehicle driver. Each manifest must be maintained for two years. Only those licensed by the division may be authorized to transport product. Vehicles used for transportation must be duly licensed under Puerto Rican motor vehicle law.

With regard to storage, marijuana may only be stored by a licensee in a licensed establishment, or in an otherwise approved location (and such approved location may only be used for the storage of marijuana). A license holder may only store marijuana that belongs to the license holder's inventory.

Puerto Rico Department Inspections

All facilities subject to license are subject to inspection, as are all required documents. Inspectors have the right pursuant to an order of an inspection to inspect facilities and documents upon announcement and provision of proper identification to the license holder, under the limitations of an inspection order and using reasonable means. Inspectors are permitted to take chemical samples and inventory lists. Inspectors are not permitted to inspect financial or price information.

UTAH

Utah Regulatory Landscape

On December 3, 2018, Utah lawmakers passed House Bill 3001: Utah Medical Cannabis Act (the "**UT Act**"). The Utah Act directs the Utah Department of Health (the "**Utah Department**") to issue medical cannabis cards to patients, register medical providers who wish to recommend medical cannabis treatment for their patients, and license medical cannabis pharmacies. Covered medical conditions include HIV/AIDS, ALS, cancer, cachexia, persistent nausea, Chron's disease, epilepsy, multiple sclerosis, PTSD that is being treated and monitored by a licensed therapist, autism, certain terminal illnesses, and certain other rare conditions and diseases. The Act and subsequent amendments thereto authorized the Department to license and regulate up to 14 private entities to dispense medical cannabis products through medical cannabis pharmacies. The Utah Department has issued regulations governing medical cannabis pharmacies' operations. The UT Act also grants the Department of Agriculture and Food regulatory authority over medical marijuana cultivators and processors. Effective July 1, 2021, all Utah medical cannabis cardholders are required to purchase their products from a Utah medical cannabis pharmacy. Out of state purchases and possession of medical cannabis are no longer permitted.

On January 3, 2020, the Department announced its intent to award 14 medical cannabis pharmacy licenses to companies selected from over 130 applicants. Columbia Care was selected to open a medical cannabis pharmacy in Springville, Utah, which is located just south of Provo. Columbia Care (through its subsidiary in the State of Utah) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Utah. Additionally, Utah law required the 15th pharmacy license to be given to a business located in specific rural counties. On November 18, 2021, the Department awarded the state's 15th medical cannabis pharmacy license to an existing Utah medical cannabis pharmacy operator that will open its facility in Price, Utah.

Additionally, in 2014, the Utah legislature passed the Hemp and Cannabinoid Act (the “**UT Hemp Act**”) pursuant to the 2014 Farm Bill, which created the framework for legalized industrial hemp in Utah. The UT Hemp Act created a pilot program for hemp. Utah’s 2019 amendments to the UT Hemp Act expanded the scope of the state’s hemp program. In 2020, Utah amended the UT Hemp Act once again and directed the Utah Department of Agriculture and Food (“**UDAF**”) to develop a state industrial hemp production plan. In 2020, the U.S. Department of Agriculture approved the Utah Industrial Hemp Production Plan.

Under the UT Hemp Act, an individual or entity cultivating or processing industrial hemp must obtain an industrial hemp producer license. The industrial hemp production plan subjects licensees to several regulatory requirements. These include grower area requirements and reporting requirements; submission to inspection, sampling, and testing by UDAF to ensure the hemp has a permissible THC level of under 0.3%; storage requirements; and destruction processes. Intentional violations of the UT Hemp Act or UDAF’s rules, as well as repeated negligent violations, may result in loss of license.

Utah License Requirements

The Department announced its plans to award the 14 medical cannabis pharmacy licenses across four regions of the state. Columbia Care applied for a license in Region 3, which encompasses Utah County, where Springville is situated. The application process required Columbia Care to pay an application fee and to submit information regarding its ownership and directors, its finances, and a description of any past disciplinary actions for cannabis-related operations in any jurisdiction. Columbia Care was also required to submit highly detailed information regarding its experience, operating plan, strategic plan, local connections, and ability to keep the cost of medical cannabis low for patients. Such information included, for example: a list of all states in which Columbia Care operates; details of Columbia Care’s proposed facility; a floor plan depicting the facility’s security features; information about principles and key employees’ credentials, including a Utah licensed pharmacist; training and customer service information; storage protocols; a description of all medical cannabis products Columbia Care intends to offer; a financial plan; and Columbia Care’s local connections to Utah.

License applications were then evaluated and scored by a committee based on several criteria, including: experience in the medical cannabis or other highly regulated industries, disciplinary action or investigation in other jurisdictions, an operating plan that will best ensure the safety and security of cardholders and the community, the extent to which an applicant can reduce the cost of medical cannabis, connections to the local community, and a strategic plan that has a high likelihood of success. Of the 14 licenses awarded by the Department, an initial group of eight pharmacies were given the option to open as soon as March 1, 2020, while the remaining six are allowed to open as early as July 1, 2020. Successful applicants were required to obtain a land-use permit for their medical cannabis pharmacy within 120 days of the license award if required by their county or locality. Final licensure is also subject to applicants’ owners passing criminal background checks and the Department approval of the applicants’ operating plans. Columbia Care satisfied these requirements and was issued a medical cannabis pharmacy license on April 22, 2021 authorizing Columbia Care to operate the pharmacy.

UDAF licenses medical cannabis processors and regulates the manufacturing and processing of medical cannabis into various medical cannabis products. Processors in Utah are responsible for dry, cure, extraction, refinement, formulation, packaging, and labeling of medical cannabis products. Utah has two tiers of processing licenses. A Tier 1 Processing License allows a facility to process, formulate, package, and label products. A Tier 2 License allows a facility to packaging and labeling or products. Currently UDAF is not restricting the number of either tier of processing licenses.

Columbia Care applied for a Tier 1 processing license. The processing license application process required Columbia Care to pay an application fee and to submit information regarding its ownership and directors, its finances, a description of any past disciplinary actions for cannabis-related operations in any jurisdiction and detailed property information, including, but not limited to facility square footage, type and location of equipment, and the location of all cameras and external lights. Columbia Care was also required to submit highly detailed information regarding its experience, and operating plan. Such information included, for example: a list of all products that will be produced; all extraction methods to be used, including solvents, chemicals and equipment; short and long-term storage protocols to ensure sanitary preservation of medical cannabis products; a recall plan; a disposal plan; and transportation and transfer plan, including the make and model of all vehicles Columbia Care will use to transport medical cannabis products. All Medical Cannabis Processing Facilities must comply with quality assurance testing, and obtain a Good Manufacturing Permit from UDAF’s Regulatory Services. Final licensure is also subject to the payment of a \$100,000.00 processing fee, securing a \$50,000.00 performance bond, and successful completion of a pre-inspection to verify the processing facility meets all safety and security requirements. Columbia Care expects to satisfy these requirements in the ordinary course of business.

Utah Operating Requirements

Medical cannabis pharmacies in Utah are subject to several highly detailed operational requirements. The requirements impose restrictions on who may enter a pharmacy, who may be employed by a pharmacy, and on consuming cannabis on site. They require pharmacies to maintain sophisticated security infrastructure and policies designed to minimize the risk of diversion and to minimize access to cannabis products. These include, for example, maintenance of a physical surveillance system with video cameras located throughout the facility, a fail-safe backup system to support the system in the event of a power-outage; installation of an alarm system; and maintenance of safes and vaults for storing medical cannabis.

The operational requirements also govern the dispensing procedure. All cannabis sold must meet certain labeling requirements and transactions are subject to a number of verification, inventory, and record-keeping requirements. Unusable cannabis products must be properly disposed. The UT Act imposes limitations on the amount of cannabis a pharmacy can dispense to a single patient in a 28-day period. That amount is capped at the lesser of (a) a 30-day supply for treatment; (b) 113 grams of unprocessed cannabis; or (c) 20 grams of total composite THC. Utah law also allows pharmacies to dispense medical cannabis via home delivery.

Medical cannabis pharmacies are required to employ a pharmacist-in-charge (“PIC”). The duties of the PIC generally include ensuring: the safe, informed, and appropriate distribution of medical cannabis and cannabis devices; protection, recording, and maintenance of patient records; education and training of pharmacy personnel; procurement of cannabis products and educational materials; appropriate disposal and storage of cannabis; controls against theft or diversion; compliance with applicable laws and regulations; quality assurance; maintenance of the point-of-sale system and integration with the state’s inventory systems; and safe operation of the facility. Pharmacies must also be supervised by at least one licensed medical cannabis pharmacy medical provider (“PMP”) who must be present during all hours of operation.

Utah Licenses

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
CCUT Pharmacy LLC	Medical Cannabis Pharmacy License 0010-270	Springville, UT	04/22/22	Dispensary
Columbia Care UT LLC	Cannabis Processor Licensing Agreement	Centerville, UT	06/07/22	Manufacturing & Processing
CCUT Pharmacy LLC	Industrial Hemp Retail License 8003-214074	Springville, UT	12/31/22	Industrial Hemp

On January 3, 2020, the Department announced its intent to award 14 medical cannabis pharmacy licenses to companies selected from over 130 applicants. Columbia Care was selected to open a medical cannabis pharmacy in Springville, Utah and on April 22, 2021 was issued a Cannabis Pharmacy License authorizing Columbia Care to operate the cannabis pharmacy. Licenses must be renewed annually. While Columbia Care’s compliance controls have been developed to mitigate the risk of any material deviations from Department requirements, there is no assurance that the license will be annually renewed.

Additionally, effective June 7, 2021, Columbia Care entered into a Cannabis Processor Licensing Agreement with the UDAF. Pursuant to the terms of this agreement, Columbia Care may be issued a Tier I Cannabis Processing License by UDAF for a facility located in Centerville, Utah. Issuance of the license is contingent on the completion of facility improvements and related inspections, obtaining a Good Manufacturing Permit from UDAF, payment of a \$100,000.00 processing fee, securing a \$50,000.00 performance bond, and successful completion of a pre-inspection prior to June 7, 2022. Once issued, the license must be renewed annually. Columbia Care has filed for building permits and expects to receive a final license in the ordinary course of business; however, while Columbia Care’s compliance controls have been developed to mitigate the risk of any material deviations from an application requirement as specified in the licensing agreement, there is no assurance that the license will ultimately be granted and annually renewed thereafter.

Utah Inspections

Columbia Care’s Utah facility and records are subject to inspection from the Department at any time during business hours.

2020 Amendments to the UT Act

On February 28, 2020, the Governor signed legislation comprehensively amending the UT Act. Among the changes were the allowance of dosages in liquid suspension, allowance of medical cannabis pharmacies to sell certain CBD products, creation of partial-year limited licenses for cannabis processing licensing facilities and operation of an independent testing laboratory by the Utah Department of Agriculture and Food (“UDAF”), expansion of the authority of the state’s Cannabinoid Product Board to review scientific research on the efficacy of products, and the state’s Compassionate Use Board to hear petitions for use, relaxation of certain patient limits on use and validity of medical cannabis cards and restrictions on medical providers, direction to the Department of Health to authorize out-of-state residents to purchase medical cannabis, and permission to the UDAF to conduct random sampling of medical cannabis in medical cannabis pharmacies.

VIRGINIA

Virginia Regulatory Landscape

In 2017, Virginia commenced a program to allow registered patients to use CBD oil or THC-A oil. The program is governed by Va. Code Ann. § 54.1-3442.5 *et seq.*, and by emergency regulations enacted by the Virginia Board of Pharmacy (the “**Virginia Board**”) at 18 VAC 110-60-10 *et seq.* “Registered patients” means any Virginia resident who has received a written certification for the use of CBD oil or THC-A oil from a practitioner (which includes nurse practitioners and physician assistants) to alleviate the symptoms of any diagnosed condition or disease, and who has been issued a registration by the Virginia Board. Virginia’s program allows the Virginia Board to license “pharmaceutical processors,” which are vertically integrated operations that can cultivate, process, and dispense CBD oil and THC-A oil in concentrations to be established by the Virginia Board that cannot exceed 10 mg of THC per dose. The oils can be processed into other formulations, such as capsules or lozenges. The state has limited licensure to one pharmaceutical process per “health service area,” as defined by the State Board of Health. There are currently five health service areas. Following an initial cultivation period, pharmaceutical processors cannot maintain more than 12 cannabis plants per patient and cannot maintain CBD oil or THC-A oil in excess of what is required for normal operations.

In 2020, Virginia passed an act amending and reenacting Va. Code Ann. § 54.1-408.3 and 54.1-3442.5 *et. seq* (the “**Amendment**”). The Amendment allows for cannabis dispensing facilities, allows patients who are temporary residents to register, permits access to cultivation areas of the processor without a pharmacist on site, permits the Board to establish standards for testing laboratories to obtain controlled substance registration, permits the sale of devices and inert sample products, allows wholesale distribution between processors and dispensing facilities, changes every reference of “cannabidiol oil or THC-A oil” to “cannabis oil,” deletes the requirement for an in-person examination by the prescriber certifying a patient to receive cannabis oil and allow the use of telemedicine in compliance with federal law, allows the pharmacist-in-charge to authorize certain employees to access secured areas when a pharmacist is not on site, and allows a ratio of six pharmacy technicians per one pharmacist working in the processor.

In 2020, the Virginia Board amended Title 18 of the Virginia Administrative Code 110-60, *et. seq.* and in February 2021, the Virginia Board adopted emergency rules amending Title 18 of the Virginia Administrative Code 110-60, *et. seq.* effective February 8, 2021 through August 7, 2022. These rules and emergency rules implement the changes as laid out in the Amendment. “Cannabis dispensing facility” means a facility that (i) has obtained a permit from the Board pursuant to § 54.1-3442.6; (ii) is owned, at least in part, by a pharmaceutical processor; and (iii) dispenses cannabis oil produced by a pharmaceutical processor to a registered patient, his registered agent, or, if such patient is a minor or an incapacitated adult as defined in § 18.2-369, such patient’s parent or legal guardian. “Temporarily resides” means a person that does not maintain a principal place of residence within Virginia but resides in Virginia on a temporary basis as evidenced by documentation substantiating such temporary residence.

On April 7, 2021, a majority of both houses of the Virginia legislature voted to legalize adult-use marijuana. Virginia Senate Bill 1406/House Bill 2312 legalizes the retail sale of marijuana products to adults over the age of 21 and establishes the Virginia Cannabis Control Authority to oversee the cultivation, manufacture, wholesale, and retail sale of marijuana and marijuana products. Under the new law, home cultivation and personal possession of marijuana became legal July 1, 2021, but retail sales will not begin until January 1, 2024.

Columbia Care (through its subsidiaries in the Commonwealth of Virginia) is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Virginia.

Virginia License Requirements

The pharmaceutical processor permit application process includes three stages: initial application, awarding of conditional approval, and granting of a permit. In the first stage, the applicant must submit an application fee and an application that includes: identifying information regarding the applicant and its owners; the location within the health service area that is to be operated under such permit; financial information to demonstrate its capacity to build and operate a facility; a detailed security plan; documents establishing the applicant's ability to conduct business in Virginia and its compliance with applicable ordinances and codes; information necessary for the Virginia Board to conduct criminal background checks; information about any previous or current involvement in the medical CBD oil or THC-A oil industry; information about any prior applications for medical CBD oil or THC-A oil licensure in any state; business or marketing plans; text and graphic materials showing the exterior appearance of the proposed facility; building documents including a detailed blueprint; documents related to any compassionate need program the pharmaceutical processor intends to offer; information about the applicant's expertise in agriculture and other production techniques required to produce CBD oil or THC-A oil and to safely dispense such products; and other documents required by the Virginia Board. As part of the initial application process, the Virginia Board conducts criminal background checks on applicants.

Following the deadline for receipt of applications, the Virginia Board evaluates each complete and timely submitted application and may grant conditional approval based on the following criteria: the results of the criminal background checks or any history of disciplinary action imposed by a state or federal regulatory agency; the location for the proposed pharmaceutical processor, which shall not be within 1,000 feet of a school or daycare; the applicant's ability to maintain adequate control against the diversion, theft, and loss of cannabis; the applicant's ability to maintain the knowledge, understanding, judgment, procedures, security controls, and ethics to ensure optimal safety and accuracy in the dispensing and sale of CBD oil or THC-A oil; the extent to which the applicant or any of its the applicant's pharmaceutical processor owners have a financial interest in another license, permit, registrant, or applicant; and any other reason provided by state or federal statute or regulation that is not inconsistent with the law and regulations regarding pharmaceutical processors. The Virginia Board may disqualify any applicant who submits an incomplete, false, inaccurate, or misleading application; fails to submit an application by the published deadline; fails to pay all applicable fees; or fails to comply with all requirements for a pharmaceutical processor.

Following review, the Virginia Board notifies applicants of denial or conditional approval. If granted conditional approval, an applicant has one year to complete all requirements for issuance of a permit to include employment of a Pharmacist-in-Charge ("PIC") and other personnel necessary for operation of a pharmaceutical processor, the construction or remodeling of a facility, installation of equipment, and securing local zoning approval.

When the Virginia Board's requirements have been met – including designation of a PIC, completion of background checks, employment of an electronic tracking system, and an inspection of the facility – the Virginia Board may grant a pharmaceutical processor permit. If an inspection reveals any deficiencies, they must be corrected, and a reinspection may be performed before the permit is issued. The applicant must also attest to compliance with state and local laws and ordinances.

If an applicant has been awarded a pharmaceutical processor permit and has not commenced operation of such facility within 180 days of being notified of the issuance of a pharmaceutical processor permit, the Virginia Board may rescind the permit, unless such delay was caused by circumstances beyond the control of the permit holder. If a permit is so rescinded, the Virginia Board may award a pharmaceutical processor permit to another qualified applicant. Once the permit is issued, cannabis may not be grown or held in the pharmaceutical processor earlier than two weeks prior to the opening date designated on the application. Once cannabis has been placed in the pharmaceutical processor, a pharmacist shall be present during hours of operation to ensure the safety, security, and integrity of the cannabis. If there is a change in the designated opening date, the pharmaceutical processor shall notify the Virginia Board, and a pharmacist shall continue to be on site on a daily basis.

The Virginia Board may issue up to five cannabis dispensing facility permits in each health service area. A permit may be issued to a facility that is owned, at least in part, by the pharmaceutical processor located in that health service area for dispensing cannabis oil that has been cultivated and produced on the premises of the processor. Each dispensing facility shall be located within the same health service area as the pharmaceutical processor.

Applicants must submit an application and fee for each cannabis dispensing facility. The submission must also include (i) the name and address of the facility, (ii) the name and address of the facility's owners with 5% or greater ownership, (iii) the name and signature of pharmacist-in-charge, (iv) details regarding the security plan and plan to prevent diversion, (v) information for the Virginia Board to conduct a background check, and (vi) the requisite fee.

The Virginia Board will conduct an inspection of the facility prior to issuing a permit. The permit shall not be awarded until any deficiency with the facility has been corrected and the facility has been satisfactorily inspected. The cannabis dispensing facility must be operational within 90 days of the date the permit is issued or the Virginia Board will either rescind or extend the permit.

Virginia Operating Requirements

Pharmaceutical processors and cannabis dispensing facilities are required to designate a PIC to manage its operation, and to have a supervising pharmacist on duty during its hours of operation. The PIC of a pharmaceutical processor may authorize certain employees' access to secured areas designated for cultivation even when the pharmacist is not on the premises. Numerous tasks involving the handling of CBD oil or THC-A oil must be performed by a pharmacist or a pharmacy technician acting under a pharmacist's supervision. Those tasks include, for example, labeling oils, removing oils from inventory, measuring oils for dispensing, and selling oils. Pharmacists and pharmacy technicians must have current licenses, and the ratio of pharmacists to pharmacy technicians cannot exceed 4-to-1. The Virginia Board has also imposed certain educational requirements for the cultivation of cannabis plants and the extraction of oils. And, the Virginia Board requires significant employee training, both upon initial employment and continuously thereafter.

A pharmaceutical processor or cannabis dispensing facility must operate for a minimum of 35 hours per week. Access to a pharmaceutical processor or cannabis dispensing facility is limited to employees performing their job duties (who must display ID badges) and patients (and their parents or guardians). It must sell oils in a child-resistant container (with some exceptions). Pharmacists must counsel registered patients, parents, and legal guardians regarding the use of CBD oil or THC-A oil, including information related proper use and storage.

Pharmaceutical processors and cannabis dispensing facilities are subject to advertising restrictions; cannot sell products aside from CBD oil or THC-A oil; cannot cultivate, produce, or dispense oils anywhere except its designated facility; and cannot provide samples. Pharmaceutical processors and cannabis dispensing facilities may wholesale products to other pharmaceutical processors and may transport wholesale products to other pharmaceutical processors and cannabis dispensing facilities. A pharmaceutical processor wholesale distributing products must create a record of the transaction and provide the receiver of the products with a copy of the lab results for the product. They may also deliver CBD or THC-A oil to a registered patient in accordance with certain regulatory requirements.

The cultivation and dispensing processes are subject to numerous Virginia Board requirements. For cultivation: pesticides are prohibited (with some exception); oil extraction methods must meet industry standards; products must be branded, tested, and registered with the Virginia Board before they are dispensed; products must be labeled to disclose certain product identifying information; and samples from batches must be made available to independent laboratories for testing prior to sale. For dispensing: the pharmacist or pharmacy technician must view the patient's ID before filling any portion of the patient's prescription; the pharmaceutical processor or cannabis dispensing facility must maintain detailed dispensing records for three years; and the processor or dispensing must implement and comply with a quality assurance program, meeting several requirements, to prevent dispensing errors. Finally, unused cannabis and its oils must be disposed of in a manner that makes the cannabis and its oils unrecoverable.

As of September 2021, the Board allows pharmaceutical processors to sell whole flower to patients.

Virginia Licenses

On September 25, 2018, the Virginia Board announced the conditional approval of pharmaceutical processor permits for each of Virginia’s five health service areas. Columbia Care Eastern Virginia LLC was awarded conditional approval for Health Services Area V and was granted a final permit to operate a facility in that area on April 6, 2020.

 Holding Entity	 Permit/License	 City	 Expiration/Renewal Date (if applicable) (MM/DD/YY)	 Description
Columbia Care Eastern Virginia LLC	Pharmaceutical Processor Permit #0240000002	Portsmouth, VA	04/30/22	Cultivation, Processing and Dispensary
Columbia Care Eastern Virginia, LLC	Pharmaceutical Processor Permit #247000004	Virginia Beach, VA	12/31/22	Cultivation, Processing and Dispensary
Green Leaf Medical of Virginia, LLC	Pharmaceutical Processor Permit #0240000003	Richmond, VA	5/31/22	Cultivation, Processing and Dispensary
Green Leaf Medical of Virginia, LLC	Cannabis Dispensing Facility #0247000003	Glen Allen, VA	5/31/22	Dispensary

Virginia Security, Transportation, and Storage Requirements

Pharmaceutical processors and cannabis dispensing facilities are subject to a number of inventory and security requirements. They must conduct an initial comprehensive inventory; establish ongoing inventory controls and procedures; conduct the requisite inventory reviewed (weekly inventory reviews for pharmaceutical processors and perpetual inventory for cannabis dispensing facilities); and prepare an annual inventory report. Inventory records must be made available to the Virginia Board and its agents. All parts of the cannabis plant and its oils must be stored in a locked and secured vault or safe with appropriate access limitations, and the pharmaceutical processor or cannabis dispensing facility must maintain a sophisticated security system meeting certain Virginia Board criteria. Storage of cannabis and its oils must generally be clean, sanitary, safe, and subject to a number of conditions. The pharmaceutical processor’s or cannabis dispensing facility’s video system must cover areas where cannabis or its oils are handled. Recordings must be stored for 30 days and made available for the Virginia Board’s immediate review upon request. Security events must be reported to the Virginia Board. Pharmaceutical processors and cannabis dispensing facilities may not transport cannabis or its oils to any other facility, except for the wholesale purposes specified above.

Virginia Board Inspections

At all times, pharmacists and pharmacy technicians at the pharmaceutical processor or cannabis dispensing facility must have their current license or registration available for inspection by the Virginia Board or its agents.

WASHINGTON, D.C.

Washington, D.C. Regulatory Landscape

Washington, D.C.’s medical marijuana program is governed by D.C. Code § 7-1671.01 *et seq.* and the Department of Health’s implementing regulations, CDCR 22-C100 *et seq.* The program authorizes patients with a qualifying medical or dental condition to use marijuana via inhalation, ingestion, or other means. Qualifying medical conditions include chemotherapy, the use of azidothymidine or protease inhibitors, radiotherapy, or any other treatment, as determined by rulemaking, whose side effects require treatment through the administration of medical marijuana in the same manner as a qualifying medical or dental condition. The program also authorizes patients from other states to purchase medical marijuana in Washington, D.C. An emergency rulemaking action from the Mayor’s Office expanded the number of states whose medical cards the program will accept to include any state or U.S. territory that has an active medical marijuana program and issues either a card or state-issued document evidencing the patient’s participation in the program. An emergency rulemaking action by the Council of the District of Columbia on November 2, 2021, provided for the issuance of two-year registrations cards to qualifying patients and caregiver for the purpose of attracting and keeping qualified patients and their caregivers in the legal medical cannabis market.

The medical marijuana program creates licensing regimes for dispensaries and cultivation centers. A dispensary registered to operate in the District of Columbia may (a) possess and sell medical marijuana to registered qualified patients and caregivers; and (b) manufacture, purchase, possess, and distribute paraphernalia and cigarette rolling papers to registered qualified patients and caregivers. A cultivation center registered to operate in the District of Columbia may: (a) possess, manufacture, grow, cultivate, and distribute medical marijuana for sale to registered dispensaries; and (b) manufacture, purchase, possess, and distribute paraphernalia and cigarette rolling papers to registered dispensaries. The number of dispensaries in the District of Columbia is capped at 7, with discretion for the mayor to increase the number to 8, while the number of cultivation centers is capped at 10. Currently, there are seven dispensaries and eight cultivation centers. There are also pending application processes for an additional dispensary license, two additional cultivation centers, and two testing laboratories. Columbia Care submitted a letter of intent to apply for the additional dispensary license and was approved. The application period runs from Monday, November 29, 2021, through Monday, March 28, 2022.

Columbia Care (through its subsidiaries in Washington, D.C.) is in compliance with applicable licensing requirements and the regulatory framework enacted by Washington, D.C.

Washington, D.C. License Requirements

Before issuing or renewing a registration or permit for either a business applicant or an individual applicant, the Director of the Alcoholic Beverage Regulation Administration (“ABRA”) shall determine that the applicant meets all of the following criteria: the applicant is of good character and generally fit for the responsibilities of registration; the applicant is at least twenty-one (21) years of age; the applicant has not been convicted of any felony before filing the application; the applicant has not been convicted of a misdemeanor for a drug-related offense before filing the application; the applicant has paid the annual fee; the applicant is not a licensed physician making patient recommendations; the applicant is not a person whose authority to be a caregiver or qualified patient has been revoked by the ABRA; and the applicant has complied with the relevant laws and regulations. The application process is extensive and requires dispensaries to submit information about the proposed facility; a security plan; an inventory plan; a product safety and labeling plan; a business and marketing plan; comments from a neighborhood commission; and an educational materials plan. Cultivation centers must similarly submit information about the proposed facility; a security plan; a cultivation plan; a product safety and labeling plan; a business plan; comments from a neighborhood commission; and an environmental plan.

Applicants’ leadership team and personnel are also subject to scrutiny during the application process. Applicants must identify all of its directors, officers, members, or incorporators on its application. Those individuals and other agents of the applicant must submit to a registration process which includes (a) written statements or evidence establishing to the satisfaction of the ABRA that the applicant meets all of the registration qualifications; (b) a copy of the applicant’s medical marijuana training and education certificate, and (c) a criminal background check. An applicant’s managers and employees are subject to a similar registration process that involves a criminal background check.

Washington, D.C. Security, Storage, and Transportation Requirements

Dispensaries and cultivation centers must comply with a number of security measures. Medical marijuana located on the premises must be stored in a separate storage area which is securely closed and locked when the establishment is prohibited from operating or is closed. The storage area shall have a volumetric intrusion detection device(s) installed and connected to the facility intrusion detection system. A cultivation center or dispensary must also install and use a highly secured safe for overnight storage of any processed marijuana, transaction records, and cash on the registered premises.

A dispensary or cultivation center must operate and maintain in good working order a 24/7 closed-circuit television surveillance system on the premises that complies with several minimum standards, including: (1) the system must visually record and monitor the entire facility including entrances and exits, parking lots, limited access areas, and areas where medical marijuana is cultivated, stored, dispensed, or destroyed; (2) cameras must be adequate for the lighting, produce digital, time stamped video, and capable of producing a DVD; (3) the system must be in good working order, and malfunctions must be reported; (4) footage must be stored for 30 days. Upon request, recordings must be turned over to police or the Department. A dispensary or cultivation center must also install, maintain, and use a professionally monitored robbery and burglary alarm system meeting certain requirements.

Unused surplus marijuana must be weighed, documented, and submitted to the police for destruction. Stolen or lost marijuana must be reported to the police within 24 hours of becoming aware of the theft or loss.

In order to transport marijuana within the district, a cultivation center must obtain a transport permit from the ABRA. Each vehicle used for the transportation of marijuana must have its own original permit. Only cultivation center employees, directors, officers, members, incorporators, agents, or contracted agents may transport marijuana.

Washington D.C. Operational Requirements

Applicants for a cultivation center or dispensary must submit a proposed staffing plan; a proposed security plan meeting a number of criteria specified in CDCR 22-C5406.2 or C5405.2, respectively; a cultivation plan that covers where medical marijuana will be cultivated and stored (for cultivators); a product safety and labeling plan that satisfies several criteria specified in CDCR 22-C 5607; a written statement regarding the suitability of the proposed facility for the medical marijuana operation; and a notarized written statement from the applicant that they have read the District of Columbia's medical marijuana law and have knowledge of the District of Columbia and federal laws relating to marijuana. Two or more cultivation centers may operate in the same building, provided that they maintain separate books and records and their own secure premises. And, a cultivation center and a dispensary may operate in the same building so long as they have the same ownership, maintain separate books and records, maintain separate secure space, and provided that patients and caregivers are prohibited from entering the cultivation area.

Department Inspections

The ABRA may conduct announced and unannounced investigations and inspections of cultivation centers and dispensaries. During such inspections and investigations, the ABRA may review the cultivation center's confidential records, and failure by a dispensary or cultivation center to provide the ABRA with immediate access to requested information may result in a civil fine and further sanctions.

Washington D.C. Licenses

Columbia Care operates in Washington D.C., through a wholly-owned subsidiary, Columbia Care DC, and through a management services arrangement with VentureForth LLC. The table below describes the Cultivation Center Registration held by Columbia Care DC and the Dispensary Registration and Cultivation Center Registration held by VentureForth LLC.

<u>Holding Entity</u>	<u>Permit/License</u>	<u>City</u>	<u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u>	<u>Description</u>
Columbia Care DC	Cultivation Center Registration #MMP00231	Washington D.C.	12/31/21	Cultivation
VentureForth LLC	Dispensary Registration #MMP00067	Washington D.C.	12/31/21	Dispensary
VentureForth LLC	Cultivation Center Registration #MMP00049	Washington D.C.	12/31/21	Cultivation

Registration renewals in Washington D.C. are granted annually. Prior to the third renewal, an advisory neighborhood commission is entitled to a comment period during which they can submit an objection to the renewal. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable registrations, Columbia Care DC and VentureForth LLC entities would expect to receive the applicable renewed registrations in the ordinary course of business.

WEST VIRGINIA (HEMP)

In 2002, the West Virginia Legislature passed the Industrial Hemp Development Act (the “**WV Hemp Act**”), which created the framework for legalized industrial hemp in West Virginia. Following passage of the 2014 Farm Bill, which authorized states to establish pilot programs for industrial hemp research, the West Virginia Department of Agriculture implemented a pilot program based on the authority already granted by the WV Hemp Act. From 2017 to 2019, the number of license-holders under the pilot program increased from 46 to 165. West Virginia’s 2019 amendments to the WV Hemp Act authorized the Commissioner of Agriculture to submit a state plan for regulation of industrial hemp to the U.S. Department of Agriculture for approval pursuant to the 2018 Farm Bill. The West Virginia Department of Agriculture submitted such a plan on January 23, 2020, with a proposed effective date of October 31, 2020. The plan proposed to the U.S. Department of Agriculture is consistent with the West Virginia Department of Agriculture’s existing industrial hemp program.

The industry hemp program subjects licensees to several regulatory requirements. These include crop-testing requirements to determine whether the hemp has a permissible THC level of under 0.3%; recordkeeping and reporting requirements; and submission to any inspection and sampling that the West Virginia Department of Agriculture deems necessary. Intentional violations of the WV Hemp Act and the West Virginia Department of Agriculture’s rules, as well as repeated negligent violations, may result in a loss of license.

<u>Holding Entity</u>	<u>Permit/License</u>	<u>City</u>	<u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u>	<u>Description</u>
Columbia Care WV Industrial Hemp LLC	Industrial Hemp License #0283	Morgantown, WV	12/31/21	Industrial Hemp

Columbia Care’s subsidiary, Columbia Care WV Industrial Hemp LLC, applied for and was granted a license to develop an industrial hemp farm in West Virginia. The license authorizes Columbia Care to grow, process, cultivate, store, and handle raw industrial hemp.

WEST VIRGINIA

Regulatory Landscape

Senate Bill 386, signed into law on April 19, 2017, by Governor Jim Justice, created the Medical Cannabis Act that allows for cannabis to be used for certified medical use by a West Virginia resident with a serious medical condition and is limited to the following forms: pill; oil; topical forms including gels, creams or ointments; a form medically appropriate for administration by vaporization or nebulization, dry leaf or plant form; tincture;

liquid; or dermal patch. The medical cannabis program is administered by the West Virginia Bureau for Public Health, Office of Medical Cannabis (the “**WV Bureau**”). The Office has authority to (1) issue and oversee permits that authorize businesses to grow, process, or dispense medical cannabis in compliance with state law and regulations, (2) register medical practitioners who certify patients as having qualifying serious medical conditions, and (3) register and oversee patients with qualifying conditions. Medical cannabis may only be dispensed to a patient who receives a certification from a practitioner and is in possession of a valid identification card issued by the WV Bureau; and a caregiver who is in possession of a valid identification card issued by the Bureau. Products packaged by a grower/processor or sold by a dispensary shall only be identified by the name of the grower/processor, the name of the dispensary, the form and species of medical cannabis, the percentage of tetrahydrocannabinol and cannabidiol contained in the product.

A dispensary that has been issued a permit may lawfully dispense medical cannabis to a patient or caregiver upon presentation to the dispensary of a valid identification card for that patient or caregiver. The dispensary shall provide to the patient or caregiver a receipt, as appropriate. The receipt shall include all of the following: the name, address, and any identification number assigned to the dispensary by the WV Bureau; the name and address of the patient and caregiver; the date the medical cannabis was dispensed; any requirement or limitation by the practitioner as to the form of medical cannabis for the patient; and the form and the quantity of medical cannabis dispensed. Dispensaries are prohibited from dispensing cannabis products to anyone other than a registered patient or caregiver who presents a valid identification card from the Office. Dispensing amounts are limited to those indicated in a registered patient’s certification by his/her medical practitioner, and in any event a dispensary may not dispense more than a 30-day supply at a given time.

The WV Bureau and the Department of Revenue must monitor the price of medical cannabis sold by growers, processors and by dispensaries, including a per-dose price. If the WV Bureau and the Department of Revenue determine that the prices are unreasonable or excessive, the WV Bureau may implement a cap on the price of medical cannabis being sold for a period of six months.

The WV Bureau’s Office of Medical Cannabis (the “**WV Office**”) received applications for medical cannabis growers, processors, dispensaries, and laboratories in Spring 2020. The Office of Medical Cannabis issued 10 grower permits on October 3, 2020. It issued 10 processor permits on November 13, 2020. It issued 100 dispensary permits on January 29, 2021, and announced that, beginning February 3, 2021, West Virginia residents with serious medical conditions would be able to begin to submit applications to become registered patients.

Permits issued by the Office of Medical Cannabis are effective for one year from the date of issuance and may be renewed by applicants in good standing with the terms of a currently-effective permit. Permits may be suspended or revoked on the basis of failure to prevent diversion of medical cannabis, or violation of laws and rules applicable to medical cannabis businesses.

Successful Applications in West Virginia

On October 2, 2020, the Office announced the successful applicants for medical cannabis grower permits and Columbia Care WV, LLC was selected for a site in Falling Water, Berkeley County, WV. On November 13, 2020, the WV Office announced the successful applicants for medical cannabis processor permits Columbia Care WV, LLC was selected for a site in Falling Water, Berkeley County, WV.

On January 29, 2021, Columbia Care WV, LLC was awarded dispensary permits with respect to dispensary locations in Fayetteville, St. Albans, Morgantown, Beckley, and Williamstown.

Permit Requirements

In awarding a cannabis permit, the WV Bureau must make a determination: that the applicant will maintain effective control of and prevent diversion of medical cannabis; the applicant will comply with all applicable laws of West Virginia; if the applicant is a business entity, majority ownership in the business entity must be held by a state resident or residents; whether the applicant possesses the ability to obtain in an expeditious manner sufficient land, buildings, and equipment to properly grow, process, or dispense medical cannabis; and whether the applicant is able to implement and maintain security, tracking, recordkeeping, and surveillance systems relating to the acquisition, possession, growth, manufacture, sale, delivery, transportation, distribution, or the dispensing of medical cannabis as required by the WV Bureau. A permit is nontransferable. The fee for a permit as a grower/processor is \$50,000.

[Table of Contents](#)

<u>Holding Entity</u>	<u>Permit/License</u>	<u>City</u>	<u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u>	<u>Description</u>
Columbia Care WV LLC	GO2003	Falling Waters, WV	10/01/22	Cultivation
Columbia Care WV LLC	PO20004	Falling Waters, WV	11/12/22	Processor
Columbia Care WV LLC	D540058	Williamstown, WV	01/28/22	Dispensary
Columbia Care WV LLC	D100059	Fayetteville, WV	01/28/22	Dispensary
Columbia Care WV LLC	D310060	Morgantown, WV	01/28/22	Dispensary
Columbia Care WV LLC	D410061	Beckley, WV	01/28/22	Dispensary
Columbia Care WV LLC	D200062	St. Albans, WV	01/28/22	Dispensary

Reporting Requirements

A medical cannabis organization must implement an electronic inventory tracking system which shall be directly accessible to the WV Bureau through its electronic database that electronically tracks all medical cannabis on a daily basis. The system shall include tracking of all of the following: for a grower or processor, a seed-to-sale tracking system that tracks the medical cannabis from seed to plant until the medical cannabis is sold to a dispensary; for a dispensary, medical cannabis from purchase from the grower/processor to sale to a patient or caregiver and that includes information that verifies the validity of an identification card presented by the patient or caregiver; for a medical cannabis organization, a daily log of each day's beginning inventory, acquisitions, amounts purchased and sold, disbursements, disposals and ending inventory.

Inspections

The Office is permitted to conduct announced or unannounced inspections of permittees to determine their compliance with West Virginia law and regulations, and may inspect a permittee's site, records, and other data, and may interview employees, principals, operators, and financial backers of the permittee. The Office will have free access to review and, if necessary, make copies of books, records, papers, documents, data, or other physical or electronic information that relates to the business of the medical cannabis organization, including financial data, sales data, shipping data, pricing data, and employee data. The Office will have free access to any area within a site or facility that is being used to store medical cannabis for testing purposes and are permitted to collect test samples for testing at an approved laboratory.

Security, Transportation, and Storage Requirements

Permittees must have security and surveillance systems, utilizing commercial-grade equipment, to prevent unauthorized entry and to prevent and detect an adverse loss. The security systems must incorporate a professionally monitored security alarm system that is operational 24 hours a day, seven days a week, and records all activity in images capable of clearly revealing facial detail; have the ability to clearly and accurately display the date and time; record all images captured by each surveillance camera for a minimum of two years in a format that may be easily accessed for investigative purposes; and utilize a security alarm system separate from the facility's primary security system covering the limited access area or other room where the recordings are stored. Permittees must install commercial-grade, nonresidential doors and door locks on each external door of the facility, with keys or key codes for all doors remaining in the possession of designated authorized individuals. During all nonworking hours, all entrances to and exits from the site and facility must be securely locked. Permittees must install lighting to ensure proper surveillance both inside and outside of the facility. Access to rooms containing security and surveillance monitoring equipment must be limited to persons who are essential to maintaining security and surveillance operations; federal, state and local law enforcement; security and surveillance system service employees; the bureau or its authorized agents; and other persons with the prior written approval of the Office.

A permittee is permitted to transport and deliver medical cannabis to a medical cannabis organization or an approved laboratory. A grower/processor may deliver medical cannabis to a medical cannabis organization or an approved laboratory only between 7:00 a.m. and 9:00 p.m. A grower/processor may contract with a third-party contractor for delivery so long as the contractor complies with the Office's rules and regulations. A grower/processor must use a global positioning system to ensure safe, efficient delivery of the medical cannabis to a medical cannabis organization or an approved laboratory. Vehicles permitted to transport medical cannabis must be equipped with a secure lockbox or locking cargo area, have no markings that would either identify or indicate that the vehicle is being used to transport medical cannabis, be capable of being temperature-controlled for perishable medical cannabis, as appropriate, display current state inspection stickers and maintain a current state vehicle registration, and be insured in an amount that is commercially reasonable and appropriate. Medical cannabis stored inside the transport vehicle may not be visible from the outside of the transport vehicle. A transport vehicle is subject to inspection by the bureau or its authorized agents, law enforcement, or other federal or state officials if necessary, to perform the government officials' functions and duties.

EUROPEAN UNION REGULATORY ENVIRONMENT

The following sections describe the legal and regulatory landscape in the European Union, the United Kingdom, and the EU member states, in particular Germany, in which Columbia Care operates or is exploring business opportunities.

While Columbia Care works to ensure that its operations comply with applicable EU, UK, and EU member state laws, regulations, and licensing requirements, for the reasons described above and the risks further described under the heading “Risk Factors”, there are significant risks associated with the business of Columbia Care. Readers are strongly encouraged to carefully read and consider all of the risk factors contained under the heading “Risk Factors” below.

Except as described above and elsewhere in this registration statement, Columbia Care is in compliance with applicable law and has not received any citations or notices of violation which may have an impact on the Columbia Care’s licenses, business activities or operations.

Medical Cannabis

In the absence of a clear EU definition of “medical cannabis”, from a legal and regulatory perspective, a distinction should be made between:

- **Cannabis-derived medicinal products:** these are products which have obtained a marketing authorization from a regulatory authority (the European Medicines Agency at EU level or national competent authorities at EU member state level), after going through extensive clinical trials to test the products’ safety and effectiveness. These products are regulated as (cannabis-derived) “medicinal products” in accordance with the harmonized EU regulatory system set forth by EU Directive 2001/83/EC. To date, several cannabinoid-containing medicinal products have been authorized for marketing in the EU and certain EU member states; some are plant-based, i.e., Sativex® (nabiximols) and Epidyolex® (CBD); others are synthetic, i.e., Marinol® (dronabinol) and Cesamet® (nabilone).
- **Cannabis preparations for medical use:** these are products which have not obtained a marketing authorization but are authorized through national distribution and use authorizations/licenses in certain EU member states. This may include raw cannabis, such as the flowering tops, compressed resin or hash, oils extracted from the plant, etc. Alternatively, raw cannabis can be transformed by a pharmacist into a magistral preparation in accordance with a medical prescription, or the raw cannabis may already have been transformed by the manufacturer into standardized cannabis preparations. These cannabis preparations can vary greatly in composition, depending for example on the strain of cannabis, the growing conditions and how the preparations are stored.

This section of the registration statement focuses only on such cannabis preparations for medical use, referred to as “medical cannabis”. Medical cannabis can be described as whole-plant cannabis-derived products (generally cannabis flower or oils) that are licensed by member state health systems for prescription by a doctor. As recognized by the European Monitoring Centre for Drugs and Drug Addiction (the “EMCDDA”), medical cannabis refers to a wide variety of preparations and products that may contain different active ingredients and use different routes of administration.

EU Regulatory Landscape

As the EU is not a party to the international conventions related to the control of drugs, the obligation to implement the provisions of said conventions sits with the individual EU member states. However, the EU has observer status in the UN Commission on Narcotic Drugs (“CND”).

Also, from an EU perspective, the regulation of medical cannabis falls largely within the competence of the EU member states, which may decide to permit the medical use of cannabis preparations – without requiring a marketing authorization in accordance with EU Directive 2001/83/EC – under specific conditions. In this respect, Article 5(1) of Directive 2001/83/EC, which relates to so-called “named patient use” of medicinal products, states:

“a member state may, in accordance with legislation in force and to fulfil special needs, exclude from the provisions of this Directive medicinal products supplied in response to a bona fide unsolicited order, formulated in accordance with the specifications of an authorized healthcare professional and for use by an individual patient under his direct personal responsibility.”

The use of medical cannabis can therefore only be authorized by member states upon medical prescription and when there is a medical need for the patient.

As a consequence of the above, the regulations with respect to medical cannabis vary greatly amongst member states. While some EU member states, including Germany, and the UK have adopted specific legal provisions and frameworks governing the distribution and use of medical cannabis, and other EU member states have launched official pilot programs (e.g. France), the status of medical cannabis in other member states remains unclear.

On February 13, 2019, the European Parliament adopted a motion for a resolution on use of cannabis for medicinal purposes (2018/2775(RSP)) recognizing that:

“UN conventions and international law do not prevent the medicinal use of cannabis or cannabis-based products for the treatment of specific medical conditions;” and

“EU Member States differ widely in their approach to cannabis legislation, including their legislation on cannabis for medical purposes, such as on the maximum allowed levels of THC and CBD concentrations, which can lead to difficulties for countries applying a more prudent approach”.

In this respect, the European Parliament specifically called on the European Commission and member state authorities to (amongst other things):

“work together to provide a legal definition of medical cannabis, and to draw a clear distinction between cannabis-based medicines approved by the EMA or other regulatory agencies, medical cannabis not supported by clinical trials, and other applications of cannabis (e.g. recreational or industrial).”

At the reconvened 63rd session of the UN CND, which took place on December 2, 2020, the twelve (12) EU member states who are also members of the CND acted upon the World Health Organization (“**WHO**”) recommendations to adjust the classification of cannabis and cannabis-related substances under the international drug conventions, while ensuring that they remain subject to the most relevant international control. The vote was in accordance with Council Decision (EU) 2021/3 of November 23, 2020, which had stipulated the position to be taken by the relevant member states on behalf of the EU. In particular, the EU supported the deletion of cannabis and cannabis resin from Schedule IV of the Single Convention on Narcotic Drugs, as recommended by the WHO, considering that it would allow more research, in line with evidence-based drugs policy, on the medical use of cannabis and cannabis resin.

GERMANY

Germany Regulatory Landscape

The importation and distribution of medical cannabis in Germany is mainly covered by the German Narcotics Law (“*Betäubungsmittelgesetz*” – “*BtMG*”), the German Pharmaceutical Act (“*Arzneimittelgesetz*” – “*AMG*”), and the German Narcotics Foreign Trade Ordinance (“*Betäubungsmittelaußenhandelsverordnung*” – “*BtMAHV*”). The relevant competent authority is the German Federal Institute for Drugs and Medical Devices (“*Bundesinstitut für Arzneimittel und Medizinprodukte*” – “*BfArM*”), its sub-units the Federal Cannabis Authority (“*Cannabisagentur*”) and the Federal Opium Office (“*Bundesopiumstelle*”), and German state authorities.

Cannabis is a narcotic drug according to sec. 1 (1) *BtMG*, as it is listed in Annexes I to III of the *BtMG* (exceptions include seeds, cannabis with a tetrahydrocannabinol (THC) content not exceeding 0.2 %, etc. – these are not classified as narcotic drugs). Therefore, it is a criminal offence to illicitly cultivate, produce and trade in cannabis or, without engaging in its trade, to import, export, sell, supply, otherwise place it on the market or acquire or procure it in any other way (sec. 29 (1) sent. 1 no. 1 *BtMG*).

The Act on the Amendment of Narcotic Drugs and Other Regulations (“*Gesetz zur Änderung betäubungsmittelrechtlicher und anderer Vorschriften*” – “*BtMRÄndG*”), which came into force on March 10, 2017, amended the national narcotic laws and other related provisions thus legalizing the cultivation, distribution and consumption of cannabis for medical purposes. Prior to this legislative change, the import of cannabis was not permitted, and only in exceptional circumstances (upon medical prescription), pharmacies could request such medical cannabis (abroad) for specific patients, provided a special case-by-case approval issued by BfArM had been obtained. Since then, medical cannabis (cultivated for medical purposes in other countries in accordance with Articles 23 and 28 of the 1961 Single Convention on Narcotic Drugs) can be imported and marketed in Germany by private companies provided they have obtained the relevant licenses.

Prescribing and Dispensing Regime

These provisions enable doctors to prescribe medical cannabis for certain indications.

Medical cannabis is – in general – either distributed as a so-called magistral medicinal preparation (“*Rezepturarzneimittel*”) in the form of medicinal cannabis flowers, as a cannabis extract or as a specific composition of the active substance dronabinol (“*THC*”).

According to sec. 13 (2) sent. 1 *BtMG*, the supply of cannabis to patients is only permitted through pharmacies upon a special prescription for this purpose. The exact recipe instructions for such magistral preparations are laid down in the New Prescription Form, which is the standard work for drug production in pharmacies and is part of the German Drug Codex (“*DAC*”).

Reimbursement Regime

Health insurance is statutorily mandated in Germany, and residents are covered by either statutory health insurance plans (covering approximately 88% of the population) or private health insurance.

Until 2017, only cannabis-derived products authorized as finished medicinal products could be prescribed and marketed in Germany and basically only cannabis intended for the manufacture of finished medicinal products containing cannabis could be imported. Since March 10, 2017, it has become possible for medical cannabis to be prescribed at the expense of the Statutory Health Insurance carriers in Germany upon their prior approval. The conditions are set out in sec. 31 (6) German Social Code Book V (“*Fünftes Sozialgesetzbuch*” – “*SGB V*”).

According to sec. 31 (6) *SGB V* insured persons with a serious disease are entitled to be supplied with cannabis in the form of dried flowers or extracts in standardized quality (and to be supplied with pharmaceuticals containing the active substances dronabinol or nabilone) if (i) a generally recognized treatment in accordance with medical standards is not available or – in the opinion of the treating physician – cannot be used in the individual case and (ii) there is a not entirely remote prospect of a notable positive effect on the course of the disease or of serious symptoms.

The new Law for More Safety in the Supply of Pharmaceuticals in Germany (“*Gesetz für mehr Sicherheit in der Arzneimittelversorgung*” – “*GSAV*”) even facilitates access to medical cannabis for those patients who already have a prescription or who have been hospitalized and further enables patients to switch smoothly between cannabis products without having to wait for a respective approval.

Germany Licensing Requirements

In accordance with the current German regulatory regime, for private companies to import and distribute medical cannabis in Germany, a License for the Trade in Narcotic Drugs, an Import Authorization, and likely a Wholesale Trading Authorization, are required. The import license can only be obtained by a company with business activity in Germany.

(a) License for the Trade in Narcotics Drugs – Sec. 3 (1) BtMG

Sec. 3 (1) *BtMG* stipulates that a license is required for all operations relating to the trading of narcotic drugs:

“A license issued by the Federal Institute for Drugs and Medical Devices shall be required by any person who seeks to cultivate, produce or trade in narcotic drugs, or without engaging in their trade import, export, supply, sell, otherwise place them on the market or acquire them [...]”

This license is issued for the relevant company, institution etc., for the respective site, and for the required scope of the trade in narcotic drugs. It is issued by the Federal Cannabis Agency (*Cannabisagentur*), a sub-unit of BfArM, upon application in accordance with sec. 1 German Narcotics Foreign Trade Ordinance (“*BtMAHV*”). BfArM shall decide on the issue of a license within three months of receipt of the application. Further details and requirements are regulated in sec. 3 through 10 *BtMG* and the *BtMAHV*.

(b) Import Authorization (for Narcotic Drugs) – Sec. 11 BtMG

For each import of narcotics, an import authorization issued by BfArM is required according to sec. 11 (1) sent. 1 *BtMG*. The procedure for issuing import authorizations is more specifically governed by the *BtMAHV*:

“Any person who seeks to import or export narcotic drugs in an individual case shall require an authorization from the Federal Institute for Drugs and Medical Devices in addition to the license required pursuant to sec. 3.”

BfArM may inter alia refuse the import license or restrict the quantity of the narcotics according to the estimate of cannabis as notified with the International Narcotics Control Board or if the safety or control of narcotics traffic cannot be guaranteed.

The import license is issued in triplicate on official forms. Two copies shall be sent to the importer and one copy to the authority responsible for narcotics control in the exporting country. Most countries make exports dependent on the existence of an import permit. The approval cannot be transferred to third parties (sec. 3 (2) sent. 1 *BtMAHV*). It shall be limited to a maximum of three months (six months for imports by sea) ((sec. 3 (2) sent. 2 *BtMAHV*). If the narcotics are not imported within this time frame, the import authorization must be returned to BfArM (Sec. 6 (3) *BtMAHV*).

Key requirements for the aforementioned licenses according to sec. 3 through 11 *BtMG* are:

- (i) It must be ensured that one person is appointed at the company who is responsible for compliance with the regulations governing narcotics and the orders of the supervisory authorities for every place of business. Such responsible person must have the necessary expertise. According to sec. 6 *BtMG*, the expertise must be proven, depending on the type of business of the company. For import and distribution of narcotics, the expertise of the responsible person is proven by a certificate of completed vocational training as a merchant in wholesale and foreign trade in the fields of chemistry or pharmacy and by documentation confirming a period of practical work in the trade in narcotic drugs of at least one year. The applicant and the responsible person must be reliable. Concerns about reliability may arise, for example, from physical or mental handicaps, like addiction to alcohol or narcotics, as well as previous convictions, especially for narcotic drug offences.
- (ii) Suitable premises, installations and security measures must be available (sec. 5 (1) no. 4 *BtMG*).

- (iii) The holder of a license according to sec. 3 *BtMG* has certain obligations *after* the license is issued, which include keeping records for each increase and decrease in stock according to sec. 17 *BtMG* as well as the submission of half-yearly notifications for each site of the quantity of the products to *BfArM* according to sec. 18 *BtMG*.
 - (iv) The holder of the license shall also inform *BfArM* of any changes of relevant information specified in sec. 7 *BtMG* (i.e., the information that shall be provided with the application).
 - (v) An application for a new license shall be required in the event of changes in the scope of trading with narcotic drugs, changes in respect of the person holding the license or the location of the sites.
- (c) Wholesale Trading Authorization – Sec. 52a *AMG*

Medical cannabis also falls under the definition of a medicinal product (sec. 2 (1) *AMG*), and in this respect:

“Any person, who engages in the wholesale trading of medicinal products [...], requires an authorization to do so.” (Sec. 52a (1) sent. 1 *AMG*).

If private companies trade medical cannabis as wholesalers, a Wholesale Trading Authorization is required according to sec. 52a *AMG*. Wholesale trade is defined in sec. 4 (22) *AMG*:

“Wholesale trade in medicinal products is any professional or commercial activity for the purpose of doing business which consists of the procuring, storing, supplying or exporting of medicinal products, with the exception of the dispensing of medicinal products to consumers other than physicians, dentists, veterinarians or hospitals.”

Usually, the company which applies for the import license regarding the import of medical cannabis also has a German authorization on wholesale trading of medicinal products (“*Großhandelserlaubnis*”) in accordance with sec. 52a *AMG*.

- (d) Import Authorization – Sec. 72 *AMG*

If medical cannabis is imported from non-EU/EEA countries, an import authorization for medicinal products according to sec. 72 *AMG* is also required:

“A party wishing to bring: 1. medicinal products within the meaning of sec. 2 (1) or (2) no. 1 [...] on a commercial or professional basis, into the purview of the present Act from countries which are not Member States of the European Communities or other States party to the Agreement on the European Economic Area shall require an authorization by the competent authority” (Sec. 72 (1) *AMG*).

- (e) Further Possible Licensing Requirements

For medical cannabis treated with ionizing radiation, according to sec. 1 (3) (“*Verordnung über radioaktive oder mit ionisierenden Strahlen behandelte Arzneimittel*” – “*AMRadV*”), a marketing authorization may be required. This applies to cannabis, in the manufacture of which electron, gamma or x-ray radiation has been used to reduce the bacterial count.

For the sake of completeness, we note that several other licenses might also be required, i.e., a marketing authorization for cannabis-based medicinal products or, in case the medical cannabis is processed, packed, labeled etc. in Germany, a manufacturing authorization.

THE UNITED KINGDOM

The UK Regulatory Landscape

The Misuse of Drugs Act 1971 and Misuse of Drugs Regulations 2001

- (a) The legalization of medical cannabis

In June 2018, the Home Secretary announced a two-part review of the scheduling of cannabis under the Misuse of Drugs Regulations 2001 (SI 2001/3998) (“**2001 Regulations**”). At that time, cannabis and many of its derivatives were Class B controlled drugs under the Misuse of Drugs Act 1971 (“**MDA**”) and listed in Schedule 1 to the 2001 Regulations.

The Class (A, B and C) of a controlled drug under the MDA broadly relates to the particular drug's potential for harm and dictates the penalties for committing related offences (such as unlawful possession). The scheduling (1 – 5) of a controlled drug under the 2001 Regulations relates to the particular drug's medical benefits and the conditions under which such drugs can be accessed for legitimate purposes (i.e., Schedule 1 controlled drugs are considered to have little or no known therapeutic value and are subject to the strictest restrictions).

The first part of the review, conducted by the Chief Medical Officer for England and Chief Medical Advisor to the UK Government, found that there was conclusive evidence of the therapeutic value of cannabis-based products for certain medical conditions and reasonable evidence of therapeutic benefit for several other medical conditions. On this basis, the review recommended that cannabis-based medicinal products be removed from Schedule 1 under the 2001 Regulations.

In light of this recommendation, the UK Government asked the Advisory Council on the Misuse of Drugs (“ACMD”) to provide short-term advice. Amongst other things, the ACMD recommended that cannabis-derived medicinal products of the appropriate medicinal standard be moved from Schedule 1 to Schedule 2 of the 2001 Regulations. The ACMD also recommended that synthetic cannabinoids remain in Schedule 1 to the 2001 Regulations pending further consideration of their potential rescheduling.

Accepting these recommendations, the UK Government introduced the Misuse of Drugs (Amendments) (Cannabis and License Fees) (England, Wales and Scotland) Regulations 2018 (SI 2018/1055), which came into force on November 1, 2018 and apply to England, Wales and Scotland. These Regulations amended the 2001 Regulations to reschedule “cannabis-based products for medicinal use in humans” as Schedule 2 drugs, thereby allowing such products to be available by prescription, subject to certain controls and restrictions. Parallel changes were made to the relevant legislation applicable in Northern Ireland.

A “cannabis-based product for medicinal use” (“CBPM”) is defined as a preparation or other product which:

- i) is or contains cannabis, cannabis resin, cannabinalol or a cannabinalol derivative (not being dronabinol or its stereoisomers); and
- ii) is produced for medical use in humans; and
- iii) is a medicinal product or a substance or preparation for use as an ingredient of, or in the production of an ingredient of, a medicinal product.

All other cannabis-based products not falling within this definition remain Schedule 1 drugs under the 2001 Regulations and are accessible only by Home Office license. However, products falling within the definition of “exempt product” under the 2001 Regulations are not subject to the restrictions on possession, production, supply, import or export. An “exempt product” is:

“a preparation or other product consisting of one or more component parts, any of which contains a controlled drug, where—

- (a) the preparation or other product is not designed for administration of the controlled drug to a human being or animal;
- (b) the controlled drug in any component part is packaged in such a form, or in combination with other active or inert substances in such a manner, that it cannot be recovered by readily applicable means or in a yield which constitutes a risk to health; and
- (c) no one component part of the product or preparation contains more than one milligram of the controlled drug or one microgram in the case of lysergide or any other N -alkyl derivative of lysergamide;”

Cannabis, cannabis resin, cannabinol and cannabinol derivatives (including cannabis-based medicinal products) remain Class B controlled drugs under the MDA.

The UK Government asked the ACMD to carry out a longer-term review of CBPMs, which (amongst other things) will:

- Assess the impact of the change in legislation on CBPMs;
- Provide advice on whether the scheduling of products falling within the definition of CBPM is appropriate;
- Consider whether any further legislative amendments are required regarding CBPMs; and
- Advise on the classification and rescheduling of synthetic cannabinoids under the MDA and 2001 Regulations.

The ACMD provided its report and recommendations on November 27, 2020. In summary, the ACMD recommended that:

- The rescheduling of CBPMs remains appropriate and no further legislative amendments are required at this time. However, in the event that there is a marked increase in the number of CBPMs achieving marketing authorization and being individually considered as candidates for rescheduling, the ACMD will again review the scheduling of CBPMs as a whole;
- The ACMD should be commissioned to conduct a further assessment of the impact of the rescheduling of CBPMs in the two years following the publication of the report as there is not yet sufficient evidence available to fully assess any and all consequences of the legislative change;
- The availability of a patient registry for CBPMs should be recognized as crucial for future assessments of the impact of the rescheduling of such products and the UK government should continue to support the development of an official patient registry;
- Research should be commissioned to assess the impacts of the rescheduling of CBPMs on public knowledge and attitudes towards cannabis, unlicensed CBPMs, licensed CBPMs and licensed cannabis-based medicines and to explore the safety, quality and efficacy of unlicensed CBPMs, licensed CBPMs and licensed cannabis-based medicines; and
- Government departments should conduct a full review of international approaches to legislation facilitating the medicinal usage of cannabis-based medicines.

(b) General requirements and restrictions

The existing requirements for Schedule 2 controlled drugs apply to CBPMs. These include requirements in relation to safe custody, prescriptions, marked bottles and other containers, record keeping and preservation of documents, and destruction. For example:

- A Schedule 2 controlled drug must be stored in a locked receptacle, usually in an appropriate controlled drugs cabinet or approved safe, which can only be opened by the person in lawful possession of the product or a person authorized by that person;
- A person supplying a Schedule 2 controlled drug, otherwise than on prescription, to, for example, a practitioner, hospital, care home or laboratory, must ensure that the requisition for such drug was made in writing and (unless the supplier is a wholesale dealer) send the requisition to the relevant National Health Service (“NHS”) agency;
- A person supplying a Schedule 2 controlled drug (e.g. a pharmacist) must (amongst other things) take certain steps to confirm that the prescription is compliant, the address of the person issuing the prescription is within the UK, and the signature on the prescription is genuine;

- The package and container of a Schedule 2 controlled drug must be plainly marked with the amount of the drug, including the amount in each dosage unit, and the percentage of each component which is a controlled drug;
 - Registers must be kept, for at least two years, in respect of each class of Scheduled 2 controlled drug in accordance with specific requirements; and
 - Schedule 2 controlled drugs must only be destroyed in the presence of a person authorized by the Home Office.
- (c) Access restrictions

Schedule 2 drugs can generally be prescribed by a medical practitioner. However, additional restrictions for medical cannabis (*i.e.*, cannabis-based products without a marketing authorization) apply. Such products can only be prescribed by a doctor on the Specialist Register of the General Medical Council (“**GMC**”) or be supplied in the context of a clinical trial (provided the legislation regulating clinical trials is fully complied with). This restriction is removed for medicinal cannabis products with a marketing authorization, which can be prescribed by a general practitioner for patient use as with other Schedule 2 drugs. The rescheduling of CBPMs therefore brings medical cannabis (*i.e.*, those products without a marketing authorization) into the existing UK “Specials” medicines framework, outlined below.

The Human Medicines Regulations 2012

(a) Special medicines framework

The Human Medicines Regulations 2012 (SI 2012/1916) (“**HM Regulations**”) implement Directive 2001/83/EC into UK domestic law. In the case of cannabis-based medicinal products, a marketing authorization means that the product can be prescribed by a general practitioner in the UK. However, as indicated above, there are a number of exemptions to the requirement to obtain a marketing authorization, which recognize the need to allow unauthorized products to be supplied to meet the special needs of a particular patient (among other exemptions). This exemption is known as the “Specials regime” and is based on the aforementioned Article 5(1) of EU Directive 2001/83/EC.

Under the Specials regime, an unauthorized medicinal product should not be supplied where an equivalent authorized medical product can meet the special clinical needs of the particular patient. Guidance published by the Medicines and Healthcare products Regulatory Agency (“**MHRA**”) provides that anyone supplying an unlicensed CBPM must be satisfied as to the existence of a special need, and that the MHRA expects that documentary evidence of this special need should be obtained by manufacturers, importers or distributors.

NHS England has also confirmed that it expects that rigorous and auditable safeguards around the prescribing of medical cannabis will be followed, and that such products will only be prescribed for indications where there is clear published evidence of benefit and where established treatment options have been exhausted.³⁰

Concern has been expressed that patients in the UK who meet the special needs test are not readily able to access prescriptions for medical cannabis and that the current prescribing guidelines for the specialist doctors are overly restrictive. In light of this, further measures are anticipated noting, in particular, that:

NHS England has been asked to carry out a “process evaluation” as soon as possible to assess barriers to prescribing medical cannabis;

The National Institute for Health Research (“**NIHR**”) and the relevant drug companies have been asked to produce evidence around medical cannabis to improve the evidence base. The NIHR has since issued two calls for research proposals;

NHS England and Health Education England have produced an online training program for doctors to support them in prescribing medical cannabis;

In November 2019, the National Institute for Health and Care Excellence (“NICE”) published guidelines for prescribing medical cannabis in the UK; and

The results of a Parliamentary inquiry by the Health and Social Care Select Committee (“HSCSC”) into the usage of medical cannabis in the UK were published on 3 July 2019. The HSCSC made a number of recommendations, including calling on NIHR and the Department of Health and Social Care to encourage and focus research into those specific conditions where the Chief Medical Officer’s report found good evidence for the use of cannabis based medicinal products.

(b) General requirements and restrictions

The HM Regulations, along with MHRA guidance on the supply of Specials, impose a number of requirements on manufacturers, importers, wholesalers and other suppliers of medicinal products containing narcotics, including cannabis, including in relation to packaging and labeling, advertising, pharmacovigilance and record keeping. For example:

- Medical cannabis should be labeled in accordance with best practice and, at a minimum, should include the name of the product, a statement of the content/ratio of THC/CBD, the route of administration, the dosage, and special warnings. Separately, when the product is dispensed, the pharmacist should ensure that the usual dispensing label provisions are applied;
- Medical cannabis must not be advertised. There are some limited exemptions, including where trade catalogue or circular is sent to an authorized healthcare professional in order to respond to an unsolicited request for information on the range of products supplied, provided no product claim is made;
- All persons selling or supplying medical cannabis (including manufacturers, importers, distributors, and specialist doctors) must report any suspected adverse drug reactions and failures of efficacy. Wholesalers are under an obligation to keep records and report any serious adverse reactions to the MHRA; and
- Persons selling or supplying medical cannabis in the UK must maintain records for at least five years containing prescribed information, including the names of each product and the brand/supplier, the source of each product, to whom and when each supply was made, and a record of any suspected adverse reactions. Each person must make the records available for inspection by the MHRA on request.

UK Licensing Requirements

The MDA, 2001 Regulations and/or HM Regulations impose restrictions on, and/or require licenses be held by persons manufacturing/producing, importing, distributing, supplying, possessing and exporting medical cannabis. For example:

- A manufacturer or producer of medical cannabis in the UK must hold a manufacturer’s (specials) license under the HM Regulations and a Home Office license under the MDA and 2001 Regulations, unless an exemption applies;
- An importer of medical cannabis into the UK must hold a Home Office license under the MDA, in addition to either a (i) wholesale dealer’s license (if the product is to be imported from an EEA member state), or (ii) manufacturer’s (specials) license (if the product is to be imported from a third country) under the HM Regulations. In addition, following the withdrawal of the UK from the European Union on January 31, 2020 and the end of the transition period on December 31, 2020, a wholesale dealer in Great Britain must employ a Responsible Person (import) (RPI) resident in the UK in relation to products imported from the EEA and may only import Qualified Person (QP) certified medicines from the EEA if certain checks are made by the RPI;

- **Distribution** by wholesale dealing (i.e. excluding supply of the products to the public) must be through licensed wholesale dealers under the HM Regulations. Home Office licenses for possession and supply will also be required for activities associated with distribution (such as possession and supply), unless an exemption applies;
- Medical cannabis without a marketing authorization can only be **prescribed** to a patient by a doctor on the Specialist Register of the GMC under the 2001 Regulations. Patients are able to lawfully possess the product for medical use in accordance with a valid prescription; and
- Medical cannabis that is lawfully manufactured in, or imported into, the UK pursuant to a manufacturer's (specials) license or a wholesale dealer's license may be exported to other EU/EEA countries, provided it is lawful in the receiving country and the exporter complies with the relevant national requirements of the receiving country. Medical cannabis exported to non-EU/EEA countries are not "Specials" and so must be manufactured by the holder of an ordinary manufacturer's license, batch released and certified by a qualified person. A Home Office license will also be required for export under the MDA.
- For certain groups, for example, pharmacists and persons carrying out a retail pharmacy business, the 2001 Regulations allow the possession, supply and production of controlled drugs without the need for a Home Office license.

CBD based consumer products

EU Regulatory Landscape

Cannabidiol ("CBD") in its own right is not considered a controlled substance at international or national level. It is not included in the Schedules to the Single Convention on Narcotic Drugs of 1961 or the Convention on Psychotropic Substances of 1971. This position has been confirmed by the Expert Committee on Drug Dependence ("ECDD") in its comprehensive Critical Review Report of CBD of June 2018, which further states that "there is no evidence of [...] any public health-related problems associated with the use of pure CBD." The ECDD accordingly recommended that "preparations considered to be pure CBD should not be scheduled within the international drug conventions" as CBD does not have psychoactive properties and presents no potential for abuse or dependence." Consequently, the WHO has confirmed that its legal status in countries is something for national regulators to decide.

In its *Kanavape* judgment dated November 19, 2020, the Court of Justice of the European Union ("CJEU") unequivocally confirmed that CBD is not a narcotic drug, including CBD extracted from the *Cannabis sativa L.* plant in its entirety (and thus not only its seeds and/or fiber), and that EU member states may not prohibit its marketing as such. By means of this landmark judgment, the CJEU ended the on-going debate in Europe whether CBD extracted from the hemp plant should be considered as a narcotic drug because it constitutes a "cannabis extract" within the meaning of Schedule I of the Single Convention. The CJEU ruled that:

"since CBD does not contain a psychoactive ingredient in the current state of scientific knowledge [...], it would be contrary to the purpose and general spirit of the Single Convention to include it under the definition of 'drugs' within the meaning of that convention as a cannabis extract."

The CJEU's judgment has important implications for the use of CBD in consumer products, *i.e.*, cosmetic and food products in particular.

(a) Cosmetic products

Regulation (EC) N° 1223/2009 on cosmetic products (the "**Cosmetics Regulation**") sets forth the regulatory framework for cosmetic products in the EU. The Cosmetics Regulation, among other things, establishes the safety requirements for cosmetic products (*i.e.*, a safety assessment is required prior to commercialization), centralizes the notification of cosmetic products placed on the EU market through the Cosmetics Product Notification Portal ("**CPNP**") and introduces several other obligations for companies that are manufacturing and/or marketing cosmetics in the EU.

The Cosmetics Regulation specifically restricts the use of certain substances in cosmetic products, *i.e.*, Annex 2 contains a list of substances prohibited in cosmetic products while Annex 3 lists restricted substances which can only be used in accordance with the specified restrictions. The prohibited substances listed in Annex 2 include "narcotics, natural and synthetic: all substances listed in Table 1 and 2 of the Single Convention on Narcotic Drugs signed in New York on 30 March 1961", which include "cannabis and cannabis resin and extracts and tinctures of cannabis." Consequently, as the 1961 Single Convention does not schedule CBD specifically, the use of CBD in cosmetics has in principle always been allowed, as confirmed by the specific inclusion of synthetically produced CBD in the EU cosmetics ingredients database ("**CosIng**"). However, by reference to the UN Single Convention, some ambiguity remained as to whether CBD produced as extracts and/or tinctures of – the flowering or fruiting tops of – cannabis could be used in cosmetics.

In its *Kanavape* judgment, the CJEU indeed clarified that “since CBD does not contain a psychoactive ingredient in the current state of scientific knowledge [...], it would be contrary to the purpose and general spirit of the Single Convention to include it under the definition of ‘drugs’ within the meaning of that convention as a cannabis extract”. Consequently, following this judgment, in early February 2021, the European Commission expressly confirmed – by means of an update of the CosIng database – that natural CBD, “derived from extract or tincture or resin of cannabis”, may be used in cosmetics. The CosIng database further specifies that CBD has the following cosmetic functions: (i) anti-sebum, (ii) antioxidant; (iii) skin conditioning; and (iv) skin protecting.

As a consequence, CBD based cosmetic products can be marketed in the EU provided they comply with the relevant requirements of the Cosmetics Regulation and national laws and regulations as may be applicable.

Pursuant to Brexit, since 1 January 2021, the EU Withdrawal Act provides for EU law to be retained by adaptation into UK law. This means that in the short term UK law will be constituted of retained EU law, and therefore mirror EU law, with some differences in some mechanisms and additional administrative formalities (e.g. UK product notifications). However, at present, Brexit is not expected to have any specific impact on the status of CBD for use in cosmetics in the UK.

(b) Food products

Regulation (EC) No 178/2002 (the “**General Food Law Regulation**”) establishes that only safe food can be placed on the EU market and establishes basic criteria for establishing whether a food is safe. It aims to ensure free movement of food manufactured and marketed in the EU and establishes a principle of risk analysis based on scientific and technical evaluations undertaken by the European Food Safety Authority (“**EFSA**”). It is a basic precondition of the General Food Law Regulation that food must be safe, albeit in general, food products do not require prior authorisation in order to be placed on the market in the EU.

Article 2 of the EU General Food Law Regulation specifies that food shall not include [...]

“narcotic or psychotropic substances within the meaning of the United Nations Single Convention on Narcotic Drugs, 1961, and the United Nations Convention on Psychotropic Substances, 1971.”

Through its ruling in the *Kanavape* case that CBD is not a narcotic drug under the Single Convention, including CBD extracted from the *Cannabis sativa L.* plant in its entirety, the CJEU also – indirectly – confirmed that CBD, either synthetically or naturally produced, may generally be used in food and beverages in the European Union.

CBD is currently considered a so-called “novel food” in accordance with Regulation (EU) 2015/2283 (the “**Novel Food Regulation**”) given that the European Commission takes the view that CBD was not used as a food or food ingredient before May 15, 1997 and a history of consumption has not been demonstrated. The (non-binding) EU Novel Food Catalogue confirms this through its entry for cannabinoids in general:

“The hemp plant (*Cannabis sativa L.*) contains a number of cannabinoids and the most common ones are as follows: [...] cannabidiol (CBD) [...]. Without prejudice to the information provided in the novel food catalogue for the entry relating to *Cannabis sativa L.*, extracts of *Cannabis sativa L.* and derived products containing cannabinoids are considered novel foods as a history of consumption has not been demonstrated. This applies to both the extracts themselves and any products to which they are added as an ingredient (such as hemp seed oil). This also applies to extracts of other plants containing cannabinoids. Synthetically obtained cannabinoids are considered as novel.”

CBD extracts and food products (including beverages) containing CBD may therefore only be placed on the market as a food or food ingredient in the EU following a safety assessment by EFSA and authorization by the European Commission in accordance with the Novel Food Regulation. In practice, this results in the European Commission adopting an implementing act authorizing the placing on the market of a novel food and updating the so-called Union list. If the novel food is liable to have an effect on human health, the Commission will request EFSA to carry out a risk assessment first. Following the aforementioned *Kanavape* judgment, the European Commission confirmed in a public statement that the currently pending novel food applications for CBD are being evaluated and processed.

As a consequence, CBD based food products can be marketed in the EU once they have obtained a Novel Food authorization covering their specific use and comply with the relevant requirements of the General Food Law and Novel Food Regulation as well as national laws and regulations as applicable.

In the UK, the UK Food Standards Agency (“FSA”) has taken the position that CBD containing food products which were on sale in the UK on February 13, 2020 and are linked to an application which is submitted to the FSA by March 31, 2021 which was subsequently validated can remain on sale in England and Wales pending the assessment of these applications, *i.e.*, until they have been considered by independent scientific committees and a decision on authorization has been made. A list of the products that may remain on the UK market until a decision is made on their authorization is published on the FSA website.

Available Information

Our website address is <https://col-care.com/>. Through this website, our filings with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, will be accessible (free of charge) as soon as reasonably practicable after materials are electronically filed with or furnished to the SEC. The information provided on our website is not part of this registration statement.

You also may read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

Risks Related to Our Business

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

Columbia Care both directly and indirectly engages in the cannabis industry in the United States where local and state laws permit such activities. Investors are cautioned that in the United States, cannabis is largely regulated at the state level. To Columbia Care's knowledge, 36 states, the District of Columbia, Guam, Puerto Rico, the Northern Mariana Islands and the U.S. Virgin Islands have passed laws broadly legalizing marijuana for medicinal use by eligible patients. In the District of Columbia, the Northern Mariana Islands, Guam and 18 of these states, marijuana has been legalized for adult use, although not all of those jurisdictions have fully implemented their legalization programs. These include the states and territories in which Columbia Care operates. Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA and as such, cultivation, distribution, sale and possession of cannabis violates federal law in the United States. The inconsistency between federal and state laws and regulations is a major risk factor.

Federal prosecutors are free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors under the previous U.S. presidential administration as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities. It is not yet known whether the Department of Justice under President Biden and Attorney General Garland will re-adopt the Cole Memo or announce a substantive marijuana enforcement policy. Justice Garland stated at a confirmation hearing before the United States Senate that "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."¹ Nevertheless, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Federal law is separate from state law in these circumstances; therefore, the federal government can assert criminal violations of federal law despite state law. If the current administration was to aggressively pursue financiers or equity owners of cannabis-related businesses, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then Columbia Care could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries; and (ii) the arrest of its employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis.

The Department of Justice under the current administration or an aggressive federal prosecutor could allege that Columbia Care and the Board and, potentially its shareholders, "aided and abetted" violations of federal law by providing finances and services to its operating subsidiaries. Under these circumstances, it is possible that the federal prosecutor would seek to seize the assets of Columbia Care, and to recover the "illicit profits" previously distributed to shareholders resulting from any of the foregoing financing or services. In these circumstances, Columbia Care's operations would cease, Columbia Care securityholders may lose their entire investment and directors, officers and/or Columbia Care Shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison. Violations of any federal laws could result in

¹ John Schroyer, (2021 February 22) Attorney general nominee Garland signals friendlier marijuana stance, *available at* <https://mjbizdaily.com/attorney-general-nominee-merrick-garland-signals-friendlier-marijuana-stance/>.

significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on Columbia Care, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, the listing of its securities on the Exchanges or other applicable exchanges, its financial position, operating results, profitability or liquidity or the market price of its listed securities.

Overall, an investor's contribution to and involvement in Columbia Care's activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

There is no guarantee that the Rohrabacher-Farr Amendment will be renewed.

The Rohrabacher-Farr Amendment has been adopted by U.S. Congress in successive budgets since 2015. The Rohrabacher-Farr Amendment prohibits the Department of Justice from spending funds appropriated by Congress to enforce the tenets of the CSA against the medical cannabis industry in states which have legalized such activity. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. The Rohrabacher-Farr Amendment was renewed most recently in the Omnibus Appropriations Act of 2021, which funds the agencies of the federal government through September 30, 2021. On September 30, 2021, the Amendment was extended through the signing of a continuing resolution, effective through February 18, 2021. Notably, Rohrabacher-Farr has applied only to medical marijuana programs and has not provided the same protections to enforcement against adult-use activities. There is no guarantee that the Rohrabacher-Farr Amendment will be included in future legislation.

There is a risk of civil asset forfeiture of the Company's assets.

Since the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property 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.

The Company is subject to anti-money laundering laws and regulations.

Columbia Care is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Sections 1956 and 1957 of U.S.C. Title 18 (the Money Laundering Control Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended, and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada. Banks often refuse to provide banking services to businesses involved in the U.S. cannabis industry due to the present state of the laws and regulations governing financial institutions in the United States. The lack of banking and financial services presents unique and significant challenges to businesses in the medical cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services.

In February 2014, FinCEN, a division of the U.S. Department of Treasury, issued the FinCEN Guidance, providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Guidance states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary

guidance that former Deputy Attorney General James M. Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. While the FinCEN Guidance has not been rescinded by the Department of Justice at this time, it remains unclear whether the current administration will follow its guidelines. Overall, the Department of Justice continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act that occur in any state, including in states that have legalized the applicable conduct, and the Department of Justice's current enforcement priorities could change for any number of reasons, including a change in the opinions of the President of the United States or the United States Attorney General. A change in the Department of Justice's enforcement priorities could result in the Department of Justice prosecuting banks and financial institutions for crimes that previously were not prosecuted.

On March 18, 2021, the U.S. House of Representatives reintroduced the Secure and Fair Enforcement Banking Act (commonly known as the "**SAFE Banking Act**") which had previously passed in the House in 2019 and which aims to provide safe harbor and guidance to financial institutions that work with legal U.S. cannabis businesses. On March 23, 2021, the bill was reintroduced in the Senate as well. On April 19, 2021 the House passed the SAFE Banking Act by a vote of 321-101. In an attempt to help get the SAFE Banking Act passed in the Senate, Representative Ed Perlmutter proposed that it be included as an amendment to the National Defense Authorization Act (the "**NDAA**"). The Act was added to the NDAA by a voice vote on September 21, 2021, and the NDAA passed the House in a 316-113 vote on September 23, 2021. The bill now moves to the Senate for consideration. There is no guarantee the SAFE Banking Act will become law in its current form, if at all.

In the event that any of Columbia Care's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of Columbia Care to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while there are no current intentions to declare or pay dividends on the Common Shares in the foreseeable future, in the event that a determination was made that Columbia Care's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, Columbia Care may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

U.S. border officials could deny entry into the U.S. to employees of, or investors in companies with cannabis operations in the United States.

Since cannabis remains illegal under U.S. federal law, those employed at or investing in legal and licensed cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with U.S. cannabis businesses. Entry happens at the sole discretion of the U.S. Customs and Border Protection 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 warned 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 U.S. In addition, business or financial involvement in the legal cannabis industry in the United States could also be reason enough for U.S. border guards to deny entry. On September 21, 2018, U.S. Customs and Border Protection released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that U.S. Customs and Border Protection enforcement of United States laws regarding controlled substances has not changed and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal may affect admissibility to the U.S. As a result, U.S. Customs and Border Protection has affirmed that, a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada, coming to the U.S. for reasons unrelated to the cannabis industry, will generally be admissible to the U.S.; however, if a traveler is found to be coming to the U.S. for reasons related to the cannabis industry, they may be deemed inadmissible.

The Company may lack of access to U.S. bankruptcy protections.

Since 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 Columbia Care were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to Columbia Care's United States subsidiaries and operations, which could have a material adverse effect on the financial condition and prospects of Columbia Care and on the rights of lenders to and securityholders of Columbia Care.

The Company may face heightened scrutiny by regulatory authorities.

For the reasons set forth above, Columbia Care's existing operations in the United States, and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the U.S. As a result, Columbia Care may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on Columbia Care's ability to operate or invest in the United States or any other jurisdiction, in addition to those restrictions described herein. It had been reported in Canada that the Canadian Depository for Securities Limited was considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have activities in the United States. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with the NEO Exchange, the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers.

As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Common Shares or other securities of Columbia Care are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Common Shares or such other securities to make and settle trades. In particular, the Common Shares or such other securities would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares or such other securities through the facilities of the applicable stock exchange.

Residents of the United States may be unable to settle trades of Columbia Care securities.

Given the heightened risk profile associated with cannabis in the United States, capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the United States cannabis industry which may prohibit or significantly impair the ability of securityholders in the United States to trade the securities of Columbia Care. In the event residents of the United States are unable to settle trades of Columbia Care securities, this may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

The cannabis industry may experience legal, regulatory or political change.

The success of the business strategy of Columbia Care depends on the legality of the cannabis industry. The political environment surrounding the cannabis industry in general can be volatile and the regulatory framework remains in flux. To Columbia Care's knowledge, there are to date a total of 46 states, and the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands and Guam that have legalized cannabis in some form; however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting Columbia Care's business, results of operations, financial condition or prospects. Delays in enactment of new state or federal regulations could restrict the ability of Columbia Care to reach strategic growth targets and lower return on investor capital. The strategic growth strategy of Columbia Care is reliant upon certain federal and state regulations being enacted to facilitate the legalization of medical cannabis. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of Columbia Care, and thus, the effect on the return of investor capital, could be detrimental. Columbia Care is unable to predict with certainty when and how the outcome of these complex regulatory and legislative proceedings will affect its business and growth.

Further, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, Columbia Care's business, results of operations, financial condition and prospects would be materially adversely affected. It is also important to note that local and city ordinances may strictly limit and/or restrict the sale of cannabis in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the cannabis industry. Federal actions against individuals or entities engaged in the cannabis industry or a repeal of applicable cannabis related legislation could adversely affect Columbia Care and its business, results of operations, financial condition and prospects.

Columbia Care is aware that multiple states are considering special taxes or fees on businesses in the cannabis industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could have a material adverse effect upon Columbia Care's business, results of operations, financial condition or prospects.

Overall, the cannabis industry is subject to significant regulatory change at the local, state and federal levels. The inability of Columbia Care to respond to the changing regulatory landscape may cause it to be unsuccessful in capturing significant market share and could otherwise harm its business, results of operations, financial condition or prospects.

Columbia Care may have difficulty accessing the services of banks, which may make it difficult to operate its business.

Financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under the federal money laundering statutes, unlicensed money transmitter statute and the Bank Secrecy Act. Previous guidance issued by the FinCEN clarifies how financial institutions can provide services to cannabis-related businesses consistent with their obligations under the Bank Secrecy Act. Prior to the DOJ's announcement in January 2018 of the rescission of the Cole Memo and related memoranda, supplemental guidance from the DOJ directed federal prosecutors to consider the federal enforcement priorities enumerated in the Cole Memo when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. It is unclear what impact the rescission of the Cole Memo will have, but federal prosecutors may increase enforcement activities against institutions or individuals that are conducting financial transactions related to cannabis activities. The increased uncertainty surrounding financial transactions related to cannabis activities may also result in financial institutions discontinuing services to the cannabis industry.

Consequently, those businesses involved in the regulated cannabis industry continue to encounter difficulty establishing banking relationships, which may increase over time. Columbia Care's inability to maintain its current bank accounts would make it difficult for Columbia Care to operate its business, increase its operating costs, and pose additional operational, logistical and security challenges and could result in its inability to implement its business plan.

Columbia Care may have difficulty accessing public and private capital.

Columbia Care has historically and will continue to have access to equity financing from the public capital markets by virtue of its status as a reporting issuer in each of the provinces and territories of Canada (other than Quebec).

Columbia Care has historically, and continues to have, access to equity and debt financing from the prospectus exempt (private placement) markets in Canada and the U.S. Columbia Care also has relationships with sources of private capital (such as funds and high net worth individuals) that could provide financing at a higher cost of capital.

While Columbia Care is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it currently has access to equity financing through the private markets in Canada and the U.S. Since the use of cannabis is illegal under U.S. federal law, and in light of concerns in the banking industry regarding money laundering and other federal financial crime related to cannabis, U.S. banks have been reluctant to accept deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Likewise, cannabis businesses have limited access, if any, to credit card processing services. As a result, cannabis businesses in the U.S. are to a significant degree cash based. This complicates the implementation of financial controls and increases security issues.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high-net-worth individuals and family offices that have made meaningful investments in companies and businesses similar to Columbia Care. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to Columbia Care when needed or on terms which are acceptable to Columbia Care. Columbia Care's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

The Company may face unfavorable publicity or consumer perception.

Columbia Care believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of Columbia Care's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity. Columbia Care'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 Columbia Care, the demand for products, and the business, results of operations, financial condition and cash flows of Columbia Care. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or Columbia Care's products specifically, or associating the consumption of medical 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 legally, appropriately or as directed.

The results of future clinical research may have a material adverse effect on the Company.

Research 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 (such as CBD and THC). 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 medical cannabis, which could have a material adverse effect on the demand for Columbia Care's products with the potential to lead to a material adverse effect on Columbia Care's business, financial condition and results of operations.

Expansion into the adult-use cannabis market may subject the Company to additional regulation.

Columbia Care has obtained and may continue in the future to pursue licenses to permit the sale of adult-use cannabis where local state law permits such activities. Any change in Columbia Care's strategy would involve the adoption of new local state regulations which are evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. Failure to comply with the requirements of local state law or any failure to maintain its licenses would have a material adverse impact on Columbia Care's business, financial condition and operating results. In addition, with each new market that Columbia Care enters, it will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions imposed on its operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Columbia Care's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on its business, results of operations and financial condition. Additionally, adult use cannabis businesses are not protected by the Rohrabacher-Farr Amendment, meaning the risk of federal prosecution are higher for adult use businesses.

The Company's business is subject to a variety of laws, regulations and guidelines.

Columbia Care's business is subject to a variety of laws, regulations and guidelines relating to the cultivation, manufacture, management, transportation, processing, storage and disposal of cannabis, including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Achievement of Columbia Care's business objectives are contingent, in part, upon compliance with applicable regulatory requirements and obtaining all requisite regulatory approvals. Changes to such laws, regulations and guidelines due to matters beyond the control of Columbia Care may cause material adverse effect on Columbia Care's business, financial condition, results of operations or prospects.

Columbia Care is required to obtain or renew government permits and licenses for its current and contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving numerous regulatory agencies, involving public hearings and costly undertakings on Columbia Care's part. The duration and success of Columbia Care's efforts to obtain, amend and renew permits and licenses are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. Columbia Care may not be able to obtain, amend or renew permits or licenses that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of Columbia Care. To the extent necessary permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, Columbia Care may be curtailed or prohibited from proceeding with its ongoing operations or planned development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on Columbia Care's business, financial condition, results of operations or prospects.

While Columbia Care's compliance controls have been developed to mitigate the risk of any material violations of any license or certificate it holds arising, there is no assurance that Columbia Care's licenses or certificates will be renewed by each applicable regulatory authority in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process for any of the licenses or certificates held by Columbia Care could impede the ongoing or planned operations of Columbia Care and have a material adverse effect on Columbia Care's business, financial condition, results of operations or prospects.

The Company may face risks related to FDA and FTC enforcement.

The manufacture, labeling and distribution of Columbia Care's CBD products is regulated by various federal, state and local agencies including, without limitation, the Food and Drug Administration (FDA), the Federal Trade Commission ("FTC") and analogous state agencies. The FDA has taken the position that CBD cannot be added to food or marketed in, or as, a dietary supplement because it is an active ingredient in an FDA-approved drug and was the subject of substantial clinical investigations before it was marketed as a food or dietary supplement, a restriction generally referred to as the "IND Preclusion". If the FDA were to begin strict enforcement actions against manufacturers of products containing hemp-derived CBD, whether based on the IND Preclusion or other provisions of the FD&C Act, this would adversely impact Columbia Care's business and financial condition. Failure to comply with FDA requirements may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions.

Our advertising activities are also subject to regulation by the FTC under the Federal Trade Commission Act. In recent years, the FTC has initiated numerous investigations of CBD products and companies based on allegedly deceptive or misleading claims. Notably, on December 17, 2020, the FTC announced its first law enforcement crackdown on deceptive claims in the growing market for CBD products. The FTC took action against six sellers of CBD products for allegedly making a wide range of scientifically unsupported claims about their ability to treat serious health conditions. Among other things, each of these CBD-selling companies, and the individuals behind them, were required to stop making such unsupported health claims immediately, and several will pay monetary judgments to the agency. While this enforcement action and the warning letters issued by the FDA and FTC have been aimed at companies making unapproved health claims about CBD products, the enforcement strategies of the FDA and FTC can change at any time. Additionally, some states also permit advertising and labeling laws to be enforced by state attorney generals, who may seek relief for consumers, seek class-action certifications, seek class-wide damages and product recalls of Columbia Care's CBD products. Any actions against us by any governmental authorities or private litigants could have an adverse effect on our business, financial condition and results of operations.

Columbia Care may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm Columbia Care's reputation, require Columbia Care to take, or refrain from taking, actions that could harm its operations or require Columbia Care to pay substantial amounts of funds, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on Columbia Care's business, financial condition, results of operations or prospects.

Since Section 280E of the Code, as amended, prohibits businesses from deducting certain expenses associated with trafficking controlled substances, the Company will be precluded from claiming certain deductions otherwise available to non-cannabis businesses and, as a result, an otherwise profitable business may in fact operate at a loss after taking into account its income tax expenses.

Section 280E of the Internal Revenue Code generally prohibits businesses from deducting or claiming tax credits with respect to expenses paid or incurred in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by U.S. federal law or the law of any state in which such trade or business is conducted. Section 280E currently applies to businesses operating in the cannabis industry, irrespective of whether such businesses that are licensed and operating in accordance with applicable state laws. The application the Internal Revenue Code Section 280E generally causes such businesses to pay higher effective U.S. federal tax rates than similar businesses in other industries. The impact of Internal Revenue Code Section 280E on the effective tax rate of a cannabis business generally depends on how large the ratio of non-deductible expenses is to the business's total revenues. Columbia Care expects to be subject to Internal Revenue Code Section 280E. The application of Internal Revenue Code Section 280E to Columbia Care may adversely affect Columbia Care's profitability and, in fact, may cause Columbia Care to operate at a loss. While recent legislative proposals, if enacted into law, could eliminate or diminish the application of Internal Revenue Code Section 280E to cannabis businesses, the enactment of any such law is uncertain. Accordingly, Internal Revenue Code Section 280E may to apply to Columbia Care indefinitely.

The Company's service providers may suspend or withdraw their services.

As a result of any adverse change to the approach in enforcement of United States cannabis laws, adverse regulatory or political change, additional scrutiny by regulatory authorities, adverse change in public perception in respect of the consumption of cannabis or otherwise, third party service providers to Columbia Care could suspend or withdraw their services, which may have a material adverse effect on Columbia Care's business, revenues, operating results, financial condition or prospects.

The Company may be unable to enforce its contracts.

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Since cannabis remains illegal in the United States at a federal level, judges in multiple U.S. states have on a number of 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. There remains doubt and uncertainty that Columbia Care will be able to legally enforce contracts it enters into if necessary. Columbia Care cannot be assured that it will have a remedy for breach of contract, which would have a material adverse effect on Columbia Care's business, revenues, operating results, financial condition and prospects.

Ability to grow Columbia Care's business depends on state laws pertaining to the cannabis industry.

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 is not assured and any number of factors could slow or halt further progress in this area. While there may be ample public support for legislative action permitting the manufacture and use of cannabis, numerous factors impact the legislative process. For example, many states that voted to legalize medical and/or adult-use cannabis have seen significant delays in the drafting and implementation of industry regulations and issuance of licenses. In addition, burdensome regulation at the state level could slow or stop further development of the medical cannabis industry, such as limiting the medical conditions for which medical cannabis can be recommended by physicians for treatment, restricting the form in which cannabis can be consumed, imposing significant registration requirements on physicians and patients or imposing significant taxes on the growth, processing and/or retail sales of cannabis, which could have the impact of dampening growth of the cannabis industry and making it difficult for cannabis businesses to operate profitably in those states. Any one of these factors could slow or halt additional legislative authorization of cannabis, which could harm Columbia Care's business, revenues, operating results, financial condition and prospects.

Reliable data on the cannabis industry is not available.

As a result of recent and ongoing regulatory and policy changes in the medical cannabis industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by Columbia Care of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data.

Conversions and potential future sales of shares could adversely affect prevailing market prices for the common shares.

Subject to the restrictions set forth in the articles of Columbia Care (the "Articles"), Common Shares may at any time, at the option of the holder, be converted into Proportionate Voting Shares on the basis of 100 Common Shares for one Proportionate Voting Share. Subject to the restrictions set forth in Columbia Care's Articles, each issued and outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 100 Common Shares.

Further, Columbia Care cannot predict the size of future issuances of Common Shares or the effect, if any, that future issuances and sales of Common Shares will have on the market price of the Common Shares. Sales of substantial amounts of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. The market price of the Common Shares could be adversely affected upon the expiration of lock up periods applicable to certain Columbia Care shareholders.

Additional issuances of Common Shares, Proportionate Voting Shares, and Preferred Shares may result in dilution.

The Company may issue additional equity or convertible debt securities in the future, which may dilute existing shareholder's holdings. The Articles permit the issuance of an unlimited number of Common Shares, Proportionate Voting Shares, and Preferred Shares (as defined herein), and existing shareholders will have no pre-emptive rights in connection with such further issuances. The Board has discretion to determine the price and the terms of further issuances, and such terms could include rights, preferences and privileges superior to those existing holders of Subordinated Voting Shares.

The Company cannot predict the size or nature of future issuances or the effect that future issuances and sales of Common Shares, Proportionate Voting Shares, and Preferred Shares will have on the market price of the Common Shares registered hereunder. Issuances of a substantial number of additional Common Shares, Proportionate Voting Shares, and Preferred Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, Proportionate Voting Shares, and Preferred Shares, investors will suffer dilution to their voting power and economic interest in the Company.

The Company's Articles provides that the Supreme Court of the Province of British Columbia, Canada and the appellate Courts therefrom are the sole and exclusive forum for any derivative action brought on behalf of the Company, which may limit our investors' flexibility in selecting a forum for any future disputes.

The Company's Articles provides that the Supreme Court of the Province of British Columbia, Canada and the appellate Courts therefrom are the sole and exclusive forum for any derivative action brought on behalf of the company. The choice of forum provision may limit an investor's ability to bring a derivative claim in a judicial forum of its choosing.

The Company may grow low quality cannabis.

Columbia Care currently operates in an early-stage market which has a small representation of medical or adult-use cannabis consumers. Should Columbia Care be unable to grow a quality product demanded by the consumers, this could have a material impact on Columbia Care's revenues and average price per gram.

The Company faces risks inherent in the agricultural business.

Columbia Care's business involves the growing of cannabis, which is an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, including but not limited to, pests, plant diseases, crop failure and similar agricultural risks. Although Columbia Care grows some of its products indoors under climate-controlled conditions and carefully monitors the growing conditions of its products with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the volume, quality and consistency of its products and consequently on Columbia Care's sales, profitability and financial condition.

Climate change could exacerbate certain of the risks inherent in Columbia Care's agricultural operations.

Climate change could result in increasing frequency and severity of weather-related events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages and changing temperatures, and of which can damage or destroy crops, resulting in Columbia Care having no or limited cannabis flower to process. If Columbia Care is unable to harvest cannabis flower through its proprietary operations, its ability to meet customer demand, generate sales, and maintain operations will be impacted. Furthermore, severe weather-related events may result in substantial costs to Columbia Care, including costs to respond during the event, to recover from the event, and to possibly modify existing or future infrastructure requirements to prevent recurrence. Climate changes could also disrupt Columbia Care's operations by impacting the availability and costs of materials needed for production and could increase insurance and other operating costs.

Columbia Care may be directly or indirectly exposed to climate change risk from natural disasters, changes in weather patterns and severe weather, which may result in physical damage to Columbia Care's cultivation and processing facilities. Such damage may result in disrupted operations, and it may be difficult for Columbia Care to continue its business for a substantial period of time, which could materially adversely impact Columbia Care's business, financial condition or operating results and could cause the market value of its Common Shares to decline. In addition, climate change has continued to attract the focus of governments, the scientific community and the general public as an important threat, given the emission of greenhouse gases and other activities continue to negatively impact the planet. Columbia Care faces the risk that its operations will be subject to government initiatives aimed at countering climate change, which could impose constraints on its operational flexibility.

The Company may face risks related to its third-party product manufacturers.

All of Columbia Care's hemp-derived CBD products are produced, packaged, and labeled by third-party vendors. The Company relies on its third-party vendors to obtain and maintain certain permits, licenses or other approvals from regulatory agencies in the jurisdictions in which they operate, including, in the case of certain jurisdictions, the ability to demonstrate compliance with current good manufacturing practice standards. Failure of a third-party vendor to maintain the requisite permits, licenses or other approvals, or otherwise conform to the strict regulatory requirements of any applicable regulatory authority may result in delays, interruptions in supply, product recalls or withdrawals, and could expose the Company to potential product liability claims, damage our reputation and the reputation of our brands or otherwise harm our business.

The Company is exposed to product liability claims.

As a distributor of products designed to be ingested by humans, Columbia Care faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of Columbia Care's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Columbia Care's products alone or in combination with other medications or substances could occur. Columbia Care may be subject to various product liability claims, including, among others, that Columbia Care's products 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 against Columbia Care could result in increased costs, could adversely affect Columbia Care's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of Columbia Care.

The Company's products may be subject to product recalls.

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 labelling disclosure. If any of Columbia Care's products are recalled due to an alleged product defect or for any other reason, Columbia Care could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Columbia Care may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all.

Significant failure or deterioration of Columbia Care's quality control systems could have a material adverse effect on the Company.

The quality and safety of Columbia Care's products are critical to the success of its business and operations. As such, it is imperative that Columbia Care's quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although Columbia Care strives to ensure that it and any of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on Columbia Care's business, financial condition, results of operations or prospects.

The Company is subject to environmental risk and regulation.

Columbia Care's operations 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 adversely affect Columbia Care's operations.

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

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

Amendments to current laws, regulations and permits governing the production or manufacturing of cannabis, or more stringent implementation thereof, could have a material adverse impact on Columbia Care and cause increases in expenses, capital expenditures or production or manufacturing costs or reduction in levels of production or manufacturing or require abandonment or delays in development.

New tax legislation may have an adverse impact on the Company.

There have been several recent legislative, judicial and administrative changes to the U.S. federal income tax laws, including changes pursuant to the enactment of P.L. 115-97, which is informally titled the "Tax Cuts and Jobs Act," in December, 2017. In many respects, the individual and collective impact of these changes in law on the U.S. federal income taxation of corporations and their shareholders is uncertain and may not become evident for some time. Moreover, additional changes to U.S. federal income tax laws are likely to continue in the future, and any such changes could adversely impact Columbia Care or its shareholders.

The Company has limited operating history.

As a high growth enterprise, Columbia Care has a limited history of profitability. Columbia Care is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of earnings. There is no assurance that Columbia Care will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

The Company had negative cash flow from operations during fiscal 2020.

During Fiscal 2020, Columbia Care sustained net losses from operations and had negative cash flow from operating activities. Columbia Care's cash as at December 31, 2020 was approximately US\$61.1 million. Columbia Care's cash as at March 1, 2021 was approximately US \$175.6 million. Although Columbia Care anticipates it will eventually have positive cash flow from operating activities, to the extent that Columbia Care has negative cash flow in any future period, certain of the proceeds from any offering of securities of Columbia Care may be used to fund such negative cash flow from operating activities.

The Company faces intense competition from other companies.

There is potential that Columbia Care will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than Columbia Care. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, results of operations or prospects of Columbia Care. As a result of the early stage of the industry in which Columbia Care operates, Columbia Care expects to face additional competition from new entrants. To become and remain competitive, Columbia Care will require research and development, marketing, sales and support. Columbia Care may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition, results of operations or prospects of Columbia Care.

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

New well-capitalized entrants into the medical cannabis industry may develop large-scale operations.

Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities; however, the risk exists that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of larger or a larger number of dispensaries and cultivation and production facilities, which such trend is now being observed by Columbia Care. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the cannabis industry. While the approach in most state laws and regulations seemingly deters this type of takeover, this industry remains nascent and as indicated above, the future landscape remains largely unknown, especially as relates to the potential for interstate commerce in the cannabis industry in the United States, which might potentially be more advantageous to large conglomerates and companies as compared to Columbia Care.

The Company is vulnerable to rising energy costs.

Cannabis growing operations consume considerable energy, making Columbia Care potentially vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business, results of operations, financial condition or prospects of Columbia Care.

The Company is reliant is on key inputs.

The cannabis business is dependent on a number of key inputs and their related costs including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, results of operations or prospects of Columbia Care. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, Columbia Care might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to Columbia Care in the future. Any inability to secure a replacement for such source in a timely manner or at all could have a material adverse effect on the business, financial condition, results of operations or prospects of Columbia Care.

The Company is reliant on suppliers and skilled labor.

The ability of Columbia Care to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that Columbia Care will be successful in maintaining its required supply of skilled labor, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by Columbia Care's capital expenditure plans may be significantly greater than anticipated by Columbia Care's management and may be greater than the funds available to Columbia Care, in which circumstance Columbia Care may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the business, financial condition, results of operations or prospects of Columbia Care.

The Company's sales are difficult to forecast.

Columbia Care must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of Columbia Care.

The Company faces intellectual property risks.

Columbia Care may have certain proprietary intellectual property, including but not limited to patents and proprietary processes, and plans for trademarks that are not yet public. Columbia Care will rely on this intellectual property, know-how and other proprietary information, and require employees, consultants and suppliers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and Columbia Care may not have adequate remedies for such breaches. Third parties may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to Columbia Care's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on Columbia Care's business, results of operations, financial condition or prospects.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to Columbia Care. As a result, Columbia Care's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, Columbia Care can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, provincial, state or local level. While many states do offer the ability to protect trademarks independent of the federal government, patent protection is wholly unavailable on a state level, and state-registered trademarks provide a lower degree of protection than would federally-registered marks.

The Company may not be able to protect its patents.

If some or all of Columbia Care's patents expire or are invalidated or are found to be unenforceable, or if some or all of its patent applications do not contain patentable subject matter because the claims are determined to lack utility, novelty, or non-obviousness, or do not result in issued patents or result in patents with narrow, overbroad, or unenforceable claims, or claims that are not supported in regard to written description or enablement by the specification, Columbia Care may be subject to competition from third parties with products in the same class as its own products or devices, including in those jurisdictions in which Columbia Care has no patent protection.

Even if Columbia Care's products, devices, and/or the processes, or methods for treating patients for prescribed indications using these products and/or devices are covered by valid and enforceable patents and have claims with sufficient scope, disclosure and support in the specification, the patents will provide protection only for a limited amount of time. Columbia Care's ability to obtain patents can be highly uncertain and involve complex and in some cases unsettled legal issues and factual questions. Furthermore, different countries have different procedures for obtaining patents, and patents issued in different countries provide different degrees of protection against the use of a patented invention by others. Therefore, the scope and enforceability of Columbia Care's patents may differ across those countries in which Columbia Care is seeking patent protection, and Columbia Care's ability to protect its intellectual property in some countries may be limited accordingly. Changes in either patent laws or in interpretations of patent laws in the United States and other countries may materially diminish the value of our intellectual property or narrow the scope of our patent protection.

Columbia Care may be subject to competition from third parties with products or devices in the same class as its products or devices in those jurisdictions in which it has no patent protection. Even if patents are issued to Columbia Care regarding its products, devices, and/or methods of using them, those patents can be challenged by its competitors who can argue such patents are invalid or unenforceable, lack utility, lack sufficient written description or enablement, or should be limited or narrowly construed. Patents also will not protect Columbia Care's product candidates if competitors devise ways of making or using these product candidates without legally infringing Columbia Care's patents.

Columbia Care also relies on trade secrets to protect its technology, especially where it does not believe that patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Columbia Care's employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose its confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Enforcing a claim that a third party illegally obtained and is using Columbia Care's trade secrets is expensive and time-consuming, and the outcome is unpredictable. Moreover, Columbia Care's competitors may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain trade secret protection could adversely affect Columbia Care's competitive business position.

The Company may not be able to protect its trademarks.

Apart from the federal illegality issues discussed above, Columbia Care's trademark applications may encounter other obstacles, including refusals or oppositions based on third party rights or issues such as the "mere descriptiveness" of a proposed trademark. In that event, Columbia Care has opportunities to respond, but may not be able to overcome the refusals or challenges. Once a trademark is registered, third parties can also bring cancellation proceedings, which may be successful in cancelling Columbia Care's registrations. Unregistered trademarks can be more challenging to protect and enforce, and an adverse decision with respect to registration, based on third party rights, can increase the risk of an infringement action.

The Company may infringe on intellectual property rights of third parties.

There is a risk that Columbia Care is infringing the proprietary rights of third parties because numerous United States and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields that are the focus of Columbia Care's development and manufacturing efforts. Others might have been the first to make the inventions covered by one or more of its pending patent applications and/or might have been the first to file patent applications for these inventions. Furthermore, because of historical policies and laws disfavoring the patenting and publication of cannabis-related technologies, prior art relevant to Columbia Care's or its competitors' patents and patent applications may not be readily identified during normal patent examination processes, resulting in the issuance of claims that might not have issued in a better documented field. In addition, because patent applications take many months to publish and patent applications can take many years to issue, there may be currently pending applications, unknown to Columbia Care, which may later result in issued patents that cover the production, manufacture, synthesis, commercialization, formulation or use of Columbia Care's products. In addition, the production, manufacture, synthesis, commercialization, formulation or use of Columbia Care's products may infringe existing patents of which Columbia Care is not aware. Similarly, a third party could take the position that Columbia Care is infringing its trademark rights, based on other registered or unregistered trademarks. Even if Columbia Care ultimately defeats a third party's claims, defending itself against third-party claims, including litigation in particular, would be costly and time consuming and would divert management's attention from its business, which could lead to delays in Columbia Care's development or commercialization efforts. If third parties are successful in their claims, Columbia Care may have to pay substantial damages, including the potential for treble damages if willful infringement is found, or take other actions that are adverse to Columbia Care's business.

The Company faces competition from synthetic production and technological advances.

The pharmaceutical industry may attempt to dominate the cannabis industry through the development and distribution of synthetic products which emulate the effects and treatment of organic cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could adversely affect the ability of Columbia Care to secure long-term profitability and success through the sustainable and profitable operation of its business. There may be unknown additional regulatory fees and taxes that may be assessed in the future.

The Company may face constraints on marketing products.

The development of Columbia Care'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 companies' abilities to compete for market share in a manner similar to other industries. If Columbia Care is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, Columbia Care's sales and results of operations could be adversely affected.

The Company may be exposed to risk of fraudulent or illegal activity by employees, contractors and consultants.

Columbia Care 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 and/or negligent unauthorized conduct that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal, state and provincial healthcare fraud and abuse laws and regulations; (iv) laws that require the true, complete and accurate reporting of financial information or data; or (v) contractual arrangements, including confidentiality requirements. It may not always be possible for Columbia Care to identify and deter misconduct by its employees and other third parties, and the precautions taken by Columbia Care to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting Columbia Care from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with applicable laws or regulations or contractual requirements. If any such actions are instituted against Columbia Care, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on Columbia Care's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of Columbia Care's operations, any of which could have a material adverse effect on Columbia Care's business, financial condition, results of operations or prospects.

Certain jurisdictions currently prohibit public company ownership of cannabis businesses.

Certain jurisdictions in the United States prohibit persons that are declared unqualified to hold a cannabis establishment license, which can include any publicly-traded company. In such circumstances, the prohibition against the issuance of a cannabis establishment business license may not be limited to the direct licensee but extend to owners of such licensees including parent-companies. As such, a publicly-traded company may be denied the issuance of a cannabis establishment business license in such jurisdictions which could limit Columbia Care's ability to expand.

The Company depends on information technology systems and may experience cyber-attacks.

Columbia Care's operations depend, in part, on how well it and its suppliers protect networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Columbia Care's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact Columbia Care's reputation and results of operations. Columbia Care has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that Columbia Care will not incur such losses in the future. Columbia Care's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, Columbia Care may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

A security breach may have a material adverse effect on the Company.

Given the nature of Columbia Care's products and its lack of legal availability outside of channels approved by the United States federal government, as well as the concentration of inventory in its facilities, despite meeting or exceeding all legislative security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of Columbia Care's facilities could expose Columbia Care to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing Columbia Care's products. In addition, Columbia Care collects and stores personal information about its customers and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly customer lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on Columbia Care's business, financial condition, results of operations and prospects.

The Company is subject to high bonding and may face difficulty obtaining insurance coverage.

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

Columbia Care's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although Columbia Care maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. Columbia Care may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of Columbia Care is not generally available on acceptable terms. Columbia Care might also become subject to liability for pollution, fire, explosion or other hazards which it may not be insured against or which Columbia Care may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Columbia Care to incur significant costs that could have a material adverse effect upon its business, results of operations, financial condition or prospects.

Due to the Company's involvement in the cannabis industry, it may have a difficult time obtaining the various insurances that are desired to operate its business, which may expose Columbia Care to additional risk and financial liability. Insurance that is otherwise readily available, such as general liability, and directors and officer's insurance, may be more difficult to find, and more expensive, because of the regulatory regime applicable to the industry. There are no guarantees that Columbia Care will be able to find such insurance coverage in the future, or that the cost will be affordable. If the Company is forced to go without such insurance coverage, it may prevent it from entering into certain business sectors, may inhibit growth, and may expose Columbia Care to additional risk and financial liabilities.

Columbia Care may not pay dividends.

The declaration and payment of dividends or distributions by Columbia Care will be at the discretion of the Board subject to restrictions under applicable laws, and may be affected by numerous factors, including Columbia Care's revenues, financial condition, acquisitions, capital investment requirements and legal, regulatory or contractual restrictions. A failure to pay dividends or a reduction or cessation of the payment of dividends could materially adversely affect the trading price of Common Shares.

The Company may be subject to international regulations.

Columbia Care intends to expand internationally and, as a result, it is and will become further subject to the laws and regulations of (as well as international treaties among) the foreign jurisdictions in which it operates or imports or exports products or materials. In addition, Columbia Care may avail itself of proposed legislative changes in certain jurisdictions to expand its product portfolio, which expansion may include business and regulatory compliance risks as yet undetermined. Failure by Columbia Care to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on Columbia Care's business, financial condition and results of operations. There is the possibility that any such international jurisdiction could determine that Columbia Care was not or is not compliant with applicable local regulations. If Columbia Care's sales or operations were found to be in violation of such international regulations Columbia Care may be subject to enforcement actions in such jurisdictions including, but not limited to civil and criminal penalties, damages, fines, the curtailment or restructuring of Columbia Care's operations or asset seizures and the denial of regulatory applications.

The Company's use of customer information and other personal and confidential information may have an adverse impact.

Columbia Care collects, processes, maintains and uses data, including sensitive information on individuals (with consent when applicable) available to Columbia Care through online activities and other customer interactions with its business. Columbia Care's current and future programs may depend on its ability to collect, maintain and use this information, and its ability to do so is subject to evolving international, U.S. and Canadian laws and enforcement trends. Columbia Care strives to comply with all applicable laws and other legal obligations relating to privacy, data protection and customer protection. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, conflict with other rules, conflict with Columbia Care's practices or fail to be observed by its employees or business partners. If so, Columbia Care may suffer damage to its reputation and be subject to proceedings or actions against it by governmental entities or others. Any such proceeding or action could hurt Columbia Care's reputation, force it to spend significant amounts to defend its practices, distract its management or otherwise have an adverse effect on its business.

The Company is treated as a U.S. domestic corporation for U.S. federal income tax purposes.

Columbia Care is treated as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Internal Revenue Code. Consequently, Columbia Care is subject to U.S. federal income tax on its worldwide taxable income. Since Columbia Care is a resident of Canada for purposes of the Tax Act, Columbia Care is also subject to Canadian income tax. Consequently, Columbia Care is liable for both U.S. and Canadian income tax, which could have a material adverse effect on its financial condition and results of operations, and could inhibit efficient use of its capital.

The Company may be subject to net operating loss and certain other tax attribute limitations.

Section 382 of the Internal Revenue Code contains rules that limit for U.S. federal income tax purposes the ability of a corporation that undergoes an "ownership change" to utilize its net operating losses (and certain other tax attributes) existing as of the date of such ownership change. Under these rules, a corporation is treated as having had an "ownership change" if there is a cumulative change of more than a 50 percentage points in stock ownership by one or more "five percent shareholders," within the meaning of Section 382 of the Internal Revenue Code, during a rolling three-year period. If finalized, Treasury Regulations currently proposed under Section 382 of the Code may further limit Columbia Care's ability to utilize its pre-change net operating losses or other tax attributes if Columbia Care were to undergo a future ownership change. Columbia Care may have experienced ownership changes in the past, and it may experience ownership changes in the future and/or subsequent shifts in its stock ownership (some of which may be outside the control of Columbia Care). Thus, Columbia Care's ability to utilize carryforwards of its net operating losses and other tax attributes to reduce future tax liabilities may be substantially restricted. At this time, Columbia Care has not completed a study to assess the impact, if any, of ownership changes on its net operating losses and certain other tax attributes under Section 382 of the Internal Revenue Code.

Dividends may be subject to Canadian and/or United States withholding tax.

Dividends received on the Common Shares by a Non-U.S. Holder (including a Canadian Resident Holder) of Common Shares will be subject to U.S. withholding tax. A foreign tax credit under the Tax Act in respect of such U.S. withholding taxes may not be available to such holder. Any such dividends may not qualify for a reduced rate of withholding tax under the *Canada-United States Income Tax Convention (1980)* as amended, or, the Treaty.

Dividends received on the Common Shares by Non-Canadian Resident Holders who are U.S. Holders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Treaty. 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. Dividends paid in respect of the Common Shares will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Internal Revenue 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. Subject to certain limitations, a 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.

A holder that is both a Non-Canadian Resident Holder and a Non-U.S. Holder may be subject to (a) Canadian withholding tax, and (b) U.S. withholding tax on dividends received on the Common Shares. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a holder, 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 holder, subject to examination of the relevant treaty. Non-Canadian Resident Holders and Non-U.S. Holders should consult their own tax advisors with respect to the availability of any foreign tax credits or deductions in respect of any Canadian or U.S. withholding tax applicable to dividends on the Common Shares.

Transfers of Common Shares may be subject to United States gift, estate and transfer taxes.

Because the Common Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally will apply to a Non-U.S. Holder of Common Shares.

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

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

If enacted, the proposed “Made in America Tax Plan” would increase the Company’s U.S. federal corporate tax rate requiring the Company to pay more in U.S. federal income taxes, thus reducing the Company’s net revenue.

On March 31, 2021, the current U.S. presidential administration proposed the “American Jobs Plan” to create domestic jobs, rebuild national infrastructure and increase American competitiveness. To fund its expected \$2 trillion cost, the administration also proposed the “Made in America Tax Plan,” which is intended to raise that amount or more over 15 years through several methods including higher income tax rates on corporations. If enacted, Columbia Care’s U.S. federal corporate income tax rate would increase from 21% to 28%. Any increase in Columbia Care’s federal corporate tax rate would require Columbia Care to pay more in federal taxes, thus reducing Columbia Care’s net revenue.

The Company may be classified as a USRPHC.

Columbia Care is treated as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Internal Revenue Code. As a result, the taxation of Columbia Care’s Non-U.S. Holders upon a disposition of Common Shares generally depends on whether Columbia Care is classified as a United States real property holding corporation (a “USRPHC”) under the Internal Revenue Code. Columbia Care does not believe that it is or has been and does not anticipate becoming a USRPHC. However, Columbia Care is not expected to seek formal confirmation of its status as a non-USRPHC from the IRS. If Columbia Care were to be considered a USRPHC, Non-U.S. Holders may be subject to U.S. federal income tax on any gain associated with the disposition of Common Shares.

Market price of the common shares may be highly volatile.

Market prices for cannabis companies have at times been volatile and subject to substantial fluctuations. The stock market, from time-to-time, experiences significant price and volume fluctuations unrelated to the operating performance of particular companies. Future announcements concerning Columbia Care or its competitors, including those pertaining to financing arrangements, government regulations, developments concerning regulatory actions affecting Columbia Care, litigation, additions or departures of key personnel, cash flow, and economic conditions and political factors in the United States may have a significant impact on the market price of the Common Shares. In addition, there can be no assurance that the Common Shares will continue to be listed on the Exchanges.

The market price of the Common Shares could fluctuate significantly for many other reasons, including for reasons unrelated to Columbia Care's specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by its subscribers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within its industry experience declines in their stock price, the share price of the Common Shares may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against Columbia Care could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

Further equity financing may dilute the interests of Columbia Care shareholders and depress the price of the common shares.

If Columbia Care raises additional financing through the issuance of equity securities (including securities convertible or exchangeable into equity securities) or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of shareholders of Columbia Care and reduce the value of their investment. Columbia Care's Articles permit the issuance of an unlimited number of Common Shares, and Columbia Care Shareholders will have no pre-emptive rights in connection with a future issuance. The Board has the discretion to determine the price and the terms of issue of future issuances. Moreover, additional Common Shares may be issued by Columbia Care on the exercise of awards under Columbia Care's Omnibus Plan and upon the exercise of certain outstanding CGGC Warrants (as defined herein). The market price of the Common Shares could decline as a result of issuances of new shares or sales by shareholders of Common Shares in the market or the perception that such sales could occur. Sales by shareholders of Columbia Care might also make it more difficult for Columbia Care itself to sell equity securities at a time and price that it deems appropriate.

Columbia Care may lose foreign private issuer status in the future, which could result in significant additional costs and expenses

The Proportionate Voting Shares are issued and outstanding in order to meet the definition of "foreign private issuer," as such term is defined in Rule 405 of Regulation C under the U.S. Securities Act. Columbia Care will be a "foreign private issuer," and is not subject to the same requirements that are imposed upon U.S. domestic issuers by the SEC. Columbia Care may in the future lose its foreign private issuer status if a majority of its Common Shares are held in the U.S. and satisfies at least one of the additional requirements: (1) a majority of its directors or executive officers are U.S. citizens or residents; (2) a majority of its assets are located in the U.S.; or (3) its business is administered principally in the U.S.

If Columbia Care loses its foreign private issuer status and becomes a U.S. domestic issuer, its ability to rely on certain exemptions from U.S. federal securities laws for the offering and sale of securities outside of the United States may be limited or impaired and increase the restrictions and burdens on any purchaser of Columbia Care's securities at such time as it is a domestic issuer.

Conflicts of interest may exist between the Company and its directors or officers.

Certain of Columbia Care's directors and officers are, and may continue to be, or may become, involved in other business ventures through their direct and indirect participation in, among other things, corporations, partnerships and joint ventures, that are or may become competitors of the products and services Columbia Care provides or intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from Columbia Care's interests. In accordance with applicable corporate law, directors who have a material interest in a contract or transaction or a proposed contract or transaction with Columbia Care that is material to Columbia Care are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the transaction. In addition, the directors and officers are required to act honestly and in good faith with a view to Columbia Care's best interests.

However, in conflict-of-interest situations, Columbia Care's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to Columbia Care. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to Columbia Care.

Certain remedies may be limited.

Columbia Care's governing documents may provide that the liability of its members of the Board and its officers is eliminated to the fullest extent permitted under the laws of the Province of British Columbia. Thus, Columbia Care and its Shareholders may be prevented from recovering damages for certain alleged errors or omissions made by the members of the Board and its officers. Columbia Care's governing documents may also provide that Columbia Care will, to the fullest extent permitted by law, indemnify members of its Board and its officers for certain liabilities incurred by them by virtue of their acts on behalf of Columbia Care.

The anticipated benefits of the Green Leaf Medical Acquisition may not occur.

Columbia Care may fail to realize growth opportunities and synergies currently anticipated due to, among other things, challenges associated with integrating the operations and personnel of Columbia Care and Green Leaf Medical and the ability of Columbia Care to attract capital.

General Risk Factors

The Company is reliant on management.

The success of Columbia Care is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Columbia Care's business, operating results, financial condition or prospects.

The Company may become party to litigation from time to time.

Columbia Care is, may become, a party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Columbia Care is or becomes involved be determined against Columbia Care, such a decision could adversely affect Columbia Care's ability to continue operating and the market price for the Common Shares and other listed securities of Columbia Care. Even if Columbia Care is involved in litigation and wins, litigation can redirect significant company resources. Litigation may also create a negative perception of Columbia Care's brand.

The Company may be unable to manage its growth effectively.

Columbia Care may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Columbia Care to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Columbia Care to deal with this growth may have a material adverse effect on Columbia Care's business, financial condition, results of operations or prospects.

The Company is subject to significant costs of being a public company.

As a public issuer, Columbia Care is subject to the reporting requirements and rules and regulations under applicable U.S. and Canadian securities laws and the rules of any stock exchange on which Columbia Care's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations may increase Columbia Care's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business and financial condition. In particular, Columbia Care is subject to reporting and other obligations under applicable U.S. and Canadian securities laws. These reporting and other obligations place significant demands on Columbia Care as well as on Columbia Care's management, administrative, operational and accounting resources. Effective internal controls, including financial reporting and disclosure controls and procedures, are necessary for Columbia Care to provide reliable financial reports, to effectively reduce the risk of fraud and to operate successfully as a public company. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Columbia Care's results of operations or cause it to fail to meet its reporting obligations. If Columbia Care or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Columbia Care's consolidated financial statements and materially adversely affect the trading price of the Common Shares and of other listed securities of Columbia Care.

The trading market for common shares influenced by securities industry analyst research reports.

The trading market for Common Shares is influenced by the research and reports that industry or securities analysts publish about Columbia Care. If covered, a decision by an analyst to cease coverage of Columbia Care or fail to regularly publish reports on Columbia Care could cause Columbia Care to lose visibility in the financial markets, which in turn could cause the stock price or trading volume to decline. Moreover, if an analyst who covers Columbia Care downgrades its stock, or if operating results do not meet analysts' expectations, the stock price could decline.

Past performance may not indicative of future results.

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

Financial projections may prove materially inaccurate or incorrect.

Any of Columbia Care's financial estimates, projections and other forward-looking information or statements included herein were prepared by Columbia Care without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking information or statements. Such forward-looking information or statements are based on assumptions of future events that may or may not occur, which assumptions may not be disclosed herein. Investors should inquire of Columbia Care and become familiar with the assumptions underlying any estimates, projections or other forward-looking information or statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results Columbia Care might achieve.

Global financial conditions may have an adverse impact on the Company.

Following the onset of the global credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises.

Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact Columbia Care's ability to obtain equity or debt financing in the future on terms favorable to Columbia Care. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. In such an event, Columbia Care's operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, unemployment levels, inflation, interest and currency exchange rates, structural changes in the cannabis industry, supply and demand for commodities, political developments, legislative or regulatory changes, social or labor unrest and stock market trends will affect Columbia Care's operating environment and its operating costs and profit margins and the price of its securities. Any negative events in the global economy could have a material adverse effect on Columbia Care's business, financial condition, results of operations or prospects.

Disease outbreaks may negatively impact the Company.

A local, regional, national or international outbreak of a contagious disease, including the novel coronavirus COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could decrease the willingness of the general population to travel, cause staff shortages, reduced customer traffic, supply shortages, and increased government regulation all of which may negatively impact the business, financial condition and results of operations of the Company.

Specifically, at the time this registration statement is prepared, the Company cautions that Columbia Care's business could be materially and adversely affected by the risks, or the public perception of the risks, related to the recent outbreak of COVID-19. The risk of a pandemic, or public perception of the risk, could cause customers to avoid public places, including retail properties, and could cause temporary or long-term disruptions in our supply chains and/or delays in the delivery of our inventory. Further, such risks could also adversely affect Columbia Care's customers' financial condition, resulting in reduced spending for the merchandise we sell. Moreover, an epidemic, pandemic, outbreak or other public health crisis, such as COVID-19, could cause employees to avoid Company properties, which could adversely affect the Company's ability to adequately staff and manage its businesses. "Shelter-in-place" or other such orders by governmental entities could also disrupt our operations, if employees who cannot perform their responsibilities from home, are not able to report to work. Risks related to an epidemic, pandemic or other health crisis, such as COVID-19, could also lead to the complete or partial closure of one or more of our stores, facilities or operations of the Company's sourcing partners. Although Columbia Care's medical dispensaries may be considered essential services and therefore be allowed to remain operational, our adult-use operations may not be allowed to remain open during the COVID-19 crisis. For example, Massachusetts Governor, Charlie Baker on March 23, 2020 issued an order declaring adult-use dispensaries non-essential, and thereby requiring all adult-use dispensaries to stop sales. The Company's operations in certain markets, particularly Illinois and California, have been affected by rules related to social distancing and limiting our retail operations to curbside pick-up. Institution of such rules in any of the Company's markets may have a material impact on our sales, financial position and cash reserves.

The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID-19, could therefore materially and adversely affect Columbia Care's business, financial condition and results of operations.

ITEM 2. FINANCIAL INFORMATION

Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Columbia Care Inc. ("Columbia Care", the "Company", "us", "our" or "we") is supplemental to, and should be read in conjunction with, Columbia Care's audited consolidated financial statements and the accompanying notes for the years ended December 31, 2020 and 2019, and December 29, 2018 and interim condensed consolidated financial statements as of and for the three and nine months ended September 30, 2021 and 2020. Except for historical information, the discussion in this section contains forward-looking statements that involve risks and uncertainties. Future results could differ materially from those discussed below for many reasons, including the risks described in "Disclosure Regarding Forward-Looking Statements," Item 1A-Risk Factors" and elsewhere in this registration statement.

Columbia Care's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Financial information presented in this MD&A is presented in thousands of United States dollars ("\$" or "US\$"), unless otherwise indicated.

OVERVIEW OF COLUMBIA CARE

Our principal business activity is the production and sale of cannabis. We strive to be the premier provider of cannabis-related products in each of the markets in which we operate. Our mission is to improve lives by providing cannabis-based health and wellness solutions through community partnerships, research, education and the responsible use of our products as a natural means to alleviate symptoms and improve the quality of life of our patients and customers.

COLUMBIA CARE OBJECTIVES AND FACTORS AFFECTING OUR PERFORMANCE

As one of the largest fully integrated operators in the global medical cannabis industry, our strategy to grow our business is comprised of the following key components:

- Expansion and development within and outside our current markets
- Patient-centric, provider-based model to leverage health and wellness focus
- Consistency of proprietary product portfolio, comprised of branded consumer products and pharmaceutical quality proprietary products
- Intellectual property and data-driven innovation

Our performance and future success are dependent on several factors. These factors are also subject to inherent risks and challenges, some of which are discussed below.

Branding

We have established a national branding strategy across each of the jurisdictions in which we operate. Maintaining and growing our brand appeal is critical to our continued success.

Regulation

We are subject to the local and federal laws in the jurisdictions in which we operate. Outside of the United States, our products may be subject to tariffs, treaties and various trade agreements as well as laws affecting the importation of consumer goods. We hold all required licenses for the production and distribution of our products in the jurisdictions in which we operate and continuously monitor changes in laws, regulations, treaties and agreements.

Product Innovation and Consumer Trends

Our business is subject to changing consumer trends and preferences, which is dependent, in part, on continued consumer interest in new products. The success of new product offerings, depends upon a number of factors, including our ability to (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products; (iv) price products competitively; (v) produce and deliver products in sufficient volumes and on a timely basis; and (vi) differentiate product offerings from those of competitors.

Growth Strategies

We have a successful history of growing revenue and we believe we have a strong strategy aimed at continuing our history of expansion in both current and new markets. Our future depends, in part, on our ability to implement our growth strategy including (i) product innovations; (ii) penetration of new markets; (iii) growth of wholesale revenue through third party retailers and distributors; (iv) future development of e-commerce and home delivery distribution capabilities; and (v) expansion of our cultivation and manufacturing capacity. Our ability to implement this growth strategy depends, among other things, on our ability to develop new products that appeal to consumers, maintain and expand brand loyalty, maintain and improve product quality and brand recognition, maintain and improve competitive position in the markets, and identify and successfully enter and market products in new geographic areas and segments.

SELECTED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial information derived from our condensed interim consolidated financial statements and the respective accompanying notes prepared in accordance with U.S. GAAP.

During the periods discussed herein, our accounting policies have remained consistent. The selected and summarized consolidated financial information below may not be indicative of our future performance.

[Table of Contents](#)

Statement of operations:

	Three months ended				Nine months ended			
	September 30, 2021	September 30, 2020	\$ Change	% Change	September 30, 2021	September 30, 2020	\$ Change	% Change
Revenues, net	\$ 132,322	\$ 48,703	\$ 83,619	172%	\$ 320,804	\$ 103,439	\$ 217,365	210%
Cost of sales related to inventory production	(70,955)	(32,489)	(38,466)	118%	(184,042)	(70,401)	(113,641)	161%
Gross profit	61,367	16,214	45,153	278%	136,762	33,038	103,724	314%
Selling, general and administrative expenses	(61,745)	(34,260)	(27,485)	80%	(162,282)	(96,519)	(65,763)	68%
Loss from operations	(378)	(18,046)	17,668	-98%	(25,520)	(63,481)	37,961	-60%
Other expense, net	(56,991)	(5,150)	(51,841)	1007%	(67,301)	(6,812)	(60,489)	888%
Income tax benefit (expense)	12,999	12,943	56	0%	631	11,843	(11,212)	-95%
Net loss	(44,370)	(10,253)	(34,117)	333%	(92,190)	(58,450)	(33,740)	58%
Net loss attributable to non-controlling interest	(1,474)	(3,194)	1,720	-54%	(2,368)	(5,975)	3,607	-60%
Net loss attributable to Columbia Care Inc.	\$ (42,896)	\$ (7,059)	\$ (35,837)	508%	\$ (89,822)	\$ (52,475)	\$ (37,347)	71%
Loss per share attributable to Columbia Care Inc. - based and diluted	\$ (0.13)	\$ (0.03)	\$ (0.10)	\$ 3.40	\$ (0.29)	\$ (0.23)	\$ (0.05)	23%
Weighted average number of shares outstanding - basic and diluted	<u>325,416,684</u>	<u>235,682,767</u>			<u>311,446,922</u>	<u>223,461,261</u>		

Summary of balance sheet items:

	September 30, 2021	December 31, 2020
Total Assets	\$ 1,381,120	\$ 727,527
Total Liabilities	\$ 819,475	\$ 440,578
Total Long-Term Liabilities	\$ 539,999	\$ 308,806
Total Equity	\$ 561,645	\$ 286,949

The following tables set forth selected consolidated financial information derived from our audited consolidated financial statements, the consolidated financial statements, and the respective accompanying notes prepared in accordance with U.S. GAAP.

During the periods discussed herein, our accounting policies have remained consistent. The selected and summarized consolidated financial information below may not be indicative of our future performance.

[Table of Contents](#)

Statement of operations:

	For the Year Ended			2020 vs. 2019		2019 vs. 2018	
	December 31, 2020	December 31, 2019	December 29, 2018	\$ Change	% Change	\$ Change	% Change
Revenues, net	\$ 179,503	\$ 77,459	\$ 39,328	\$102,044	132%	\$ 38,131	97%
Cost of sales related to inventory production	(114,249)	(57,777)	(22,874)	(56,472)	98%	(34,903)	153%
Cost of sales related to business combination fair value adjustments to inventories	(3,111)	—	—	(3,111)	—	—	—
Gross profit	62,143	19,682	16,454	42,461	216%	3,228	20%
Operating expenses	(142,355)	(123,586)	(58,495)	(18,769)	15%	(65,091)	111%
Other expense (income), net	(55,634)	4,233	(3,291)	(59,867)	-1414%	7,524	-229%
Income tax benefit (expense)	16,197	(1,503)	(2,943)	17,700	-1178%	1,440	-49%
Net loss	(119,649)	(101,174)	(48,275)	(18,475)	18%	(52,899)	110%
Net loss attributable to non-controlling interest	(23,862)	(4,909)	(1,255)	(18,953)	386%	(3,654)	291%
Net loss attributable to Columbia Care Inc.	\$ (95,787)	\$ (96,265)	\$ (47,020)	\$ 478	0%	\$ (49,245)	105%
Loss per share attributable to Columbia Care Inc. - based and diluted	\$ (0.41)	\$ (0.46)	\$ (0.28)	\$ 0.05	-10%	\$ (0.18)	63%
Weighted average number of shares outstanding - basic and diluted	<u>232,576,117</u>	<u>209,992,187</u>	<u>167,599,871</u>				

Summary of balance sheet items:

	As of December 31,	
	2020	2019
Total Assets	\$727,527	\$336,223
Total Liabilities	\$440,578	\$118,640
Total Long-Term Liabilities	\$291,697	\$ 83,256
Total Equity	\$286,949	\$217,583

RESULTS OF OPERATIONS**Comparison of the three and nine months ended September 30, 2021 and 2020**

The following tables summarizes our results of operations:

	Three Months Ended			
	September 30, 2021	September 30, 2020	\$ Change	% Change
Revenues, net	\$ 132,322	\$ 48,703	\$ 83,619	172%
Cost of sales	(70,955)	(32,489)	(38,466)	118%
Gross profit	61,367	16,214	45,153	278%
Operating expenses	(61,745)	(34,260)	(27,485)	80%
Loss from operations	(378)	(18,046)	17,668	-98%
Other expense, net	(56,991)	(5,150)	(51,841)	1007%
Loss before income taxes	(57,369)	(23,196)	(34,173)	147%
Income tax benefit (expense)	12,999	12,943	56	0%
Net loss	(44,370)	(10,253)	(34,117)	333%
Net loss attributable to non-controlling interests	(1,474)	(3,194)	1,720	-54%
Net loss attributable to Columbia Care Inc.	\$ (42,896)	\$ (7,059)	\$ (35,837)	508%

Revenues, net

The increase in revenue of \$83,619 for the three months ended September 30, 2021, as compared to the prior year period was primarily driven by our recent acquisitions, expansion of our dispensary network, and additional sales through our existing dispensaries. Our revenue is predominantly generated by retail sales which increased by \$57,957 during the three months ended September 30, 2021 as compared to the prior year period. The remainder of the increase is due to increased wholesale revenues predominately generated by our acquisitions.

During the three months ended September 30, 2021 we experienced \$17,893 of organic growth as a result of increase in same store sales year over year due to increased sales volume. Same store sales are calculated based upon our stores that have been open for at least 12 full fiscal months. During the three months ended September 30, 2021, we operated 5 additional dispensaries (on a weighted average basis) as compared to the prior year period. These additional dispensaries contributed to a revenue growth of \$3,962 as compared to the prior year period. Our acquisitions contributed an additional \$61,764 of revenue during the three months ended September 30, 2021 as compared to the prior year period.

Cost of sales

The increase in cost of sales of \$38,466 for the three months ended September 30, 2021, as compared to the prior year period was primarily driven by our recent acquisitions, expansion of our dispensary network, and additional sales through our existing dispensaries.

During the three months ended September 30, 2021 we experienced an increase in cost of sales of \$12,745 related to an increase in same store sales year over year due to increased sales volume. Same store sales are calculated based upon our stores that have been open for at least 12 full fiscal months. During the three months ended September 30, 2021, we operated 5 additional dispensaries (on a weighted average basis) as compared to the prior year period. These additional dispensaries contributed increased cost of sales of \$1,354 as compared to the prior year period. Our acquisitions contributed to an increase in cost of sales of \$24,368 during the three months ended September 30, 2021 as compared to the prior year period.

Gross profit for the three months ended September 30, 2021, increased to 46.38% from 33.29% as compared to the prior year period, an increase of 13.09%. Gross profit increased 4.74% related to organic growth. In addition, gross profit increased by 8.35% due to our recent acquisitions, primarily driven by Green Leaf Medical's wholesale pricing.

Operating Expenses

The increase of \$27,485 in operating expenses for the three months ended September 30, 2021 as compared to the prior year period was primarily attributable to an increase in salary and benefits of \$9,642, depreciation and amortization of \$9,143, and operating facility costs of \$1,960, advertising and promotion expense of \$2,866 as we expanded our operations and increased the size and scope of our administrative functions.

Other Expense, Net

The increase in other expense, net for the three months ended September 30, 2021 as compared to the prior year period was primarily due to accrual of \$75,308, which was partially offset by the gain on remeasurement of contingent consideration \$23,582 and change in fair value of derivative liability of \$7,403.

Income Tax Provision

For the three months ended September 30, 2021 the Company recorded income tax benefit of \$12,999 on loss before income taxes of \$57,369 for an effective tax rate of 22.7% as compared to an income tax benefit of \$12,943 on loss before income taxes of \$23,196 for an effective tax rate of 55.8% for the three months ended September 30, 2020. The difference in effective tax rates for the comparative periods is primarily driven by increasing negative impacts of IRC Section 280E as the company continues to grow, which results in significant nondeductible expense for tax purposes. The impacts of 280E were slightly offset by the tax benefit of an acquisition and settlement accrual booked during the three-month period ended September 30, 2021 and the release of the domestic valuation allowance pursuant to a third quarter acquisition for the three month period ended September 30, 2020.

	Nine months ended			
	September 30, 2021	September 30, 2020	\$ Change	% Change
Revenues, net	\$ 320,804	\$ 103,439	\$ 217,365	210%
Cost of sales	(184,042)	(70,401)	(113,641)	161%
Gross profit	136,762	33,038	103,724	314%
Operating expenses	(162,282)	(96,519)	(65,763)	68%
Loss from operations	(25,520)	(63,481)	37,961	-60%
Other expense, net	(67,301)	(6,812)	(60,489)	888%
Loss before income taxes	(92,821)	(70,293)	(22,528)	32%
Income tax benefit (expense)	631	11,843	(11,212)	-95%
Net loss	(92,190)	(58,450)	(33,740)	58%
Net loss attributable to non-controlling interests	(2,368)	(5,975)	3,607	-60%
Net loss attributable to Columbia Care Inc.	\$ (89,822)	\$ (52,475)	\$ (37,347)	71%

Revenue

The increase in revenue of \$217,365 for the nine months ended September 30, 2021, as compared to the prior year period was primarily driven by our recent acquisitions, expansion of our dispensary network, and additional sales through our existing dispensaries. Our revenue is predominantly generated by retail sales. Our revenue is predominantly generated by retail sales which increased by \$164,663 during the nine months ended September 30, 2021.

During the nine months ended September 30, 2021 we experienced \$69,683 of organic growth as a result of increase in same store sales year over year. Same store sales are calculated based upon our stores that have been open for at least 12 full fiscal months. During the nine months ended September 30, 2021, we operated 8 additional dispensaries (on a weighted average basis) as compared to the prior year period. These additional dispensaries contributed to a revenue growth of \$7,769 as compared to the prior year period. Our acquisitions contributed an additional \$139,913 of revenue during the nine months ended September 30, 2021 as compared to the prior year period. The remainder of the increase is due to increased wholesale revenues predominately generated by our acquisitions.

Cost of Sales

The increase in cost of sales of \$113,641 for the nine months ended September 30, 2021, as compared to the prior year period was primarily driven by our recent acquisitions, expansion of our dispensary network, and additional sales through our existing dispensaries.

During the nine months ended September 30, 2021, we experienced an increase in cost of sales of \$46,030 related to an increase in same store sales year over year due to increased sales volume. Same store sales are calculated based upon our stores that have been open for at least 12 full fiscal months. During the nine months ended September 30, 2021, we operated 8 additional dispensaries (on a weighted average basis) as compared to the prior year period. These additional dispensaries contributed increased cost of sales of \$1,800 as compared to the prior year period. Our acquisitions contributed to an increase in cost of sales of \$65,811 during the nine months ended September 30, 2021 as compared to the prior year period.

[Table of Contents](#)

Gross profit for the nine months ended September 30, 2021 increased to 42.63% from 31.94% as compared to the prior year period, an increase of 10.69%. Gross profit increased 6.95% related to organic growth. In addition, gross profit increased by 3.74% due to our recent acquisitions, primarily driven by Green Leaf Medical's wholesale pricing.

Operating Expenses

The increase of \$65,763 in operating expenses for the nine months ended September 30, 2021, as compared to the prior year period, was primarily attributable to an increase in salary and benefits of \$24,310, depreciation and amortization of \$16,391, operating office and general expenses of \$6,789, advertising and promotion of \$6,249 and operating facility costs of \$6,481 as we expanded our operations and increased the size and scope of our administrative functions.

Other Expense, Net

The increase in other expense, net for the nine months ended September 30, 2021, as compared to the prior year period, was primarily due to accrual of \$75,308 relating to acquisition and settlement of pre-existing relationships which was partially offset by gain on remeasurement of contingent consideration of \$23,582 and derivative liability of \$9,316.

Income Tax Provision

For the nine months ended September 30, 2021 the Company recorded income tax benefit of \$631 on loss before income taxes of \$92,821 for an effective tax rate of 0.7% as compared to an income tax benefit of \$11,843 on loss before income taxes of \$70,293 for an effective tax rate of 16.9% for the nine months ended September 30, 2020. The difference in effective tax rates for the comparative periods is primarily driven by increasing negative impacts of IRC Section 280E as the company continues to grow, which results in significant nondeductible expense for tax purposes as well as well as increased nondeductible expenses related to stock compensation for the nine month period ended September 30, 2021.

Comparison of the Years Ended December 31, 2020 and 2019, and December 29, 2018

The following tables summarize our results of operations for the years ended December 31, 2020 and 2019, and December 29, 2018:

	For the Year Ended			2020 vs. 2019		2019 vs. 2018	
	December 31, 2020	December 31, 2019	December 29, 2018	\$ Change	% Change	\$ Change	% Change
Revenues, net	\$ 179,503	\$ 77,459	\$ 39,328	\$102,044	132%	\$ 38,131	97%
Cost of sales related to inventory production	(114,249)	(57,777)	(22,874)	(56,472)	98%	(34,903)	153%
Cost of sales related to business combination fair value adjustments to inventories	(3,111)	—	—	(3,111)	—	—	—
Gross profit	62,143	19,682	16,454	42,461	216%	3,228	20%
Operating expenses	(142,355)	(123,586)	(58,495)	(18,769)	15%	(65,091)	111%
Loss from operations	(80,212)	(103,904)	(42,041)	23,692	-23%	(61,863)	147%
Other expense (income), net	(55,634)	4,233	(3,291)	(59,867)	-1414%	7,524	-229%
Loss before provision for income taxes	(135,846)	(99,671)	(45,332)	(36,175)	36%	(54,339)	120%
Income tax benefit (expense)	16,197	(1,503)	(2,943)	17,700	-1178%	1,440	-49%
Net loss	(119,649)	(101,174)	(48,275)	(18,475)	18%	(52,899)	110%
Net loss attributable to non-controlling interest	(23,862)	(4,909)	(1,255)	(18,953)	386%	(3,654)	291%
Net loss attributable to Columbia Care Inc.	\$ (95,787)	\$ (96,265)	\$ (47,020)	\$ 478	0%	\$ (49,245)	105%

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

Revenue

The increase in revenue of \$102,044 for the year ended December 31, 2020, as compared to the prior year period was primarily driven by expansion of our dispensary network, additional sales through our existing dispensaries and our recent acquisitions. Our revenue is predominantly generated by retail sales, which increased \$93,431 during the year ended December 31, 2020 as compared to the prior year.

During the year ended December 31, 2020, we experienced \$54,385 of organic growth as a result of increase in same store sales year over year due to increased sales volume. Same store sales are calculated based upon our stores that have been open for at least 12 full fiscal months. During the year ended December 31, 2020, we operated 22 additional dispensaries (on a weighted average basis) as compared to the prior year. These additional dispensaries contributed to a revenue growth of \$7,008 as compared to the prior year. The acquisitions of TGS and Project Cannabis contributed an additional \$40,652 of revenue during the year ended December 31, 2020 as compared to the prior year.

Cost of sales and gross profit

The increase in cost of sales for the year ended December 31, 2020, as compared to the prior year was primarily driven by our recent acquisitions and additional sales through our existing dispensaries. During the year ended December 31, 2020, we experienced an increase in cost of sales of \$30,023 related to an increase in same store sales year over year due to increased sales volume. Same store sales are calculated based upon our stores that have been open for at least 12 full fiscal months. During the year ended December 31, 2020, we operated 8 additional Cultivation, Manufacturing and/or Retail markets as compared to the prior year. These additional dispensaries contributed increased cost of sales of \$4,917 as compared to the prior year period. Our acquisitions contributed to an increase in cost of sales of \$24,644 during the year ended December 31, 2020 as compared to the prior year.

Gross profit for the year ended December 31, 2020 increased to 34.62% from 25.41% as compared to the prior year, an increase of 9.21%. Gross profit increased 5.69% related to organic growth. In addition, gross profit increased by 3.52% due to our recent acquisitions.

Operating Expenses

The increase of \$18,769 in operating expenses for the year ended December 31, 2020, as compared to the prior year period, was primarily attributable to an increase in salary and benefits of \$7,587, operating facility costs of \$6,321, depreciation and amortization of \$6,101, operating office and general expenses of \$2,449, loss on disposal group of \$1,969 and other fees and expenses of \$2,304 as we expanded our operations and increased the size and scope of our administrative functions. These higher expenses were partially offset by \$6,284 of lower professional fees in the current year.

Other Expense (Income), Net

The increase in other expense (income), net for the year ended December 31, 2020, as compared to the prior year, was primarily due to an increase in the earnout liability for TGS of \$21,757, an indemnification expense of \$14,195, an increase in interest expense of \$7,577 and an increase in the fair value of a derivative liability of \$11,745.

Income Tax Benefit and Provisions

The benefit for income taxes for the year ended December 31, 2020 was \$16,197 compared to a provision for income taxes of \$1,503 for the year ended December 31, 2019.

Our future financial results are subject to significant potential fluctuations caused by, among other things, growth of sales volume in new and existing markets and our ability to control operating expenses. In addition, our financial results may be impacted significantly by changes to the regulatory environment in which we operate, both on a local, state and federal level.

Year Ended December 31, 2019 Compared with Year Ended December 29, 2018

Revenue

The increase in revenue of \$38,131 for the year ended December 31, 2019, as compared to the prior year period was primarily driven by expansion of our dispensary network and by additional sales through our existing dispensaries. Our revenue is predominantly generated by retail sales which increased \$33,778 during the year ended December 31, 2019 as compared to the prior year.

During the year ended December 31, 2019, we experienced \$33,001 of organic growth as a result of increase in same store sales year over year due to increased sales volume. Same store sales are calculated based upon our stores that have been open for at least 12 full fiscal months. During the year ended December 31, 2019, we operated 7 additional dispensaries (on a weighted average basis) as compared to the prior year. These additional dispensaries contributed to a revenue growth of \$5,130 as compared to the prior year.

Cost of sales and gross profit

The increase in cost of sales of \$34,903 for the year ended December 31, 2019, as compared to the prior year was primarily driven by additional sales through our existing dispensaries and development of new markets. During the year ended December 31, 2019, we experienced an increase in cost of sales of \$25,287 related to an increase in same store sales year over year due to increased sales volume. Same store sales are calculated based upon our stores that have been open for at least 12 full fiscal months. During the year ended December 31, 2019, we operated in 12 additional Cultivation, Manufacturing and/or Retail markets as compared to the prior year. These additional markets contributed to an increase cost of sales of \$9,616 as compared to the prior year.

Gross profit for the year ended December 31, 2019 decreased to 25.41% from 32.95% as compared to the prior year, a decrease of 7.54%. Gross profit increased 6% related to organic growth and decreased 13.54% due to development of new markets.

Operating Expenses

The increase of \$65,091 in operating expenses for the year ended December 31, 2019, as compared to the prior year period, was primarily attributable to an increase in salary and benefits of \$29,685, professional fees of \$14,439, operating facility costs of \$8,531, advertising and promotion expenses of \$4,931 and operating office and general expenses of \$5,745 as we expanded our operations and increased the size and scope of our administrative functions.

Other Expense (Income), Net

During the year ended December 31, 2018, we had interest expense, net of \$7,824 as a result of outstanding debt during 2018. As this debt was paid off in 2019, we had an interest income, net of \$1,241 during the year ended December 31, 2019.

Income Tax Provisions

The provision for income taxes for the year ended December 31, 2019 was \$1,503 compared to a provision for income taxes of \$2,943 for the year ended December 29, 2018.

Non-GAAP Measures

We use certain non-GAAP measures, referenced in this MD&A. These measures are not recognized measures under GAAP and do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. Accordingly, these measures should not be considered in isolation from nor as a substitute for our financial information reported under GAAP. We use non-GAAP measures including EBITDA, Adjusted EBITDA and Adjusted EBITDA margin which may be calculated differently by other companies. These non-GAAP measures and metrics are used to provide investors with supplemental measures of our operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on GAAP measures. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented. We also recognize that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of companies within our industry. Finally, we use non-GAAP measures and metrics in order to facilitate evaluation of operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of executive compensation.

The following table provides a reconciliation of net loss for the period to EBITDA and Adjusted EBITDA for the years ended December 31, 2020 and 2019, and December 29, 2018:

	Year Ended		
	December 31, 2020	December 31, 2019	December 29, 2018
Net loss	\$ (119,649)	\$ (101,174)	\$ (48,275)
Income tax	(16,197)	1,503	2,943
Depreciation and amortization	19,651	8,690	4,678
Interest expense, net and debt amortization	6,336	(1,241)	7,824
EBITDA (non-GAAP measure)	<u>\$ (109,859)</u>	<u>\$ (92,222)</u>	<u>\$ (32,830)</u>
Adjustments:			
Share-based compensation	29,805	38,405	21,762
Fair-value mark-up for acquired inventory	3,111	—	—
Adjustments for acquisition and other non-core costs*	7,477	839	—
Fair-value changes on derivative liabilities	11,745	—	—
Impairment on disposal group	1,969	—	—
Indemnification costs (income)	14,195	—	(5,000)
Earnout liability accrual	21,757	—	—
Adjusted EBITDA (non-GAAP measure)	<u>\$ (19,800)</u>	<u>\$ (52,978)</u>	<u>\$ (16,068)</u>
Revenues	179,503	77,459	39,328
Adjusted EBITDA (non-GAAP measure)	(19,800)	(52,978)	(16,068)
Adjusted EBITDA margin (non-GAAP measure)	-11.03%	-68.39%	-40.86 %
Revenues	179,503	77,459	39,328
Gross profit	62,143	19,682	16,454
Gross margin	34.62%	25.41%	41.84%

Adjusted EBITDA

The increase in Adjusted EBITDA for the year ended December 31, 2020, as compared to the prior year period, was primarily driven by improved gross margins offset by increases in facility costs, salary and benefits costs.

[Table of Contents](#)

The decrease in Adjusted EBITDA for the year ended December 31, 2019, as compared to the prior year period, was primarily driven by increases in facility costs, salary and benefits costs and professional fees.

The following table provides a reconciliation of net loss to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2021 and September 30, 2020:

	Three months ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net loss	\$ (44,370)	\$ (10,253)	\$ (92,190)	\$ (58,450)
Income tax	(12,999)	(12,943)	(631)	(11,843)
Depreciation and amortization	16,076	5,066	33,801	12,194
Interest expense, net and debt amortization	8,057	2,154	18,686	1,683
EBITDA (non-GAAP measure)	\$ (33,236)	\$ (15,976)	\$ (40,334)	\$ (56,416)
Adjustments:				
Share-based compensation	4,695	7,422	18,029	23,131
Fair value mark-up for acquired inventory	1,430	1,765	2,922	1,765
Adjustments for acquisition and other non-core costs*	3,009	2,616	8,102	3,483
Fair-value changes on derivative liabilities	(4,847)	2,556	(6,760)	2,556
Impairment of disposal group	2,000	—	2,000	1,969
Loss on conversion of Convertible Notes	—	—	1,580	—
Gain on remeasurement of contingent consideration	(23,582)	—	(23,582)	—
Acquisition and settlement of pre-existing relationships	75,308	—	75,308	—
Adjusted EBITDA (non-GAAP measure)	\$ 24,777	\$ (1,617)	\$ 37,265	\$ (23,512)
Revenues	\$ 132,322	\$ 48,703	\$ 320,804	\$ 103,439
Adjusted EBITDA (non-GAAP measure)	\$ 24,777	\$ (1,617)	\$ 37,265	\$ (23,512)
Adjusted EBITDA margin (non-GAAP measure)	18.7%	-3.3%	11.6%	-22.7%
Revenues	\$ 132,322	\$ 48,703	\$ 320,804	\$ 103,439
Gross profit	\$ 61,367	\$ 16,214	\$ 136,762	\$ 33,038
Gross margin	46.4%	33.3%	42.6%	31.9%

* Acquisition and other non-core costs include costs associated with acquisitions, litigation expenses and COVID-19 expenses.

Adjusted EBITDA

The increase in Adjusted EBITDA for the three and nine months ended September 30, 2021, as compared to the prior year period, was primarily driven by improved gross profit and a greater operating income.

Our future financial results are subject to significant potential fluctuations caused by, among other things, growth of sales volume in new and existing markets and our ability to control operating expenses. In addition, our financial results may be impacted significantly by changes to the regulatory environment in which we operate, both on a local, state and federal level.

Liquidity and Capital Resources

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures and for general corporate purposes. Historically, we have relied on external financing as our primary source of liquidity. Our ability to fund our operations and to make capital expenditures depends on our ability to successfully secure financing through issuance of debt or equity, as well as our ability to improve our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

We are currently meeting our obligations as they become due and are earning revenues from our operations. However, we have sustained losses since inception, we may require additional capital in the future. We estimate that based on our current business operations and working capital, we will continue to meet our obligations as they become due in the short term. As we continue to seek growth through expansion or acquisition, our cash flows requirements and obligations could materially change. As of December 31, 2020 and September 30, 2021, we did not have any significant external capital requirements.

Recent Financing Transactions

Sale-Leasebacks

During the fourth quarter of 2019, we sold five properties located in Massachusetts, California and Illinois for \$25,323, which was approximately the cost to us. In connection with these sales, we entered into lease agreements with the purchasers of the properties. Included in the agreements, we are expected to complete tenant improvements related to certain properties, for which the landlords have agreed to provide tenant improvement allowances (“TI Allowances”).

During the third quarter of 2020, we sold two properties located in New Jersey for \$12,385, which was approximately the cost to us. In connection with these sales, we entered into lease agreements with the purchasers of the properties. Included in the agreements, we are expected to complete tenant improvements related to these properties, for which the landlord has agreed to provide a TI Allowance.

Equity Offerings

In January 2021, we closed a public offering of 18,572,000 common shares at a price of \$8.05 (Canadian Dollars) per common share for aggregate proceeds of \$111,789, which included the exercise in full of the over-allotment option granted to the underwriters, before deducting the underwriters’ fees and estimated offering expenses. The offering was conducted in each of the provinces of Canada, other than Québec, pursuant to a prospectus supplement to our base shelf prospectus dated September 2, 2020 and elsewhere outside of Canada on a private placement basis.

In February 2021, we sold, on a bought deal private placement basis, 3,220,000 common shares at a price of \$9.00 (Canadian Dollars) per share for net proceeds of \$21,770.

Term Debt

On March 31, 2020 and April 23, 2020, we completed the first and second tranches of a private offering of notes (“Private Notes”) for an aggregate principal amount of \$14,250 and \$1,000, respectively. The Private Notes required interest-only payments through March 30, 2024, at a rate of 9.875% per annum, payable semi-annually on March 31 and September 30 commencing on September 30, 2020. The Private Notes were due in full on March 30, 2024. In connection with the first and second tranche offerings of the Private Notes, we issued 1,723,250 common share purchase warrants with an exercise price of \$3.10 (Canadian Dollars).

On May 14, 2020, we completed a private offering of an aggregate of 19,115 senior secured first-lien note units (the “Units”) for aggregate gross proceeds of \$19,115, each Unit being comprised of (i) \$1,000 principal amount of 13.00% senior secured first-lien notes (“Notes”) and (ii) 120 common share purchase warrants with an exercise price of \$2.95 (Canadian Dollars) per underlying common share (the “May Private Offering”). Concurrent with the closing of the May Private Offering, the Private Notes were exchanged for Notes. In addition, holders of Private Notes were issued additional 130,388 warrants with an exercise price of \$2.95 (Canadian Dollars) per underlying common share.

On July 2, 2020, we completed a second private offering of an aggregate of 4,000 Units for aggregate gross proceeds of \$4,000, each Unit being comprised of (i) \$1,000 Notes and (ii) 75 common share purchase warrants with an exercise price of \$4.53 (Canadian Dollars) per underlying common share.

On October 29, 2020, November 10, 2020 and November 27, 2020, we completed private offerings of an aggregate of 20,000, 8,400 and 3,000 units, respectively, for aggregate gross proceeds of \$32,054, each unit being comprised of (i) \$1,000 Notes and (ii) 60 common share purchase warrants with an exercise price of \$5.84 (Canadian Dollars) per underlying common share (“Fall Warrants”).

On November 30, 2020, we completed another private offering of an aggregate of 200 units, respectively for aggregate gross proceeds of \$200, each unit being comprised of (i) \$1,000 Notes and (ii) 125 Fall Warrants.

At the option of the holder, each common share purchase warrant can be exchanged for one common share. The common share purchase warrants expire on May 14, 2023.

The Notes require interest-only payments through May 14, 2023, at a rate of 13.0% per annum, payable semi-annually on May 31 and November 30 which commenced on November 30, 2020. The Notes are due in full on May 15, 2023. We incurred financing costs of \$3,373. The Notes contain customary terms and conditions, representations and warranties, and events of default.

Convertible Debt

On June 19, 2020, we completed the first tranche of an offering of senior secured convertible notes (“5% Convertible Notes”) for an aggregate principal amount of \$12,800. During July 2020, we completed subsequent tranches for an aggregate principal amount of \$5,960. As of December 31, 2020, total outstanding on the 5% Convertible Notes was \$18,760.

The 5% Convertible Notes can be exchanged into common shares with a conversion price of \$3.79 (Canadian Dollars). For the purposes of determining the number of common shares issuable upon conversion, the principal amount of the 5% Convertible Notes surrendered for conversion shall be deemed converted from U.S. Dollars into Canadian Dollars, using the end-of-day exchange rate published by the Bank of Canada on the date immediately preceding the date that the Convertible Note is surrendered for conversion. The 5% Convertible Notes require interest-only payments until December 19, 2023, at a rate of 5.0% per annum, payable semi-annually on June 30 and December 31 commencing on December 31, 2020. The 5% Convertible Notes are due in full on December 19, 2023. We incurred financing costs of \$175.

In April 2021, we offered an incentive program to the holders of the 5% Convertible Notes issued in 2020, pursuant to which, we would issue to each noteholder that surrendered its 5% Convertible Notes for conversion on or before May 28, 2021, 20 Common Shares of the Company on a private placement basis for each US\$1,000 aggregate principal amount of Notes surrendered for conversion. Pursuant to this incentive program, 4,550,139 shares were issued as a result of conversion of \$13,160 of 5% Convertible Notes.

On June 29, 2021, we closed a private placement offering issuing \$74,500 aggregate principal amount of 6% convertible notes due 2025 (the “**6% Convertible Notes**”). The 6% Convertible Notes are senior secured obligations of the Company and accrue interest payable semiannually in arrears and mature on June 29, 2025, unless earlier converted, redeemed or repurchased. The conversion rate will be 154 Common Shares per \$1,000 principal amount of Notes (equivalent to a price of approximately US\$6.49 per Common Share), subject to customary adjustments. The conversion price of the 6% Convertible Notes represents a premium of approximately 25% over the closing price of the Common Shares on the NEO Exchange on June 17, 2021. We may redeem the 6% Convertible Notes at par, in whole or in part, on or after June 29, 2023, if the volume weighted average price of the Common Shares trading on the Canadian Stock Exchange or the NEO Exchange for 15 of the 30 trading days immediately preceding the day on which the Company exercises its redemption right, exceeds 120% of the conversion price of the 6% Convertible Notes. The 6% Convertible Notes were offered for sale on a private placement basis in certain provinces of Canada pursuant to applicable exemptions from the prospectus requirements of Canadian securities laws.

Cash Flows

The following table summarizes the sources and uses of cash for each of the periods presented:

	Nine Months Ended		Year Ended		
	September 30, 2021	September 30, 2020	December 31, 2020	December 31, 2019	December 29, 2018
Net cash used in operating activities	\$ (2,973)	(26,744)	\$ (49,650)	\$ (67,047)	\$ (24,767)
Net cash used in investing activities	(135,913)	(24,542)	(27,322)	(90,134)	(14,646)
Net cash provided by financing activities	184,183	59,703	89,994	158,861	83,383
Net increase in cash and cash equivalents	<u>\$ 45,297</u>	<u>\$ 8,417</u>	<u>\$ 13,022</u>	<u>\$ 1,680</u>	<u>\$ 43,970</u>

Operating Activities

During the year ended December 31, 2020, operating activities used \$49,650 of cash, primarily resulting from net loss of \$119,649, partially offset by equity-based compensation expense of \$29,805, depreciation and amortization of \$19,651, debt amortization expense of \$2,189 and impairment on disposal group of \$1,969.

During the year ended December 31, 2019, operating activities used \$67,047 of cash, primarily resulting from net loss of \$101,174 and net cash used in changes in operating assets and liabilities of \$12,100, partially offset by equity-based compensation expense of \$32,896, depreciation and amortization of \$8,690 and deferred compensation expense of \$5,509. Cash used due to changes in operating assets and liabilities was primarily due to increase in inventory of \$12,667.

[Table of Contents](#)

During the year ended December 29, 2018, operating activities used \$24,767 of cash, primarily resulting from net loss of \$48,275 and net cash used in changes in operating assets and liabilities of \$9,262, partially offset by equity-based compensation expense of \$13,112, depreciation and amortization of \$4,678, debt amortization expense of \$515, and warrant amortization expense of \$5,347.

During the nine months ended September 30, 2021, operating activities used \$2,973 of cash, primarily resulting from net loss of \$92,190, gain on remeasurement of contingent consideration of \$23,582, change in fair value of derivative liability of \$6,760 and decrease in deferred taxes of \$16,739, net of acquisitions, partially offset by depreciation and amortization of \$33,801, equity-based compensation expense of \$18,023, and net changes in operating assets and liabilities of \$74,237. The net change in operating assets and liabilities was primarily due to an increase in accrued expenses and other current liabilities of \$74,092, income taxes payable of \$5,927, accounts payable of \$4,183 and decrease in prepaid expenses and other assets of \$5,316 as partially offset by an increase in inventory of \$14,763.

During the nine months ended September 30, 2020, operating activities used \$26,744 of cash, primarily resulting from net loss of \$58,450, changes in deferred taxes of \$15,097 and net changes in operating assets and liabilities of \$11,011 that was partially offset by equity-based compensation expense of \$23,131, depreciation and amortization of \$12,194 and impairment on disposal group of \$1,969.

Investing Activities

During the year ended December 31, 2020, investing activities used \$27,322 of cash, consisting of purchases of property and equipment of \$42,885 and cash paid for deposits of \$5,688, partially offset by cash received from sale leasebacks of \$11,927, acquisitions of \$3,821 and deposits of \$6,676.

During the year ended December 31, 2019, investing activities used \$90,134 of cash, consisting of purchases of property and equipment of \$77,445, the issuance of a note receivables of \$17,420, cash for loans under the CannAscend and Corsa Verde agreements of \$11,511 and cash paid for deposits of \$6,623, partially offset by cash received from sale leasebacks of \$19,614 and deposits of \$3,697.

During the year ended December 29, 2018, investing activities used \$14,646 of cash, consisting of purchases of property and equipment of \$14,529, cash paid for deposits of \$2,058, cash for loans under the CannAscend and Corsa Verde agreements of \$1,002, cash paid in escrow and option deposit under Corsa Verde agreement of \$3,124, partially offset by cash received from sale leasebacks of \$131 and deposits of \$5,936.

During the nine months ended September 30, 2021, investing activities used \$135,913 of cash, consisting of cash paid for acquisitions of \$44,268, purchases of property and equipment of \$72,323, cash paid for other assets of \$15,770.

During the nine months ended September 30, 2020, investing activities used \$24,542 of cash primarily for purchases of property and equipment of \$40,336 which was partially offset by proceeds from sale and lease back transaction of \$12,385.

Financing Activities

During the year ended December 31, 2020, financing activities provided \$89,994 of cash, consisting of \$89,379 in gross proceeds received from issuance of debt as reduced by issuance costs of \$3,548 and the sale of membership interest of a subsidiary of \$5,509, partially offset by lease liability payments of \$734.

During the year ended December 31, 2019, financing activities provided \$158,861 of cash, consisting of \$157,359 in proceeds received from the issuance of equity and proceeds from sale leasebacks of \$5,709, repurchases of common shares of \$2,414 and debt repayment of \$1,795.

During the year ended December 29, 2018, financing activities provided \$83,383 of cash, consisting of \$101,922 in proceeds received from the issuance of equity and \$9,440 in proceeds received from issuance of debt offset by \$25,779 in repayment of debt.

During the nine months ended September 30, 2021, financing activities provided \$184,183 of cash, consisting of \$133,151 and \$71,310 in net proceeds received from issuance of Common Shares and debt, respectively, partially offset by debt repayment of \$9,550 and lease liability payments of \$7,844.

During the nine months ended September 30, 2020, financing activities provided \$59,703 of cash primarily from issuance of debt of \$55,078.

Contractual Obligations and Commitments

The following table summarizes contractual obligations as of December 31, 2020 and the effects that such obligations are expected to have on our liquidity and cash flows in future periods:

	Payments Due by Period						
	Total	2021	2022	2023	2024	2025	2026 and beyond
Lease commitments	\$358,135	\$ 24,296	\$24,629	\$ 23,901	\$22,849	\$20,640	\$241,820
Sale leaseback commitments	5,825	585	600	615	630	646	2,749
Term debt (principal)	69,965	—	—	69,965	—	—	—
Interest on term debt	21,602	9,095	9,095	3,411	—	—	—
Convertible debt (principal)	18,760	—	—	18,760	—	—	—
Interest on convertible debt	2,783	938	938	907	—	—	—
Closing promissory note (principal and interest)	15,796	10,238	2,288	1,695	1,575	—	—
Business acquisition—Green Leaf Medical	45,000	45,000	—	—	—	—	—
Exercise of real estate option	11,500	11,500	—	—	—	—	—
Acquisition of real estate property in New York	15,687	15,687	—	—	—	—	—
SunBulb indemnification	15,195	15,195	—	—	—	—	—
Total contractual obligations	<u>\$580,248</u>	<u>\$132,534</u>	<u>\$37,550</u>	<u>\$119,254</u>	<u>\$25,054</u>	<u>\$21,286</u>	<u>\$244,569</u>

Amounts in the table reflect minimum payments due for our leased facilities under various lease agreements that expire through December 2034. The above table excludes purchase orders for inventory in the normal course of business.

Off-Balance Sheet Arrangements

As of the date of this filing, we do not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

Changes In or Adoption of Accounting Practices

The following U.S. GAAP standards have been recently issued by the Financial Accounting Standards Board. We have adopted 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 Columbia Care have been excluded herein.

In February 2016, the FASB issued guidance that created new accounting and reporting for leasing arrangements under ASC 842, Leases. The guidance requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses and cash flows arising from a lease will depend on classification as a finance or operating lease. The guidance also requires qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. The standard will be effective for annual periods beginning on or after December 15, 2018, with earlier application permitted for all entities. We adopted the standard on January 1, 2019. The adoption of this standard resulted in almost all current leases being recognized on the statement of financial position, except for short-term and low-value leases. On January 1, 2019, we recognized right-of-use assets of \$35,070, a corresponding lease liability of \$35,737, and derecognized deferred rent of \$713 and prepaid expenses of \$46.

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Auditing Standards Update (“ASU”) No. 2018-13 Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The update removes, modifies and makes additions to the disclosure requirements on fair value measurements. The update was adopted as of January 1, 2018, and its adoption did not have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The update simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount. This update is effective for annual and interim periods beginning after December 15, 2019, and interim periods within that reporting period. The update was adopted as of January 1, 2020, and its adoption did not have a material impact on our consolidated financial statements.

Critical Accounting Estimates

We make judgements, estimates and assumptions about the future that affect reported of assets and liabilities, and revenues 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.

The preparation of our consolidated financial statements requires us to make judgements, 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.

Judgements estimates and assumptions with the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Business Combinations

We account for business combinations under the acquisition method of accounting, which requires us to recognize separately from goodwill, the assets acquired and the liabilities assumed at their acquisition date fair values. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recognized in our consolidated statements of operations. Accounting for business combinations requires management to make significant estimates and assumptions, especially at the acquisition date including estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies, and contingent consideration, where applicable. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based, in part, on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Critical estimates in valuing certain acquired intangible assets under the income approach include growth in future expected cash flows from product sales, customer contracts, revenue growth rate, customer ramp-up period and discount rates. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

Goodwill

Goodwill represents the excess of the aggregate purchase price over the fair value of net identifiable assets acquired in a business combination. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In the valuation of goodwill, we make assumptions regarding estimated future cash flows to be derived from our business. If these estimates or their related assumptions change in the future, we may be required to record impairment for these assets.

We have the option to first perform a qualitative assessment to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value. However, we may elect to bypass the qualitative assessment and proceed directly to the quantitative impairment tests. The first step of the impairment test involves comparing the fair value of the reporting unit to its net book value, including goodwill. If the net book value of the reporting unit exceeds its fair value, we would perform the second step of the goodwill impairment test to determine the amount of the impairment loss. We perform an annual assessment of our goodwill as of first day of the fourth quarter, or more frequently, to determine if any events or circumstances exist, such as an adverse change in business climate or a decline in overall industry demand, that would indicate that it would more likely than not reduce the fair value of a reporting unit below its carrying amount, including goodwill. If events or circumstances do not indicate that the fair value of a reporting unit is below its carrying amount, then goodwill is not considered to be impaired and no further testing is required, if otherwise, we compare the fair value of our reporting unit to its carrying value, including goodwill. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the amount by which the carrying value of the goodwill exceeds its implied fair value, if any, is recognized as an impairment loss. We monitor the indicators for goodwill impairment testing between annual tests.

Recoverability of Long-lived Assets

We evaluate the recoverability of our long-lived tangible and intangible assets with finite useful lives for impairment when events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Such trigger events or changes in circumstances may include: a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used, a significant adverse change in legal factors or in the business climate, including those resulting from technology advancements in the industry, the impact of competition or other factors that could affect the value of a long-lived asset, a significant adverse deterioration in the amount of revenue or cash flows we expect to generate from an asset group, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of a long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. We perform impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based upon estimated discounted future cash flows. We did not recognize any impairment loss for long-lived assets for the years ended December 31, 2020 and 2019. Assets to be disposed of or held for sale would be separately presented on the balance sheets and reported at the lower of their carrying amount or fair value less costs to sell, and would no longer be depreciated or amortized.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Our financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, deposits and other current assets, accounts payable, accrued expenses, current taxes payable and other current liabilities like interest payable and payroll liabilities, derivative liability, debt and lease liabilities. The fair values of cash and restricted cash, accounts and notes receivable, deposits, accounts payable and accrued expenses and other current liabilities like interest payable and payroll liabilities, short-term debt and lease liabilities approximate their carrying values due to the relatively short-term to maturity or because of the market rate of interest used on initial recognition. Columbia Care classifies its derivative liability as fair value through profit and loss (FVTPL).

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 contained within the 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.

Our assets measured at fair value on a nonrecurring basis include investments, assets and liabilities held for sale, long-lived assets and indefinite-lived intangible assets. We review the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually, for indefinite-lived intangible assets. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered Level 3 measurements.

Financial Risk Management

We are exposed in varying degrees to a variety of financial instrument related risks. Our risk exposures and the impact on our financial instruments is summarized below:

Credit Risk

Credit risk is the risk of a potential loss to us 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, and December 29, 2018, is the carrying amount of cash and cash equivalents, subscription receivable, accounts receivable and notes receivable. We do not have significant credit risk with respect to our customers. All cash deposits with regulated U.S. financial institutions.

We provide credit to our customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of our sales are transacted with cash. Through our recently introduced Columbia Care National Credit program, we provide credit to customers in certain markets in which we operate.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations associated with financial liabilities. We manage liquidity risk through the management of our capital structure. Our approach to managing liquidity is to estimate cash requirements from operations, capital expenditures and investments and ensure that we have sufficient liquidity funds our ongoing operations and to settle obligations and liabilities when due.

We expect to incur increased expenditures related to our operations, including marketing and selling expenses and capital expenditures as we expand our presence in current markets and expand into new markets.

[Table of Contents](#)

To date, we have incurred significant cumulative net losses and we have not generated positive cash flows from our operations. We have therefore depended on financing from sale of our equity and from debt financing to fund our operations. Overall, we do not expect the net cash contribution from our operations and investments to be positive in the near term, and we therefore expect to rely on financing from equity or debt.

Market Risk

In addition to business opportunities and challenges applicable to any business operating in a fast-growing environment, our business operates in a highly regulated and multi-jurisdictional industry, which is subject to potentially significant changes outside of our control as individual states as well as the U.S. federal government may impose restrictions on our ability to grow our business profitably or enact new laws and regulations that open up new markets.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of our financial instrument will fluctuate because of changes in market interest rates. Our cash deposits bear interest at market rates.

Currency Risk

Our operating results and financial position are reported in thousands of U.S. dollars. We may enter into financial transactions denominated in other currencies, which would result in Columbia Care's operations and financial position to be subject to currency transaction and translation risks.

As of December 31, 2020 and 2019, and December 29, 2018, we had no hedging agreements in place with respect to foreign exchange rates. We have not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. We are subject to risk of prices of our products due to competitive or regulatory pressures.

ITEM 3. PROPERTIES

The following tables set forth the Company's principal physical properties.

Corporate Properties		
Type	Location	Lease / Own
Headquarters	New York, NY	Lease
Shared Service Center	Chelmsford, MA	Lease
TGS Headquarters	Denver, CO	Lease

Production Properties		
Type	Location	Lease / Own
Chino Cultivation Facility	Chino, AZ	Lease
San Diego Cultivation Facility	San Diego, CA	Lease
Los Angeles Cultivation Facility	Los Angeles, CA	Lease
Denver Cultivation Facility 1	Denver, CO	Lease
Denver Cultivation Facility 2	Denver, CO	Lease
Denver Cultivation Facility 3	Denver, CO	Lease
Denver Manufacture Facility	Denver, CO	Lease
Denver Warehouse	Denver, CO	Lease
Trinidad Cultivation Facility 1	Trinidad, CO	Lease

Production Properties		
Type	Location	Lease / Own
Trinidad Cultivation Facility 2	Trinidad, CO	Lease
Alachua Cultivation Facility	Alachua, FL	Lease
Arcadia Cultivation Facility	Arcadia, FL	Own
Lakeland Cultivation Facility	Lakeland, FL	Lease
Aurora Cultivation Facility	Aurora, IL	Lease
Lowell Cultivation Facility	Lowell, MA	Lease
Frederick Cultivation Facility	Frederick, MD	Own
Bishopville Extraction Facility	Bishopville, MD	Lease
Milford Cultivation Facility	Milford, DE	Lease
Rockville Cultivation Facility	Rockville, MD	Lease
Vineland Cultivation Facility	Vineland, NJ	Lease
Rochester Cultivation Facility	Rochester, NY	Lease
Riverside Cultivation Facility*	Riverside, NY	Own
Mount Orab Cultivation Facility	Mount Orab, OH	Lease
Columbus Manufacturing Facility	Columbus, OH	Own
Pennsylvania Cultivation Facility	Saxton, PA	Lease
Portsmouth Cultivation Facility	Portsmouth, VA	Lease
Richmond Cultivation Facility	Richmond, VA	Lease
Capital City Cultivation Facility	Washington, D.C.	Lease
Centerville Cultivation Facility*	Centerville, UT	Lease
Falling Waters Cultivation Facility*	Falling Waters, WV	Lease

Retail Properties		
Type	Location	Lease / Own
SWC Prescott	Prescott, AZ	Lease
Cannabist Tempe	Tempe, AZ	Lease
Project Cannabis North Hollywood	North Hollywood, CA	Lease
Project Cannabis Downtown Los Angeles	Los Angeles, CA	Lease
Columbia Care San Diego	San Diego, CA	Lease
The Healing Center San Diego	San Diego, CA	Lease
Wellness Earth Energy Dispensary	Studio City, CA	Lease
Project Cannabis San Francisco	San Francisco, CA	Lease
The Green Solution Ft. Collins	Ft. Collins, CO	Lease
The Green Solution Southeast Aurora	Aurora, CO	Lease
The Green Solution East Aurora	Aurora, CO	Lease
The Green Solution Central Aurora	Aurora, CO	Lease
The Green Solution W Aurora	Aurora, CO	Lease
The Green Solution South Aurora	Aurora, CO	Lease
The Green Solution Northglenn	Northglenn, CO	Lease
The Green Solution Longmont	Longmont, CO	Lease
The Green Solution Glendale	Glendale, CO	Lease
The Green Solution North Denver	Denver, CO	Lease
The Green Solution Union Station	Denver, CO	Lease
The Green Solution Westminster	Denver, CO	Lease
The Green Solution West Denver	Denver, CO	Lease
The Green Solution Sheridan	Sheridan, CO	Lease
The Green Solution Edgewater	Edgewater, CO	Lease
The Green Solution Pueblo	Pueblo, CO	Lease
The Green Solution Black Hawk	Black Hawk, CO	Lease
The Green Solution Trinidad	Trinidad, CO	Lease

[Table of Contents](#)

Retail Properties		
Type	Location	Lease / Own
Clearance Cannabis Trinidad	Trinidad, CO	Lease
The Green Solution Silver Plume	Silver Plume, CO	Lease
The Green Solution Aspen	Aspen, CO	Lease
The Green Solution Glenwood Springs	Glenwood Springs, CO	Lease
Columbia Care Rehoboth Beach	Rehoboth Beach, DE	Lease
Columbia Care Smyrna	Smyrna, DE	Lease
Columbia Care Wilmington	Wilmington, DE	Lease
Columbia Care Bonita Springs	Bonita Springs, FL	Lease
Columbia Care Bradenton	Bradenton, FL	Lease
Columbia Care Brandon	Brandon, FL	Lease
Columbia Care Cape Coral	Cape Coral, FL	Lease
Columbia Care Delray Beach	Delray Beach, FL	Lease
Columbia Care Gainesville	Gainesville, FL	Lease
Columbia Care Jacksonville	Jacksonville, FL	Lease
Columbia Care Longwood	Longwood, FL	Lease
Columbia Care Melbourne	Melbourne, FL	Lease
Columbia Care Miami	Miami, FL	Lease
Columbia Care Orlando	Orlando, FL	Lease
Columbia Care Sarasota	Sarasota, FL	Lease
Columbia Care St. Augustine	St. Augustine, FL	Lease
Columbia Care Stuart	Stuart, FL	Lease
Columbia Care Chicago	Chicago, IL	Lease
Cannabist Villa Park	Villa Park, IL	Lease
Columbia Care Chevy Chase	Chevy Chase, MD	Lease
Wellness Institute of Maryland	Frederick, MD	Lease
Patriot Care Boston	Boston, MA	Lease
Patriot Care Greenfield	Greenfield, MA	Lease
Patriot Care Lowell	Lowell, MA	Lease
Columbia Care Missouri*	Hermann, MO	Lease
Columbia Care Vineland	Vineland, NJ	Lease
Columbia Care Deptford*	Deptford, NJ	Lease
Columbia Care Brooklyn	Brooklyn, NY	Lease
Columbia Care Manhattan	Manhattan, NY	Lease
Columbia Care Riverhead	Riverhead, NY	Lease
Columbia Care Rochester	Rochester, NY	Lease
gLeaf Warren	Warren, OH	Lease
Columbia Care Allentown	Allentown, PA	Lease
Columbia Care Scranton	Scranton, PA	Lease
Columbia Care Wilkes-Barre	Wilkes-Barre, PA	Lease
Columbia Care Portsmouth	Portsmouth, VA	Lease
gLeaf Richmond	Richmond, VA	Lease
Capital City Care Washington D.C.	Washington, D.C.	Lease
Cannabist Springville	Springville, UT	Lease
Columbia Care Williamstown	Williamstown, WV	Lease
Columbia Care Fayetteville*	Fayetteville, WV	Lease
Columbia Care Morgantown*	Morgantown, WV	Lease
Columbia Care Beckley	Beckley, WV	Lease
Columbia Care St. Albans*	St. Albans, WV	Lease

* Under development, not yet operational

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the expected beneficial ownership of the Company’s securities as of the Effective Date for (i) each member of the Board of Directors (the “**Board**”), (ii) each named executive officer (as defined below), (iii) each person known to the Company and expected to be the beneficial owner of more than 5% of the Company’s securities and (iv) the members of the Board and the named executive officers of the Company as a group. Beneficial ownership is determined according to the rules of the SEC. Generally, a person has beneficial ownership of a security if the person possesses sole or shared voting or investment power of that security, including any securities that a person has the right to acquire beneficial ownership within 60 days. Information with respect to beneficial owners of more than 5% of the Company’s securities is based on completed questionnaires and related information provided by such beneficial owners as of February 8, 2022. Except as indicated, all shares of the Company’s securities will be owned directly, and the person or entity listed as the beneficial owner has sole voting and investment power. The address for each director and executive officer is c/o Columbia Care Inc., 680 Fifth Ave., 24th Floor, New York, New York 10019.

Name, Position and Address of Beneficial Owner	Common Shares		Proportionate Voting Shares		Total(1)	
	Number Beneficially Owned	% of Total Common Shares	Number Beneficially Owned	% of Total Proportionate Voting Shares	Total Number of Capital Stock Beneficially Owned	% of Total Capital Stock
Nicholas Vita, <i>Chief Executive Officer and Director</i>	36,172,338	10.01%	—	— %	36,172,338	9.62%
Michael Abbott, <i>Executive Chairman and Director</i>	36,316,140	10.05%	—	— %	36,316,140	9.65%
Frank Savage, <i>Director</i>	47,753	0.01%	—	— %	47,753	0.01%
James A.C. Kennedy, <i>Director</i>	27,076	0.01%	20,740	14.08%	2,101,076	0.56%
Jonathan P. May, <i>Director</i>	86,311	0.02%	29,468	20.01%	3,033,111	0.81%
Jeff Clarke, <i>Director</i>	453,039	0.13%	47	0.03%	457,739	0.12%
Alison Worthington, <i>Director</i>	43,257	0.01%	—	— %	43,257	0.01%
Julie Hill, <i>Director</i>	54,256	0.02%	—	— %	54,256	0.01%
Philip Goldberg, <i>Director</i>	7,760,627	2.15%	—	— %	7,760,627	2.09%
David Hart, <i>Chief Operating Officer</i>	924,306	0.26%	747	0.51%	999,006	0.26%
Lars Boesgaard(2), <i>Former Chief Financial Officer</i>	163,538	0.05%	—	— %	163,538	0.04%
Dr. Rosemary Mazanet, <i>Chief Scientific Officer</i>	1,214,625	0.34%	187	0.13%	1,233,325	0.33%
Bryan Olson, <i>Chief People and Administrative Officer</i>	330,177	0.09%	764	0.52%	406,577	0.11%
Guy Hussussian, <i>Chief Data Officer</i>	80,180	0.02%	62	0.04%	86,380	0.02%
Jesse Channon, <i>Chief Growth Officer</i>	325,232	0.09%	—	— %	325,232	0.04%
Derek Watson, <i>Chief Financial Officer</i>	—	— %	—	— %	—	— %
David Siroly, <i>Chief Legal Officer and General Counsel</i>	—	— %	—	— %	—	— %
All Board directors and named executive officers as a group	83,998,855	23.26%	52,015	35.32%	89,200,355	23.66%

Notes:

- (1) Includes Proportionate Voting Shares on an as converted basis.
- (2) Mr. Boesgaard resigned from the Company effective August 31, 2021.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

The Company's Board currently consists of eight directors, of whom six are considered to be independent persons. See Item 7—"Director Independence" for details on the independence of the Company's directors.

The following table sets forth the individuals that we anticipate will be the directors and executive officers of the Company as of the Effective Date and their respective positions.

Name	Age	Position
Nicholas Vita	49	Chief Executive Officer and Director
Michael Abbott	57	Executive Chairman and Director
Frank Savage	82	Director
James A.C. Kennedy	67	Director
Jonathan P. May	55	Director
Jeff Clarke	59	Director
Alison Worthington	57	Director
Julie Hill	74	Director
Philip Goldberg	46	Director
Derek Watson	51	Chief Financial Officer
David Hart	45	Chief Operating Officer
Dr. Rosemary Mazanet	66	Chief Scientific Officer
Bryan Olson	48	Chief People and Administrative Officer
Guy Hussussian	55	Chief Data Officer
Jesse Channon	37	Chief Growth Officer
David Sirolly	46	Chief Legal Officer and General Counsel

Director and Executive Officer Biographies*Nicholas Vita, Director and Chief Executive Officer*

Nicholas Vita co-founded Columbia Care in 2012. Mr. Vita began his career as a strategic advisor at S.G. Warburg and then as a member of the Healthcare Investment Banking Department at Goldman Sachs. Mr. Vita has more than 20 years' experience as an executive and an entrepreneur in finance and healthcare.

Michael Abbott, Director and Executive Chairman

Michael Abbott co-founded Columbia Care in 2012. Mr. Abbott started his financial career at Swiss Bank Corporation/SBC O'Connor and later worked at Goldman Sachs. Mr. Abbott has since launched and run several companies. Prior to his career in finance, Mr. Abbott served on the London Police Force.

Frank Savage, Director

Frank Savage is currently the Managing Partner of Savage Holdings, LLC, a global financial services company and has previously held senior positions at Citibank, Equitable Life Assurance Corp. (now AXA Inc.) and Alliance Capital Management International as its Chairman. He currently serves on the board of directors of Bloomberg L.P., and has served on the boards of a number of corporations and non-profit organizations, including Lockheed Martin, Inc. and Qualcomm Inc. Mr. Savage earned a Bachelor of Arts degree from Howard University, a Master of Arts degree from the Johns Hopkins Nitze School of Advanced International Studies, and was the recipient of an Honorary Doctorate of Humane Letters from Hofstra University and an honorary Doctor of Humanities degree from Howard University. He serves as Chair Emeritus of Howard University and Trustee Emeritus of The Johns Hopkins University.

James A.C. Kennedy, Director

In December 2015, James A.C. Kennedy resigned from his role as President and Chief Executive Officer of T. Rowe Price Group, a global investment management organization, serving institutions and individuals around the world and retired from T. Rowe Price in March 2016. Mr. Kennedy spent 38 years with T. Rowe Price, including nine years as CEO, during which time the firm's assets more than doubled to \$763 billion. Previously Mr. Kennedy served as an investment analyst, as Director of Research, and as Head of Equities at the firm. Mr. Kennedy also served on the Board of T. Rowe Price for 20 years. Prior to earning his MBA at Stanford University, Mr. Kennedy participated in the Financial Management training program at General Electric. Mr. Kennedy currently serves on the board of United Continental.

Jonathan P. May, Director

Jonathan May is currently Co-Founder and Managing Director of Floresta Ventures, LLC. Floresta invests, owns and operates restaurant and retail concepts. He is also a co-founder and managing director of Floresta Partners, LLC, a consulting firm focusing on growing multi-unit restaurant and retail concepts. Prior to forming Floresta, Mr. May was Executive Director of Natural Capital Partners Holdings LLC. NCPH works with corporations to measure their environmental impact and deliver solutions for positive impact on carbon, renewable energy, water, biodiversity and communities.

Previously Mr. May was a founder and Managing Director of Catalytic Capital LLC, a private equity firm focused on growing retail and consumer branded companies. Before co-founding Catalytic Capital, Mr. May was Senior Vice President of Corporate Development for Triarc Companies, Inc. where he was responsible for merger identification and execution, corporate finance, and strategic planning. Mr. May also served as Chief Executive Officer of Arby's, Inc., where he managed the growth of 3,400 restaurants comprising \$2.5 billion of global system-wide sales. Mr. May held a variety of strategic and operating roles at Arby's before becoming CEO. Mr. May also sits on the Board of Trustees of Griffin Industrial Realty, a publicly traded real estate company. Mr. May formerly was a board member of Sneaker Villa and Marketwatch.com.

Jeff Clarke, Director

Jeff Clarke has been the Co-CEO of Emerge Technology Acquisition Corporation (NASDAQ:ETACU) since July 2020. ETACU is a Special Purpose Acquisition Corporation (SPAC). Mr. Clarke also serves on the Board of Directors of FTD, LLC. where he was the Executive Chairman from 2019-2020. Mr. Clarke has more than 30 years of leadership experience and operational experience. Mr. Clarke was the Chief Executive Officer of Eastman Kodak from 2014 until 2019. In addition, Mr. Clarke was the Chairman of the Board of Orbitz Worldwide from 2007-2014 and Chief Executive Officer of Travelport, Ltd. from 2006-2011. From 2004-2006, he was the Chief Operating Officer of CA Software and from 2002-2003 the Executive Vice President of Hewlett Packard Company. Mr. Clarke was also the Chief Financial Officer of Compaq Computer from 2001-2002. Mr. Clarke has also served on the Boards of Directors of Generate Life Sciences, Docker, Autodesk, Red Hat and Computerware in the past. Mr. Clarke has a Master of Business Administration from Northeastern University, where he currently serves as a Trustee, and a Bachelor's Degree in Economics from the State University of New York at Geneseo.

Alison Worthington, Director

Alison Worthington is an innovative marketing leader with nearly three decades of experience transforming brands, product portfolios and P&Ls to deliver growth and ROI. Ms. Worthington held multiple senior level operating roles for The Coca-Cola Company, Starbucks and Microsoft as well as serving as the global Chief Marketing Officer for Method Home Products and a senior consultant at L.E.K. Consulting. She currently leads a marketing consulting practice, where she engages as an interim Chief Marketing Officer and on demand advisor to high growth tech, consumer, life science, retail and e-commerce companies looking to reposition and scale their brands and products with new customer experiences and channels. She leverages her background in building experiential lifestyle brands through compelling communication, disruptive product innovation, digital transformation and omnichannel marketing to put businesses on a path of purposeful growth and competitive differentiation. She has been fortunate to work with great companies like GoPro, Ancestry, Bragg Live Foods and multiple startups. Ms. Worthington also serves on the board of directors for Generate, a privately held life sciences company helping to grow and protect families through newborn stem cell, reproductive and healthcare technology services. Ms. Worthington earned an MBA from the Harvard Graduate School of Business Administration and an AB in Economics from Smith College.

Julie Hill, Director

Julie Hill has spent more than two decades serving on a range of private and public corporate boards of directors. Most recently, Ms. Hill was a member of the board of directors of Anthem, a Fortune 50 company and the largest U.S. health insurance company by member. She is currently a member of the board of trustees of Lord Abbett, a \$225 billion New Jersey-based mutual fund management firm. She was also previously on the board of Lend Lease, based in Sydney, Australia, a \$9 billion international construction, development, investment and management firm, publicly traded on the Australian exchange, and Holcim (U.S.), the U.S. operation of a Swiss company, as well as several other public corporate boards. Prior to her last 20 years serving on boards of directors, she founded and ran multiple companies, mostly in the real estate investment and development industry, and was a senior executive at numerous publicly traded companies, including Mobil Land, a division of Mobil Oil, and UK-based Costain Group. Ms. Hill is currently Chair of the Board of Trustees of the University of California at Irvine (UCI), and is a board member of Leaders' Quest, and the Alliance for SoCal Innovation. She is a member of the International Women's Forum and Los Angeles Trusteeship, and is a prior member of the Women's Leadership Board of the Kennedy School of Government at Harvard. She earned a bachelor of arts degree in English from UCLA, and a master's degree in marketing from the University of Georgia.

Philip Goldberg, Director

Philip Goldberg co-founded Green Leaf Medical in 2014 and served as Green Leaf Medical's CEO until Green Leaf was acquired by Columbia Care in June of 2021. Mr. Goldberg built Green Leaf Medical into a leading multi-state cannabis operator in the mid-Atlantic region with 500 full time employees, 400,000 square feet of cultivation space, three extraction labs, and 10 dispensary licenses across Maryland, Pennsylvania, Virginia and Ohio. Prior to entering the cannabis industry, he founded and operated a successful advertising firm focused on lead generation, digital media, customer acquisition and retention. Mr. Goldberg is a graduate of the University of Arizona.

Derek Watson, Chief Financial Officer

Derek Watson joined Columbia Care in January 2022 as Chief Financial Officer. Prior to joining Columbia Care, Derek served as the Chief Financial and Commercial Officer at Tastes on the Fly, a private equity-backed national consumer retail company based in California, from September 2018 to January 2022. He has also held Chief Financial Officer roles at two other consumer companies, Starr Restaurants, from April 2016 to March 2018, and Samba Brands, and as Chief Financial Officer and Vice President of Strategic Initiatives at Schindler Elevator, the U.S. subsidiary of Schindler Holding AG (SCHN.SW). Derek began his career at KPMG where he spent 20 years providing audit and consulting services, including as a Partner and Practice Leader, and served private and Fortune 500 companies across a variety of industries while based in London, Prague, New York, and Philadelphia. He has experience in a range of leadership roles covering strategy, investor relations, information technology, tax, treasury, accounting, FP&A, operational improvement, and risk management. Derek is a Fellow at the Culinary Institute of America, a Board Member with the Queen Elizabeth Memorial Garden in New York and has served as a Board Advisor to a number of entrepreneurial start-ups. Derek is a Chartered Accountant with the ICAEW, holds an undergraduate degree in Finance & Accounting from Kingston University, London and an MBA from Columbia University.

David Hart, Chief Operating Officer

David Hart joined Columbia Care in 2016 and became Chief Operating Officer in 2018. Prior to joining Columbia Care, Mr. Hart served as COO of Abyrx, a venture capital backed medical device company. Prior to his time at Abyrx, Mr. Hart was CFO and CIO at Alpine Capital, a family investment office for the Ranawat Orthopedic Group at the Hospital for Special Surgery. Mr. Hart started his career in financial services at Thomas Weisel Partners and Duff & Phelps.

Dr. Rosemary Mazanet, Chief Scientific Officer

Dr. Rosemary Mazanet joined Columbia Care as Chief Scientific Officer in 2015 as the Chair of the Scientific Advisory Board and became the Chief Scientific Officer in 2017. Prior to joining Columbia Care, Dr. Mazanet was an Oncologist at the Brigham and Women's Hospital / Dana Farber Cancer Institute before starting her industry career at Amgen. Dr. Mazanet has more than 25 years of experience as an expert in all areas of Biotechnology and is a Trustee at the University of Pennsylvania Health System.

Bryan Olson, Chief People & Administrative Officer

Bryan Olson joined Columbia Care as Chief Human Capital Officer in 2017. Prior to joining Columbia Care, Mr. Olson was CHRO for global law firm K&L Gates and previously held senior HR executive positions at Aetna and United Technologies Corporation. Mr. Olson is a former practicing employee benefits and executive compensation attorney at Skadden Arps and started his career at Fidelity Investments.

Guy Hussussian, Chief Data Officer

Guy Hussussian joined Columbia Care as Chief Data Officer in 2018. Mr. Hussussian has more than 20 years of Engineering, IT, and Operations leadership experience. Mr. Hussussian started the Infrastructure Engineering and Cloud Operations Group responsible for IBM-Aspera High Speed Transfer Service. Prior to IBM he was a Director of Research and Development at VMware. Mr. Hussussian started his career as an engineer in healthcare and worked his way up to running Global IT for Workshare.

Jesse Channon, Chief Growth Officer

Jesse Channon joined Columbia Care in December 2019 as Chief Growth Officer. Mr. Channon is an accomplished leader with over a decade of experience in digital marketing, consumer targeting, grassroots campaigns and social media, having advised and worked with some of the largest brands and agencies in the world, including Microsoft, AT&T, Honda, Starbucks, NBC, Red Bull and more. A member of the founding team at PageLever, a Y Combinator-backed company, Mr. Channon oversaw all revenue and partnerships, working with companies such as YouTube, Intel and Toyota to build one of the first real-time applications on Facebook's API and earning certification in the first wave of Preferred Marketing Developers. In 2013, PageLever sold to Unified, a New York City-based Ad Tech company, where Mr. Channon spent six years on the senior management team. After Unified, Mr. Channon served as chief revenue officer for Social Native, a custom content marketplace. He serves on the Entrepreneurship Advisory Board for the Harbert School of Business at Auburn University, the Marketing Board for UJA in New York City and mentors first-time founders of early stage start-ups.

David Sirolly, Chief Legal Officer and General Counsel

David Sirolly joined Columbia Care in 2021 as Chief Legal Officer and General Counsel. Prior to joining Columbia Care, Mr. Sirolly served as General Counsel, Corporate and Chief Compliance Officer of Integra LifeSciences Corporation, a publicly-traded global medical technology company. Over his 11-year career at Integra, he held a variety of legal and compliance leadership roles which included accountability for corporate governance, securities laws, finance initiatives, healthcare compliance, employment law, litigation as well as legal support for a commercial division and information technology. Prior to Integra, Mr. Sirolly was Assistant General Counsel of ValueClick, Inc. (now Conversant, Inc.), a publicly-traded digital media company. David began his legal career at the international law firm of Hogan & Hartson LLP (now Hogan Lovells) based in Washington DC. At Hogan, he focused on supporting medical device and pharmaceutical manufacturers on complex legal and regulatory matters. Mr. Sirolly also spent several years at a leading regional law firm in Pennsylvania working on civil and administrative litigation. Mr. Sirolly has a JD from the University of Virginia School of Law and a degree in economics from Duke University.

ITEM 6. EXECUTIVE COMPENSATION

Overview of Executive Compensation

The Board is authorized to review and approve annually all compensation decisions relating to the executive officers of the Company. In accordance with reduced disclosure rules applicable to emerging growth companies as set forth in Item 402 of Regulation S-K, this section explains how the Company's compensation program is structured for its Chief Executive Officer and the other executive officers named in the Summary Compensation Table (the "named executive officers").

Compensation Governance

The Company's Compensation Committee is responsible for overseeing the Company's compensation policies, processes and practices. The Compensation Committee is also responsible for evaluating performance in determining the compensation of the Chief Executive Officer and the Executive Chairman, and seeks input from the Board to ensure feedback is thorough and robust. The Compensation Committee also ensures that compensation policies and practices provide an appropriate balance of risk and reward consistent with the Company's risk profile. The Board has established a written charter for the Compensation Committee setting out its responsibilities for administering the Company's compensation programs and reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to the Company's directors and executive officers.

The members of the Compensation Committee are James A.C. Kennedy, Jonathan P. May, Frank Savage, and Alison Worthington. The Compensation Committee is chaired by Mr. Kennedy, former President and Chief Executive Officer of global investment management firm T. Rowe Price Group. Mr. Kennedy brings valuable knowledge and expertise to the Compensation Committee, and his experience includes serving as the Compensation Committee chair of United Airlines Holdings, Inc. All of the members of the Compensation Committee are independent directors in that they do not have a direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of the director's independent judgment. The independence of the compensation consultant is assessed by the Compensation Committee on an annual basis to ensure continued independence. In the coming year, the Compensation Committee also intends to begin evaluating its own performance on an annual basis.

The Compensation Committee is tasked with establishing an executive compensation program, which includes any share-based awards, option-based awards or the establishment of any non-equity incentive plans. The terms of any proposed compensation for the directors of the Company who are not also officers of the Company (including any share-based awards or options to be granted) are determined by the Compensation Committee.

To assist in reviewing and determining executive compensation, beginning in October 2018 and throughout 2020, the Compensation Committee retained ClearBridge Compensation Group, LLC ("**ClearBridge**") to provide services to the Compensation Committee in connection with executive officer and director compensation matters, including, among other things, the following:

- assist in reviewing the Compensation Committee Charter and processes;
- assist in reviewing the Company's compensation philosophy;
- assist in updating/developing the comparator groups;
- assist in reviewing the competitiveness of the Company's recommended 2020 cash and equity-based compensation arrangements for NEOs and other key executives;
- assist in designing the 2020 LTI program; and
- assist in reviewing the director compensation program.

The following table sets out the aggregate fees billed by ClearBridge for its services related to determining compensation for the Company's executive officers for the most recently completed financial year of the Company:

	Year Ended December 31, 2020
Executive Compensation-Related Fees	C\$ 512,253
All Other Fees	—

All services provided by ClearBridge to the Company are pre-approved by the Compensation Committee.

2020 Performance Highlights

In 2020, in spite of the headwinds created by the COVID-19 global pandemic, the Company was able to achieve record operational performance, while also continuing to pursue and execute on strategic initiatives, specifically:

- i. delivered combined revenue of \$197.9 million, an increase of 151% from the prior year; combined gross profit of \$76.1 million (excludes changes in fair value of biological assets and inventory sold), an increase of 260% over the prior year; and became adjusted EBITDA positive starting in Q3 of 2020 (excludes changes in fair value of biological assets sold, share based compensation expense, and other non-recurring items deemed unrelated to current operations);
- ii. ended the year with \$61M cash;
- iii. added 39 dispensaries to the Company's footprint;
- iv. made significant progress on many key M&A initiatives, including but not limited to completing the acquisition of The Green Leaf Solutions and Project Cannabis, entering into agreements to acquire Green Leaf Medical and The Healing Center San Diego (acquisition has since been completed in 2021), and continuing to identify and pursue other M&A opportunities that align with the Company's business strategy; and
- v. successfully transitioned certain jobs to remote-work with limited disruptions to the Company's customers and business, as well as successfully implemented safety measures at all facilities, allowing the Company to continue operations during the global pandemic, while also providing a safe environment for the Company's employees and customers.

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

The Company operates in a dynamic and rapidly evolving market. To succeed in this environment and to achieve business and financial objectives, the Company needs to attract, retain and motivate a highly talented team of executive officers. The Company expects the team of executive officers to possess and demonstrate strong leadership and management capabilities, as well as foster the Company's entrepreneurial, patient-centric, and results-driven culture, which is at the foundation of the Company's success and remains a pivotal part of the Company's everyday operations.

The Company's executive officer compensation program is designed to achieve the following objectives:

- provide market competitive compensation opportunities in order to attract and retain talented, high performing and experienced executive officers, whose knowledge, skills and performance are critical to the Company's success;
- incentivize the Company's executive officers to achieve the Company's business and financial objectives;
- align the interests of the Company's executive officers with those of the Company's shareholders; and
- balance achieving short-term results and creating long-term sustainable value to shareholders by providing incentives that encourage the Company's executive officers to take appropriate levels of risk and that enforce a strong pay for performance relationship.

Benchmarking

As previously noted, a key component of the Company's compensation philosophy is to provide market competitive compensation opportunities in order to attract and retain talented, high performing and experienced executive officers, whose knowledge, skills and performance are critical to the Company's success. The Company's comparator group consists of a combination of companies in the Cannabis industry and high-growth companies in the broad market that are around a relevant size to Columbia Care. For 2020 compensation benchmarking purposes, in consultation with ClearBridge Compensation Group, LLC ("**ClearBridge**"), an independent compensation consulting group, the decision was made to split the comparator group into two separate groups, specifically:

- i. **Cannabis Comparator Group:** Consists of 15 North American cannabis companies that met certain size criteria to provide insight into how competitors set and design compensation, and

- ii. **Broad Market Competitor Group:** Consists of 18 North American high-growth companies (as defined by revenue growth), intended to supplement the Cannabis Comparator Group, to provide insight into how similarly-sized companies in other non-cannabis, high-growth industries set and design compensation.

2020 Cannabis Comparator Group			
Aurora Cannabis Inc.	Curaleaf Holdings, Inc.	iAnthus Capital Holdings, Inc.	TerrAscend Corp.
Charlotte’s Web Holdings, Inc.	Green Thumb Industries Inc.	MedMen Enterprises Inc.	Tilray, Inc.
Cresco Labs Inc.	Harvest Health & Recreation Inc.	Organigram Holdings Inc.	Trulieve Cannabis Corp.
Cronos Group Inc.	HEXO Corp.	Sundial Growers Inc.	
2020 Broad Market Comparator Group			
Adamas Pharmaceuticals, Inc.	Flexion Therapeutics, Inc.	OptiNose, Inc.	Theravance Biopharma, Inc.
Cardlytics, Inc.	Invitae Corporation	Paratek Pharmaceuticals, Inc.	Twist Bioscience Corporation
CareDx, Inc	Inspire Medical Systems, Inc.	Radius Health, Inc.	Ultragenyx Pharmaceutical Inc.
Casa Systems, Inc.	iRhythm Technologies, Inc.	REGENXBIO Inc.	
Coherus BioSciences, Inc.	NewAge, Inc.	The Joint Corp.	

Note: As part of the 2020 comparator group review, Alteryx Inc., AppFolio Inc., Everbridge Inc., Glaukos Corporation, New Relic Inc., Penumbra Inc., Reata Pharmaceuticals Inc., Teladoc Health Inc., and Yext Inc. were removed from the comparator group given they no longer meet the required size criteria.

When setting target pay levels, the Compensation Committee uses compensation data from the comparator groups as one of many considerations. The Compensation Committee does not target any specific market positioning but rather references the 50th percentile, recognizing that the specific positioning for each NEO varies based on multiple factors such as individual performance, job responsibilities, and historical compensation levels.

Elements of Compensation

The compensation of executives of the Company includes three main elements: (i) base salary; (ii) an annual bonus; and (iii) long-term equity incentives. Perquisites and personal benefits are not a significant element of compensation for the Company’s executive officers.

Base Salaries

Base salary is provided as a fixed source of compensation for the Company’s executive officers. Adjustments to base salaries are reviewed annually and as warranted throughout the year to reflect promotions or other changes in the scope of an executive officer’s role or responsibilities, as well as to maintain market competitiveness.

Annual Bonuses

Annual bonuses are designed to motivate the Company's executive officers to meet annual business and financial objectives. The annual bonus plan supports the Company's strategic and financial goals and considers performance versus key performance indicators as a factor in determining bonus payments to the Company's executive officers. The Compensation Committee, after considering all relevant Company and individual performance factors, determines annual bonus payouts for the CEO and Executive Chairperson in their discretion. The Compensation Committee oversees the bonus determination process for the other NEOs.

Specifically, in 2020, the Compensation Committee considered and assessed the Company's financial performance (e.g., revenue, margin, cash flow, and balance sheet achievement versus budget), operational performance (e.g., operating results improvement, licenses awarded, build out of operations facilities, quality control, and regulatory compliance), and individual performance versus pre-established KPIs. Given the Company's record performance in 2020 as noted under the heading "2020 Performance Highlights" above, especially considering the challenges created by the COVID-19 pandemic in 2020, the bonuses were made with an average payout of 162% of target for the NEOs.

Long-Term Incentives

Long-term incentive ("LTI") compensation awards provide continual motivation for the Company's officers, employees and consultants to achieve business and financial objectives and align their interests with the long-term interests of the Company's shareholders. The purpose of the LTI program is to promote alignment of interests between employees and shareholders, and to support the achievement of the Company's longer-term performance objectives, while also promoting long-term retention.

As a result, the annual LTI program consists of 35% PSUs and 65% time-vested RSUs for the NEOs in order to incentivize performance, provide alignment with shareholders and meet the Company's retention needs. The RSU grant is earned based on employee service, vesting 25% per year over a four-year period.

The 2020 PSU grant was tied to fiscal year 2020 financial and strategic performance goals, with two years of additional vesting, resulting in a three-year cliff vesting grant. Goals were set based on one year of performance (fiscal year 2020) recognizing the Company's business stage and the challenges with setting multi-year goals given the quickly evolving nature of the cannabis industry. Specifically, the PSUs were tied to Company revenue, gross profit margin (excludes changes in fair value of biological assets and inventory sold), and adjusted EBITDA (excludes changes in fair value of biological assets sold, share based compensation expense, and other non-recurring items deemed unrelated to current operations). PSU payouts can range from 0% of target to 150% of target for achieving maximum performance, with a payout of 50% of target for achieving the threshold performance level. There are no payouts for below threshold performance. On an as needed basis, in their discretion, the Compensation Committee has a discretionary modifier of up to +/- 20 percentage points when determining performance-based vesting, capped at the maximum payout of 150% of target.

Based on the Company's achievement against the 2020 operational metrics, the PSUs were calculated to pay out at 135.75% of target. Given the Company's record performance in 2020 as noted under the heading "2020 Performance Highlights" above, especially considering the challenges created by the COVID-19 global pandemic in achieving that performance, the Compensation Committee applied its discretionary modifier per the plan design to approve a payout of 150% of target for the PSUs. Earned PSUs will be vested and settled in 2023.

2020 Annual Total Target Compensation

As of fiscal year end 2020, the Company's NEO's annual target compensation levels were as follows:

Name and Principal Position	Base Salary (\$)	Target Bonus (% of Base)	Total Cash Compensation (\$)	Long-term Incentives (\$)	Target Total Direct Compensation (\$)
Nicholas Vita CEO and Director	\$ 420,000	75%	\$ 735,000	\$2,450,000	\$ 3,185,000
Michael Abbott Executive Chairman and Director	\$ 400,000	50%	\$ 600,000	\$1,750,000	\$ 2,350,000
Lars Boesgaard (1) Former CFO	\$ 283,000	40%	\$ 396,200	\$ 600,000	\$ 996,200
David Hart COO	\$ 310,000	40%	\$ 434,000	\$1,200,000	\$ 1,634,000
Jesse Channon Chief Growth Officer	\$ 300,000	40%	\$ 420,000	\$ 600,000	\$ 1,020,000

(1) Mr. Boesgaard resigned from the Company effective August 31, 2021.

2020 Sign-on Equity Grant to Jesse Channon

Effective November 26, 2019, the Company entered into an employment agreement with Jesse Channon to serve as the Company's Chief Growth Officer. In March 2020, in connection with Mr. Channon's employment agreement, the Company granted him a sign-on grant of \$1,000,000 in RSUs that vests 25% per year over a four-year period (i.e., same vesting as annual RSU grants made to NEOs as part of the annual LTI program) and \$500,000 in PSUs (at target) with 50% of the performance criteria tied to Company revenue goals for fiscal year 2020 and 50% tied to Company revenue goals for fiscal year 2021.

50% of the PSUs earned in each respective year vest at certification of performance, and the other 50% of earned PSUs in each respective year cliff vest at the end of fiscal year 2022. PSU payouts can range from 50% of target for achieving threshold performance to 200% of target for achieving maximum performance. There are no payouts for below threshold performance.

Given the Company's revenue performance in 2020, the payout for the portion of Mr. Channon's PSUs that are earned based on 2020 revenue performance was calculated at 135.19% of target PSUs. 50% of these earned PSUs vested at certification of performance and the other 50% will vest at the end of 2022.

Summary Compensation Table

The following table sets forth all compensation paid to or earned by the named executive officers of the Company in the last two fiscal years.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards ⁽¹⁾⁽²⁾⁽³⁾ (\$)	Option-Based Awards (\$)	Non-equity Incentive Plan Compensation (\$)		All Other Compensation ⁽⁴⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans		
Nicholas Vita	2020	\$416,339	\$ 2,722,138	\$ 0	\$550,000	\$ 0	\$ 19,979	\$ 3,708,456
CEO and Director	2019	\$400,000	\$19,008,876	\$ 0	\$225,000	\$ 0	\$ 27,959	\$19,661,835
Michael Abbott	2020	\$400,000	\$ 1,944,386	\$ 0	\$350,000	\$ 0	\$ 43,229	\$ 2,737,614
Executive Chairman and Director	2019	\$400,000	\$18,683,588	\$ 0	\$120,000	\$ 0	\$ 21,428	\$19,225,016
Lars Boesgaard⁽⁵⁾	2020	\$281,536	\$ 666,649	\$ 0	\$180,000	\$ 0	\$ 1,072	\$ 1,129,256
Former CFO	2019	\$273,940	\$ 2,936,950	\$ 0	\$142,500	\$ 0	\$ 1,072	\$ 3,354,463
David Hart	2020	\$308,169	\$ 1,333,295	\$ 0	\$190,000	\$ 0	\$ 1,072	\$ 1,832,537
COO	2019	\$297,476	\$ 6,859,594	\$ 0	\$ 90,000	\$ 0	\$ 1,162	\$ 7,248,232
Jesse Channon⁽⁶⁾	2020	\$295,423	\$ 2,324,358	\$ 0	\$180,000	\$ 0	\$ 1,072	\$ 2,800,854
Chief Growth Officer	2019	\$ 7,404	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89	\$ 7,493

Notes:

- (1) 2020 share-based award values converted to USD based on an exchange rate of 1 CAD: 0.784808 USD; 2019 share-based award values converted to USD based on an exchange rate of 1 CAD: 0.768233.
- (2) For 2020, reflects (i) annual share-based awards, specifically 894,663 RSUs and 481,742 PSUs granted to Mr. Vita, 639,045 RSUs and 344,102 PSUs granted to Mr. Abbott, 219,102 RSUs and 117,978 PSUs granted to Mr. Boesgaard, 438,203 RSUs and 235,956 PSUs granted to Mr. Hart, and 219,102 RSUs and 117,978 PSUs granted to Mr. Channon, and (ii) sign-on award of 680,273 RSUs and 340,137 PSUs to Mr. Channon. PSU amounts are disclosed at target.
- (3) For 2019, reflects (i) annual share-based awards, specifically 263,514 RSUs and 141,892 PSUs granted to Mr. Vita, 204,955 RSUs and 110,361 PSUs granted to Mr. Abbott, 70,271 RSUs and 37,838 PSUs granted to Mr. Boesgaard, and 117,118 RSUs and 63,064 PSUs granted to Mr. Hart, and (ii) Post-Closing RSU Grants, specifically 870,691 time-vested RSUs and 1,741,382 performance-vested RSUs granted to Messrs. Vita and Abbott, 174,139 time-vested RSUs and 174,139 performance-vested RSUs granted to Mr. Boesgaard, and 435,346 time-vested RSUs and 435,346 performance-vested RSUs granted to Mr. Hart, and (iii) special one-time RSU award of 12,423 time-vested RSUs to Mr. Boesgaard. PSU amounts are disclosed at target.
- (4) Reflects (i) reimbursements for the cost of life insurance, specifically \$1,346 for Mr. Vita, \$13,482 for Mr. Abbott, and \$1,072 each for Messrs. Boesgaard, Hart, and Channon, and (ii) reimbursements for tax planning services, specifically \$18,633 for Mr. Vita and \$29,746 for Mr. Abbott.
- (5) Mr. Boesgaard resigned from the Company effective August 31, 2021.
- (6) Mr. Channon was appointed Chief Growth Officer effective November 26, 2019.

Outstanding Equity Awards Table

The following table sets forth information concerning the option-based and share-based awards granted to the Company’s Named Executive Officers that were outstanding as of December 31, 2020.

Name and Principal Position	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested \$(1)(2)	Market Or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed \$(1)(3)
Nicholas Vita							
CEO and Director	—	\$ 0	—	\$ 0	4,071,526	\$24,732,134	\$ 0
Michael Abbott							
Executive Chairman and Director	—	\$ 0	—	\$ 0	3,547,777	\$21,550,666	\$ 0
Lars Boesgaard(4)							
Former CFO	—	\$ 0	—	\$ 0	812,215	\$ 4,933,730	\$ 340,349
David Hart							
COO	—	\$ 0	—	\$ 0	2,054,063	\$12,477,229	\$2,590,088
Jesse Channon							
Chief Growth Officer	—	\$ 0	—	\$ 0	1,476,326	\$ 8,967,816	\$ 0

Notes:

- (1) Market value of unvested share-based awards and vested but undistributed share-based awards calculated based on the closing share price on December 31, 2020 (converted to USD based on an exchange rate of 1 CAD: 0.784808 USD).
- (2) For outstanding PSUs whose performance has been certified, reflects number of shares eligible to vest; for outstanding PSUs whose performance has not yet been certified, reflects target number of shares.
- (3) Reflects market value of vested deferred compensation granted under the Legacy Management Incentive Plan and converted into deferred RSUs in connection with the completion of the qualifying transaction between the Company, under the name “Canaccord Genuity Growth Corp.,” and Columbia Care LLC in 2019 (the “**Business Combination**”); Columbia Care Inc.’s Board of Directors approved termination of the Income Incentive Plan (i.e., the deferred compensation plan under the Legacy Management Incentive Plan), effective April 1, 2020, and all outstanding deferred compensation will subsequently be paid out between 12 and 24 months following plan termination per 409A of the IRS code.
- (4) Mr. Boesgaard resigned from the Company effective August 31, 2021.

Deferred Compensation Plans

The Company’s Board of Directors approved termination of the Income Incentive Plan (i.e., the deferred compensation plan under the Legacy Management Incentive Plan), effective April 1, 2020, and all outstanding deferred compensation will subsequently be paid out in shares of the Company between 12 and 24 months following plan termination per 409A of the IRS code. The Company has no other deferred compensation plans.

Termination and Change of Control Benefits

Other than as described herein, the Company does not have any contract, agreement, plan or arrangement that provides for payments to a NEO at, following, or in connection with a termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in a NEO's responsibilities. Note that the dollar value of potential accelerated equity in connection with a qualifying termination reflects an exchange rate of 1 CAD: 0.784808 USD.

Nicholas Vita

On April 26, 2019, the Company entered into an employment agreement with Mr. Vita (the "**Vita Agreement**"). In the event of termination without cause of Mr. Vita's employment or if Mr. Vita resigns for good reason in connection with a change of control, Mr. Vita shall receive (i) an amount equal to thirty-six (36) months of the sum of Mr. Vita's then base salary and target bonus paid over such 36-month period in installments on the Company's regular payroll schedule following the termination date; (ii) the Company shall pay its share of Mr. Vita's health insurance premiums to continue Mr. Vita's health insurance coverage for thirty-six (36) months beyond the termination date; and (iii) Mr. Vita shall receive outplacement services for a period of one (1) year following the termination date. The change of control payments and benefits that would be made to Mr. Vita are conditioned on and subject to Mr. Vita signing and not rescinding the Vita Agreement, a non-disclosure agreement and an effective, general release of all claims in favour of the Company within no greater than 60 days following the termination date. Upon a qualifying termination in connection with a change of control, Mr. Vita's outstanding time-vested RSUs, including the time-vested portion of his outstanding Post-Closing RSU Grant, will vest in full and his outstanding performance-vested RSUs/PSUs, including his performance-vested portion of his Post-Closing RSU Grant, will vest, with the number of shares earned to be based on actual performance through the consummation of the change of control. The total estimated incremental payments, payables and benefits to Mr. Vita in the event his employment is terminated in connection with a change of control, as if such event occurred on the last business day of the Company's most recently completed financial year, is \$16,405,860, with Mr. Vita's health insurance coverage continuing for thirty-six (36) months from the termination date.

In the event that the Company terminates Mr. Vita's employment without cause or Mr. Vita resigns for good reason, Mr. Vita shall receive (i) an amount equal to twenty-four (24) months of the sum of Mr. Vita's then base salary and target bonus paid over such 24-month period in installments on the Company's regular payroll schedule following the termination date; (ii) the Company shall pay its share of Mr. Vita's health insurance premiums to continue Mr. Vita's health insurance coverage for twenty-four (24) months beyond the termination date; and (iii) Mr. Vita shall receive outplacement services for a period of one (1) year following the termination date. The payments and benefits that would be made to Mr. Vita are conditioned on and subject to Mr. Vita signing and not rescinding the Vita Agreement, a non-disclosure agreement and an effective, general release of all claims in favour of the Company within no greater than 60 days following the termination date. Upon an involuntary termination without cause or a termination for good reason, Mr. Vita's outstanding time-vested RSUs and performance-vested RSUs/PSUs will be forfeited. As an exception, Mr. Vita's outstanding time-vested portion of his Post-Closing RSU Grant will vest in full and his performance-vested portion of his Post-Closing RSU Grant will vest, with the number of shares earned to be based on actual performance through the full performance period, pro-rated for months served. The total estimated incremental payments and payables to Mr. Vita in the event of termination of his employment without cause (other than due to a change of control), as if such event occurred on the last business day of the Company's most recently completed financial year, is \$4,145,539, with Mr. Vita's health insurance coverage continuing for twenty-four (24) months from the termination date.

Michael Abbott

On April 26, 2019, the Company entered into an employment agreement with Mr. Abbott (the “**Abbott Agreement**”). In the event of termination without cause of Mr. Abbott’s employment or if Mr. Abbott resigns for good reason in connection with a change of control, Mr. Abbott shall receive (i) an amount equal to thirty-six (36) months of the sum of Mr. Abbott’s then base salary and target bonus paid over such 36-month period in installments on the Company’s regular payroll schedule following the termination date; (ii) the Company shall pay its share of Mr. Abbott’s health insurance premiums to continue Mr. Abbott’s health insurance coverage for thirty-six (36) months beyond the termination date; and (iii) Mr. Abbott shall receive outplacement services for a period of one (1) year following the termination date. The change of control payments and benefits that would be made to Mr. Abbott are conditioned on and subject to Mr. Abbott signing and not rescinding the Abbott Agreement, a non-disclosure agreement and an effective, general release of all claims in favour of the Company within no greater than 60 days following the termination date. Upon a qualifying termination in connection with a change of control, Mr. Abbott’s outstanding time-vested RSUs, including the time-vested portion of his outstanding Post-Closing RSU Grant, will vest in full and his outstanding performance-vested RSUs/PSUs, including his performance-vested portion of his Post-Closing RSU Grant, will vest, with the number of shares earned to be based on actual performance through the consummation of the change of control. The total estimated incremental payments, payables and benefits to Mr. Abbott in the event his employment is terminated in connection with a change of control, as if such event occurred on the last business day of the Company’s most recently completed financial year, is \$12,819,391, with Mr. Abbott’s health insurance coverage continuing for thirty-six (36) months from the termination date.

In the event that the Company terminates Mr. Abbott’s employment without cause or Mr. Abbott resigns for good reason, Mr. Abbott shall receive (i) an amount equal to twenty-four (24) months of the sum of Mr. Abbott’s then base salary and target bonus paid over such 24-month period in installments on the Company’s regular payroll schedule following the termination date; (ii) the Company shall pay its share of Mr. Abbott’s health insurance premiums to continue Mr. Abbott’s health insurance coverage for twenty-four (24) months beyond the termination date; and (iii) Mr. Abbott shall receive outplacement services for a period of one (1) year following the termination date. The severance payments and benefits that would be made to Mr. Abbott are conditioned on and subject to Mr. Abbott signing and not rescinding the Abbott Agreement, a non-disclosure agreement and an effective, general release of all claims in favor of the Company within no greater than 60 days following the termination date. Upon an involuntary termination without cause or a termination for good reason, Mr. Abbott’s outstanding time-vested RSUs and performance-vested RSUs/PSUs will be forfeited. As an exception, Mr. Abbott’s outstanding time-vested portion of his Post-Closing RSU Grant will vest in full and his performance-vested portion of his Post-Closing RSU Grant will vest, with the number of shares earned to be based on actual performance through the full performance period, pro-rated for months served. The total estimated incremental payments and payables to Mr. Abbott in the event of termination of his employment without cause (other than due to a change of control), as if such event occurred on the last business day of the Company’s most recently completed financial year, is \$3,875,539, with Mr. Abbott’s health insurance coverage continuing for twenty-four (24) months from the termination date.

David Hart

On April 26, 2019, the Company entered into an employment agreement with Mr. Hart (the “**Hart Agreement**”). The Hart Agreement may be terminated at any time by Mr. Hart or the Company. In the event of termination without cause of Mr. Hart’s employment in connection with a change of control, Mr. Hart shall receive (i) an amount equal to twenty-four (24) months of Mr. Hart’s then base salary paid over such 24-month period in installments on the Company’s regular payroll schedule following the termination date; and (ii) the Company shall pay its share of Mr. Hart’s health insurance premiums to continue Mr. Hart’s health insurance coverage for twenty-four (24) months beyond the termination date. The change of control payments and benefits that would be made to Mr. Hart are conditioned on and subject to Mr. Hart signing and not rescinding the Hart Agreement, a non-disclosure agreement and an effective, general release of all claims in favor of the Company within no greater than 60 days following the termination date. Upon a qualifying termination in connection with a change of control, Mr. Hart’s outstanding time-vested RSUs, including the time-vested portion of his outstanding Post-Closing RSU Grant, will vest in full and his outstanding performance-vested RSUs/PSUs, including his performance-vested portion of his Post-Closing RSU Grant, will vest, with the number of shares earned to be based on actual performance through the consummation of the change of control. Under the Legacy Management Incentive Plan, upon a change of control, outstanding restricted stock and restricted stock units that were converted from Capital Accumulation Incentive Plan Units and Income Incentive Plan Units, respectively, will fully vest (though administrator of plan may determine to require the earlier of a period of up to one year of continued employment post change of control or termination of employment). The total estimated incremental payments, payables and benefits to Mr. Hart in the event his employment is terminated in connection with a change of control, as if such event occurred on the last business day of the Company’s most recently completed financial year, is \$10,731,657, with Mr. Hart’s health insurance coverage continuing for twenty-four (24) months from the termination date.

In the event that the Company terminates Mr. Hart's employment without cause, Mr. Hart shall receive (i) an amount equal to eighteen (18) months of Mr. Hart's then base salary paid over such 18-month period in installments on the Company's regular payroll schedule following the termination date; and the Company shall pay its share of Mr. Hart's health insurance premiums to continue Mr. Hart's health insurance coverage for eighteen (18) months beyond the termination date. The severance payments and benefits that would be made to Mr. Hart are conditioned on and subject to Mr. Hart signing and not rescinding the Hart Agreement, a non-disclosure agreement and an effective, general release of all claims in favor of the Company within no greater than 60 days following the termination date. Upon an involuntary termination without cause, Mr. Hart's outstanding time-vested RSUs and performance-vested RSUs will be forfeited. As an exception, the portion of Mr. Hart's outstanding time-vested portion of his Post-Closing RSU Grant that is scheduled to vest within the following twelve months will vest and his performance-vested portion of his Post-Closing RSU Grant will vest, with the number of shares earned to be based on actual performance through the full performance period, pro-rated for months served. Under the Legacy Management Incentive Plan, upon an involuntary termination without cause, outstanding restricted stock and RSUs that were converted from Capital Accumulation Incentive Plan Units and Income Incentive Plan Units, respectively, will be forfeited. The total estimated incremental payments and payables to Mr. Hart in the event of termination of his employment without cause (other than due to a change of control), as if such event occurred on the last business day of the Company's most recently completed financial year, is \$1,335,296, with Mr. Hart's health insurance coverage continuing for eighteen (18) months from the termination date.

Jesse Channon

On November 26, 2019, the Company entered into an employment agreement with Mr. Channon (the "**Channon Agreement**"). The Channon Agreement may be terminated at any time by Mr. Channon or the Company. In the event of termination without cause of Mr. Channon's employment in connection with a change of control, Mr. Channon shall receive (i) an amount equal to eighteen (18) months of Mr. Channon's then base salary paid over such 18-month period in installments on the Company's regular payroll schedule following the termination date; and (ii) the Company shall pay its share of Mr. Channon's health insurance premiums to continue Mr. Channon's health insurance coverage for eighteen (18) months beyond the termination date. The change of control payments and benefits that would be made to Mr. Channon are conditioned on and subject to Mr. Channon signing and not rescinding the Channon Agreement, a non-disclosure agreement and an effective, general release of all claims in favour of the Company within no greater than 60 days following the termination date. Upon a qualifying termination in connection with a change of control, Mr. Channon's outstanding time-vested RSUs, will vest in full and his outstanding performance-vested RSUs/PSUs will vest, with the number of shares earned to be based on actual performance through the consummation of the change of control. The total estimated incremental payments, payables and benefits to Mr. Channon in the event his employment is terminated in connection with a change of control, as if such event occurred on the last business day of the Company's most recently completed financial year, is \$9,621,116, with Mr. Channon's health insurance coverage continuing for eighteen (18) months from the termination date.

In the event that the Company terminates Mr. Channon's employment without cause, Mr. Channon shall receive (i) an amount equal to twelve (12) months of Mr. Channon's then base salary paid over such 12-month period in installments on the Company's regular payroll schedule following the termination date; and the Company shall pay its share of Mr. Channon's health insurance premiums to continue Mr. Channon's health insurance coverage for twelve (12) months beyond the termination date. The severance payments and benefits that would be made to Mr. Channon are conditioned on and subject to Mr. Channon signing and not rescinding the Channon Agreement, a non-disclosure agreement and an effective, general release of all claims in favour of the Company within no greater than 60 days following the termination date. Upon an involuntary termination without cause, Mr. Channon's outstanding time-vested RSUs and performance-vested RSUs will be forfeited. The total

estimated incremental payments and payables to Mr. Channon in the event of termination of his employment without cause (other than due to a change of control), as if such event occurred on the last business day of the Company's most recently completed financial year, is \$435,534, with Mr. Channon's health insurance coverage continuing for twelve (12) months from the termination date.

Director Compensation

The following table sets forth all compensation paid to or earned by each non-employee director of the Company during fiscal year 2020.

Name ⁽¹⁾	Fees Earned or Paid in Cash ⁽²⁾ (\$)	Share-Based Awards ⁽³⁾⁽⁴⁾ (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total Compensation (\$)
Jeff Clarke	\$ 40,500	\$ 273,418	\$ 0	\$ 0	\$ 0	\$ 313,918
James A.C. Kennedy	\$ 59,500	\$ 178,976	\$ 0	\$ 0	\$ 0	\$ 238,476
Jonathan P. May	\$ 72,000	\$ 178,976	\$ 0	\$ 0	\$ 0	\$ 250,976
Frank Savage	\$ 44,375	\$ 273,418	\$ 0	\$ 0	\$ 0	\$ 317,793
Alison Worthington	\$ 5,000	\$ 174,834	\$ 0	\$ 0	\$ 0	\$ 179,834
Igor Gimelshtein	\$ 27,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,500
John Howard	\$ 13,375	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,375
David Solomon	\$ 10,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,750

Notes:

- (1) Effective January 31, 2020, Frank Savage and Jeff Clarke were named to the Board of Directors of Columbia Care Inc.; effective November 2, 2020, Alison Worthington was named to the Board of Directors of Columbia Care Inc.; effective January 31, 2020, John Howard and David Solomon transitioned from the Board of Directors to the Strategic Advisory Board; effective June 8, 2020, Igor Gimelshtein did not stand for re-election at the 2020 annual shareholder meeting.
- (2) Reflects annual cash retainer for Board service and, as applicable, additional cash retainer for Lead Director and additional cash retainer for Committee chairs and members.
- (3) Share-based award values converted to USD based on an exchange rate of 1 CAD: 0.784808 USD.
- (4) Reflects (i) annual RSU awards, specifically 59,234 RSUs granted to each of Messrs. Clarke, Kennedy, May, and Savage, and (ii) pro-rated initial RSU awards, specifically 47,753 RSUs granted to each of Messrs. Clarke and Savage and 43,257 RSUs granted to Ms. Worthington.

Compensation Committee Interlocks and Insider Participation

During fiscal 2021, Frank Savage, James A.C. Kennedy and Jonathan P. May served as members of the Compensation Committee.

None of the Company's executive officers served as a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a director of the Company or on the Compensation Committee, during fiscal 2020. None of the Company's executive officers served as a director of another entity, one of whose executive officers served on the Compensation Committee, during fiscal 2021.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE

Related Party Transaction Policy

The Company has not adopted a related party transaction policy.

Transactions with Related Persons

Since the beginning of the last fiscal year there have been none and there are no currently proposed transactions, in which the Company was or is to be a participant and the amount involved exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest.

Promoters

No person or company has been at any time during the past five fiscal years a promoter of the Company.

Director Independence

For purposes of this registration statement, the independence of our directors is determined under the corporate governance rules of the Nasdaq Capital Market (“Nasdaq”). The independence rules of Nasdaq include a series of objective tests, including that an “independent” person will not be employed by us and will not be engaged in various types of business dealings with us. In addition, the Board is required to make a subjective determination as to each person that no material relationship exists with the Company either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. It has been determined that six of our directors that we expect to be on the Board as of the Effective Date are independent persons under the independence rules of Nasdaq: Frank Savage, James A.C. Kennedy, Jonathan P. May, Jeff Clarke, Alison Worthington and Julie Hill.

ITEM 8. LEGAL PROCEEDINGS

Legal Proceedings

A subsidiary of the Company, and certain members of the Company’s management team are respondent parties in a confidential arbitration before the American Arbitration Association. The arbitration was initiated on October 24, 2019, by an investor (the “Claimant”) in a third-party entity, which, in turn, is an investor in a separate third-party entity for which certain members of the Company’s management team are managers and to which the Company provides operating services pursuant to a written agreement. Claimant asserted direct, derivative, and double derivative claims, with purported damages in excess of \$250,000,000, against the respondent parties. The arbitration follows from a prior case filed by the Claimant on November 30, 2018, in the New York Supreme Court, Commercial Division (the “New York Proceeding”) asserting similar claims as are at issue in the arbitration. In the New York Proceeding, the Claimant sought, among other remedies, preliminary injunctive relief to enjoin the Business Combination. On April 15, 2019, the New York Supreme Court, Commercial Division, finally denied Claimant’s request for temporary restraining orders and preliminary injunctive relief, as well as compelled the dispute to arbitration. The Appellate Division, First Department affirmed those orders. The Company’s subsidiary and the members of the Company’s management team who are parties to the case have asserted defenses in respect of the allegations in the arbitration. However, there can be no assurance that they will be successful in pursuing such defenses and if they are not successful in establishing such defenses that the direct or indirect losses will not be material. The hearing commenced in the arbitration on February 3, 2021 and concluded March 22, 2021, with closing arguments occurring on June 3, 2021. The parties and other interest holders in the third-party entities are attempting to amicably resolve the matter and have reached a preliminary agreement, with no admissions of liability, that was approved by the Arbitrator on November 16, 2021, but remains subject to regulatory and other approvals. The Company has anticipatorily accrued \$68,000,000 for potential share issuances and cash payments for purposes of acquisition and settlement of pre-existing relationships, inclusive of prospective acquisition costs relating to the third-party entities and other litigation costs. There can be no assurances that the proceedings will be amicably resolved, whether there will be regulatory approval for any settlement, when any underlying acquisition would close, or whether the ultimate result will exceed or be less than the amount that has been accrued.

A former owner of the Company’s Florida-licensed business was sued by a former purported joint venture partner, alleging various statutory and common law claims related to the terminated joint venture. The Company is not a party to this lawsuit, but, as part of its acquisition of the business, had agreed to indemnify the owner for litigation costs and any judgment rendered in the matter, in excess of \$750,000. On January 20, 2021, following an arbitration hearing, the arbitration panel issued a partial final award in the former joint venture partner’s favor on three of the 11 claims asserted and awarded the former joint venture partner \$10,553,214.30 plus

prejudgment interest from July 26, 2017 through the present, as well as reasonable attorneys’ fees. On March 2, 2021, the Panel issued a Final Award, awarding the former joint venture partner a total of \$15,195,230.85 inclusive of prejudgment interest and attorneys’ fees. The Company is financially responsible for payment of the Final Award, pursuant to its indemnification commitment to the former owner. Two subsidiaries of the Company, and certain members of the Company’s management team were named in a separate lawsuit commenced by the same former joint venture partner alleging various claims related to the same terminated joint venture. The trial court dismissed a majority of the claims in the lawsuit. All parties to the arbitration and the additional lawsuit have agreed to amicably resolve the arbitration and the additional lawsuit. There are no admissions of liability. In furtherance of the resolution, the Company had a total accrual of \$22,800,000.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Trading Price and Volume

The Company’s common shares are listed on the NEO under the symbol “CCHW”, on the CSE under the symbol “CCHW”, on the OTCQX under the symbol “CCHWF” and on the Frankfurt Stock Exchange under the symbol “3LP”.

Shareholders

As of February 9, 2022 there are 418 holders of record of our common shares.

Dividends

The Company has not declared cash dividends on the common shares in the past. The Company currently intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Company does not intend to pay dividends on the common shares in the foreseeable future. Any future determination to pay distributions will be at the discretion of the Board and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions and any other factors that the Board deems relevant. The Company is not bound or limited in any way to pay dividends in the event that the Board determines that a dividend is in the best interest of its shareholders.

Equity Compensation Plans

The following table sets forth the number of Common Shares to be issued upon exercise of outstanding convertible securities, the weighted-average exercise price of such outstanding convertible securities and the number of Common Shares remaining available for future issuance under equity compensation plans as at December 31, 2021.

<u>Plan Category</u>	<u>Number of Common Shares to be issued upon exercise of outstanding securities(1)</u>	<u>Weighted-average exercise price of outstanding securities(2)</u>	<u>Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)</u>
Equity compensation plans approved by Shareholders	10,301,654	C\$ 10.90	20,090,135(3)
Equity compensation plans not approved by Shareholders	Nil.	Nil.	Nil.
Total	10,301,654	C\$ 10.90	20,090,135(3)

Notes:

- (1) The 10,301,654 Common Shares to be issued upon exercise of outstanding securities, warrants and rights consists of (i) 2,758,212 Common Shares that may be issued upon the vesting of PSUs and TSRs, (ii) 7,515,750 Common Shares that may be issued upon the vesting of RSUs and (iii) 27,692 Common Shares that may be issued upon the exercise of Options. For outstanding PSUs whose performance has been certified, reflects number of shares eligible to vest; for outstanding PSUs whose performance has not yet been certified, reflects target number of shares.

- (2) Represents the weighted-average exercise price of Options to purchase 27,692 Common Shares. This weighted average does not take into account Common Shares that may be issued upon the vesting of PSUs or RSUs.
- (3) Convertible securities remaining as of December 31, 2021, based on a maximum of 10% of the aggregate number of Common Shares reserved for issuance (assuming the conversion of all Proportionate Voting Shares to Common Shares) (i.e., 376,152,906 shares).

Exchange Controls

There are no governmental laws, decrees or regulations in Canada that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of dividends, interest or other payments to nonresident holders of the securities of the Company, other than Canadian withholding tax. See "*Certain Canadian Federal Income Tax Considerations for Non-Residents of Canada*," below.

Certain Canadian Federal Income Tax Considerations for Non-Residents of Canada

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) and the regulations promulgated thereunder (the "**Tax Act**") to a holder who acquires, as beneficial owner, our Common Shares, and who, for purposes of the Tax Act and at all relevant times: (i) holds the Common Shares as capital property; (ii) deals at arm's length with, and is not affiliated with, us; (iii) is not, and is not deemed to be resident in Canada; and (iv) does not use or hold and will not be deemed to use or hold, our Common Shares in a business carried on in Canada (a "**Non-Resident Holder**"). Generally, our Common Shares will be considered to be capital property to a Non-Resident Holder provided the Non-Resident Holder does not hold our Common Shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere or is an authorized foreign bank (as defined in the Tax Act). **Such Non-Resident Holders should seek advice from their own tax advisors.**

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals, or the Proposed Amendments, to amend the Tax Act that have been publicly and officially announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and management's understanding of the current administrative policies and practices of the Canada Revenue Agency (the "**CRA**") published in writing by it prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in the CRA's administrative policies or practices, whether by legislative, governmental, or judicial action or decision, nor does it take into account or anticipate any other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

Non-Resident Holders should consult their own tax advisors with respect to an investment in our Common Shares. This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser or holder of our Common Shares, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made. Consequently, prospective purchasers or holders of our Common Shares should consult their own tax advisors with respect to their particular circumstances.

Currency Conversion

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding, or disposition of our Common Shares must be converted into Canadian dollars based on the exchange rates as determined in accordance with the Tax Act. The amounts subject to withholding tax and any capital gains or capital losses realized by a Non-Resident Holder may be affected by fluctuations in the Canadian-U.S. dollar exchange rate.

Disposition of Common Shares

A Non-Resident Holder will not generally be subject to tax under the Tax Act on a disposition of a Common Share, unless the Common Share constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Provided the Common Shares are listed on a “designated stock exchange,” as defined in the Tax Act at the time of disposition, the Common Shares will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are satisfied concurrently: (i) (a) the Non-Resident Holder; (b) persons with whom the Non-Resident Holder did not deal at arm’s length; (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; or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class or series of our shares; and (ii) more than 50% of the fair market value of our shares was derived directly or indirectly from one or any combination of: real or immovable property situated in Canada, “Canadian resource properties”, “timber resource properties” (each as defined in the Tax Act), and options in respect of, or interests in or for civil law rights in, such properties (whether or not such property exists). Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the Common Shares could be deemed to be taxable Canadian property. Even if the Common Shares are taxable Canadian property to a Non-Resident Holder, such Non-Resident Holder may be exempt from tax under the Tax Act on the disposition of such Common Shares by virtue of an applicable income tax treaty or convention. **A Non-Resident Holder contemplating a disposition of Common Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.**

Receipt of Dividends

Dividends received or deemed to be received by a Non-Resident Holder on our Common Shares will be subject to Canadian withholding tax under the Tax Act. The general rate of withholding tax is 25%, although such rate may be reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder’s country of residence. For example, under the Treaty, the rate is generally reduced to 15% where the Non-Resident Holder beneficially owns such dividends and is a resident of the United States for the purposes of, and is fully entitled to the benefits of, the Treaty.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

The following information represents securities sold by the Company within the past three years, which were not registered under the Securities Act. Included are new issues, securities issued in exchange for property, services or other securities, securities issued upon conversion from other Company share classes and new securities resulting from the modification of outstanding securities.

March 2020 Private Placement of Units

On March 31, 2020, the Company completed the March 2020 Private Placement for gross proceeds of US\$14,250,000. Each March 2020 Private Placement Unit was comprised of: (i) US\$1,000 principal amount of 9.875% senior secured first-lien notes; and (ii) 113 common share purchase warrants of the Company. On April 23, 2020, the Company completed the second and final tranche of the March 2020 Private Placement for additional gross proceeds of US\$1,000,000. In total, the gross proceeds under the March 2020 Private Placement totaled US\$15,250,000.

The March 2020 Private Placement Notes were governed by the terms of a trust indenture dated March 31, 2020 between the Company and Odyssey Trust Company, as trustee. The March 2020 Private Placement Warrants are governed by the terms of the March 2020 Warrant Indenture dated March 31, 2020 between the Company and Odyssey Trust Company, as warrant agent.

The Company sold all of the March 2020 Private Placement Notes pursuant to the exemptions from registration provided by Rule 506(b) under Regulation D promulgated under the Securities Act (“**Rule 506(b)**”) and Rule 903 of Regulation S promulgated under the Securities Act (“**Rule 903**”). For sales to U.S. persons, the Company relied on Rule 506(b) because (i) there were a limited number of purchasers, (ii) no sales were made by general solicitation or advertising and (iii) sales were made only to accredited investors. For sales outside of the United States, the Company relied on Rule 903 because the March 2020 Private Placement Units were offered and sold outside the United States in “offshore transactions” in accordance with Rule 903.

May 2020 Private Placement

On May 14, 2020, the Company completed the May 2020 Private Placement of the May 2020 Private Placement Units for gross proceeds of US\$19,115,000. Each May 2020 Private Placement Unit was comprised of: (i) US\$1,000 principal amount of 13.00% senior secured first-lien notes; and (ii) 120 common share purchase warrants of the Company.

The May 2020 Private Placement Notes are governed by the terms of the May 2020 Trust Indenture dated May 14, 2020 between the Company and Odyssey Trust Company, as trustee. The May 2020 Private Placement Warrants are governed by the terms of the May 2020 Warrant Indenture dated May 14, 2020 between the Company and Odyssey Trust Company, as warrant agent.

Table of Contents

The May 2020 Private Placement Units were issued pursuant to the terms of the May 2020 Private Placement Subscription Agreements entered into between the Company and the subscribers of the May 2020 Private Placement Units and pursuant to an agency agreement dated as of May 11, 2020 between the Company and Canaccord Genuity Corp., as agent for the May 2020 Private Placement.

As part of the May 2020 Private Placement, the March 2020 Private Placement Notes were cancelled and exchanged for an equivalent number of May 2020 Private Placement Notes. Subscribers of March 2020 Private Placement Units were issued an additional 8.55 May 2020 Private Placement Warrants for each March 2020 Private Placement Unit held by such subscribers.

The Company sold all of the May 2020 Private Placement Units pursuant to the exemptions from registration provided by Rule 506(b) and Rule 903. For sales to U.S. persons, the Company relied on Rule 506(b) because (i) there were a limited number of purchasers, (ii) no sales were made by general solicitation or advertising and (iii) sales were made only to accredited investors. For sales outside of the United States, the Company relied on Rule 903 because the May 2020 Private Placement Units were offered and sold outside the United States in “offshore transactions” in accordance with Rule 903.

July 2020 Private Placement of Units

On July 2, 2020, the Company completed the July 2020 Unit Private Placement of the July 2020 Private Placement Units for gross proceeds of US\$4,000,000. Each July 2020 Private Placement Unit was comprised of: (i) US\$1,000 principal amount of July 2020 Private Placement Notes; and (ii) 75 common share purchase warrants the July 2020 Private Placement Warrants of the Company.

The July 2020 Private Placement Warrants are governed by the terms of the July 2020 Warrant Indenture dated July 2, 2020 between the Company and Odyssey Trust Company, as warrant agent.

Table of Contents

The Company sold all of the July 2020 Private Placement Units pursuant to the exemptions from registration provided by Rule 506(b) and Rule 903. For sales to U.S. persons, the Company relied on Rule 506(b) because (i) there were a limited number of purchasers, (ii) no sales were made by general solicitation or advertising and (iii) sales were made only to accredited investors. For sales outside of the United States, the Company relied on Rule 903 because the July 2020 Private Placement Units were offered and sold outside the United States in “offshore transactions” in accordance with Rule 903.

October 2020 Private Placement of Units

On October 29, 2020, Columbia Care completed the October 2020 Private Placement Units for gross proceeds of approximately US\$20,000,000 million. Each October 2020 Private Placement Unit was comprised of: (i) US\$1,000 principal amount of 13.00% senior secured first-lien notes; and (ii) 60 common share purchase warrants of the Company.

The October 2020 Private Placement Notes are governed by the terms of the May 2020 Trust Indenture, as supplemented, between the Company and Odyssey Trust Company, as trustee. The October 2020 Private Placement Warrants are governed by the terms of the October 2020 Warrant Indenture dated October 29, 2020 between the company and Odyssey Trust Company, as warrant agent.

The Company sold all of the October 2020 Private Placement Units pursuant to the exemptions from registration provided by Rule 506(b) and Rule 903. For sales to U.S. persons, the Company relied on Rule 506(b) because (i) there were a limited number of purchasers, (ii) no sales were made by general solicitation or advertising and (iii) sales were made only to accredited investors. For sales outside of the United States, the Company relied on Rule 903 because the October 2020 Private Placement Units were offered and sold outside the United States in “offshore transactions” in accordance with Rule 903.

November 2020 Private Placement of Units

On November 10, 2020, Columbia Care completed a non-brokered private placement of October 2020 Private Placement Units for gross proceeds of approximately US\$8.4 million. On November 27, 2020, Columbia Care completed a non-brokered private placement of October 2020 Private Placement Units for gross proceeds of approximately US\$3,000,000 million.

On November 30, 2020, Columbia Care completed the November 2020 Private Placement Units for gross proceeds of approximately US\$200,000. Each November 2020 Private Placement Unit was comprised of: (i) US\$1,000 principal amount of October 2020 Private Placement Notes; and (ii) 125 October 2020 Private Placement Warrants.

The Company sold all of the November 2020 Private Placement Units pursuant to the exemptions from registration provided by Rule 506(b) and Rule 903. For sales to U.S. persons, the Company relied on Rule 506(b) because (i) there were a limited number of purchasers, (ii) no sales were made by general solicitation or advertising and (iii) sales were made only to accredited investors. For sales outside of the United States, the Company relied on Rule 903 because the November 2020 Private Placement Units were offered and sold outside the United States in “offshore transactions” in accordance with Rule 903.

January 2021 Offering of Common Shares

On January 13, 2021, Columbia Care completed the January 2021 Offering for gross proceeds of C\$149,508,625, which included the exercise in full of the over-allotment option granted to the underwriters, before deducting the underwriters’ fees and estimated offering expenses. The January 2021 Offering was conducted in each of the provinces of Canada, other than Québec, pursuant to a prospectus supplement to the Company’s base shelf prospectus dated September 2, 2020 and elsewhere outside of Canada on a private placement basis. Canaccord Genuity Corp, ATB Capital Markets Inc. acted as co-lead underwriters, along with Beacon Securities Limited, Eight Capital, Echelon Wealth Partners Inc., Paradigm Capital Inc. and PI Financial Corp.

The Company sold all of the common shares in the January 2021 Offering pursuant to the exemption from registration provided by Rule 903. The Company relied on Rule 903 because the common shares were offered and sold outside the United States in “offshore transactions” in accordance with Rule 903.

February 2021 Private Placement of Common Shares

On February 25, 2021, Columbia Care completed the February 2021 Offering for gross proceeds of C\$28,980,000, which included the exercise in full of the over-allotment option granted to the underwriters, before deducting the underwriters’ fees and estimated offering expenses. The February 2021 Offering was conducted in certain provinces of Canada pursuant to applicable exemptions from the prospectus requirements of Canadian securities laws. The Common Shares were also sold in the United States and in certain jurisdictions outside of Canada and the United States, in each case in accordance with applicable laws. Canaccord Genuity Corp, acted as underwriter in the offering.

The Company sold all of the common shares in the February 2021 Offering pursuant to the exemption from registration provided by Rule 903 and Rule 144A of the Securities Act (“**Rule 144A**”). For sales to U.S. persons, the Company relied on Rule 144A because the common shares were offered and sold in the United States or to U.S. persons by the underwriter’s U.S. affiliates to “qualified institutional buyers” (as defined in Rule 144A). For sales outside of the United States, the Company relied on Rule 903 because the common shares were offered and sold outside the United States in “offshore transactions” in accordance with Rule 903.

Convertible Debt

On July 7, 2020, Columbia Care closed an offering of convertible debt with a conversion price of C\$3.79 per share in a principal amount of \$3,960,000. On June 19, 2020, Columbia Care closed an offering of convertible debt with a conversion price of C\$3.79 per share in a principal amount of \$12,800,000. On July 31, 2020, Columbia Care closed an offering of convertible debt with a conversion price of C\$3.79 per share in a principal amount of \$2,000,000. The Company sold offered the convertible debt pursuant to the exemptions from registration provided by Rule 506(b) and Rule 903. For sales to U.S. persons, the Company relied on Rule 506(b) because (i) there were a limited number of purchasers, (ii) no sales were made by general solicitation or advertising and (iii) sales were made only to accredited investors. For sales outside of the United States, the Company relied on Rule 903 because the convertible debt was offered and sold outside the United States in “offshore transactions” in accordance with Rule 903.

On June 29, 2021, Columbia Care closed a private placement offering issuing \$74,500,000 aggregate principal amount of 6% convertible notes due 2025 (the “**6% Convertible Notes**”). The 6% Convertible Notes are senior secured obligations of the Company and accrue interest payable semiannually in arrears and mature on June 29, 2025, unless earlier converted, redeemed or repurchased. The conversion rate will be 154 Common Shares per \$1,000 principal amount of Notes (equivalent to a price of approximately US\$6.49 per Common Share), subject to customary adjustments. The conversion price of the 6% Convertible Notes represents a premium of approximately 25% over the closing price of the Common Shares on the NEO Exchange on June 17, 2021. Columbia Care may redeem the 6% Convertible Notes at par, in whole or in part, on or after June 29, 2023, if the volume weighted average price of the Common Shares trading on the Canadian Stock Exchange or the NEO Exchange for 15 of the 30 trading days immediately preceding the day on which the Company exercises its redemption right, exceeds 120% of the conversion price of the 6% Convertible Notes. The 6% Convertible

Notes were offered for sale on a private placement basis in certain provinces of Canada pursuant to applicable exemptions from the prospectus requirements of Canadian securities laws.

The Company sold all of the 6% Convertible Notes pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act (“**Section 4(a)(2)**”) and Rule 903. For the sale to the U.S. persons, the Company relied on Section 4(a)(2) because (i) there was a limited number of purchasers, (ii) no sales were made by general solicitation or advertising and (iii) the sale was made only to an accredited investor. For sales outside of the United States, the Company relied on Rule 903 because the common shares were offered and sold outside the United States in “offshore transactions” in accordance with Rule 903.

February 2022 Private Placement

On February 3, 2022, Columbia Care closed the private placement of its 2026 Notes. The 2026 Notes are senior secured obligations of the Company and were issued at 100% of face value. The 2026 Notes accrue interest payable semi-annually in arrears and mature on February 3, 2026, unless earlier redeemed or repurchased. The Company may redeem the 2026 Notes at par, in whole or in part, on or after February 3, 2024, as more particularly described in the fourth supplemental trust indenture governing the 2026 Notes. In connection with the offering of the 2026 Notes, the Company received binding commitments to exchange approximately \$31,750,000 of the Company’s existing 13% senior secured notes due 2023, pursuant to private agreements in accordance with the trust indenture, for an equivalent amount of 2026 Notes plus accrued but unpaid interest and any negotiated premium thereon. As a result of the note exchanges, the Company received aggregate gross proceeds of \$153,250,000 in cash pursuant to the offering of the 2026 Notes.

The Company sold all of the 2026 Notes pursuant to the exemptions from registration provided by Rule 506(b) and Rule 903. For sales to U.S. persons, the Company relied on Rule 506(b) because (i) there were a limited number of purchasers, (ii) no sales were made by general solicitation or advertising and (iii) sales were made only to accredited investors. For sales outside of the United States, the Company relied on Rule 903 because the March 2020 Private Placement Units were offered and sold outside the United States in “offshore transactions” in accordance with Rule 903.

Acquisitions

During the year ended December 31, 2019, Columbia Care issued 683,363 Common Shares in connection with acquisitions. During the year ended December 31, 2020, Columbia Care issued 55,975,602 Common Shares in connection with acquisitions. During the nine months ended September 30, 2021, Columbia Care issued 56,127,512 Common Shares in connection with acquisitions.

The Company relied on Section 4(a)(2) of the Securities Act or Rule 506(b) as the Common Shares were sold to a limited number of accredited investors in connection with each acquisition.

Long Term Incentive Plan

During the year ended December 31, 2019, Columbia Care issued 224,499 restricted shares pursuant to its LTIP. During the year ended December 31, 2020, Columbia Care issued 1,852,064 restricted shares pursuant to its LTIP. In 2021, Columbia Care issued 3,097,511 restricted shares pursuant to its LTIP.

The Company relied on Rule 701 of the Securities Act to issue securities to its employees, consultants, officers and directors pursuant to the LTIP.

ITEM 11. DESCRIPTION OF THE REGISTRANT'S SECURITIES TO BE REGISTERED

Description of the Company's Securities

The authorized share capital of Columbia Care consists of (i) an unlimited number of Common Shares of which 361,603,270 Common Shares are issued and outstanding as of February 8, 2022; (ii) an unlimited number of Proportionate Voting Shares, of which 147,296.36 are issued and outstanding as of February 8, 2022; and (iii) an unlimited number of preferred shares (the "**Preferred Shares**"), issuable in series, none of which are issued and outstanding. All Proportionate Voting Shares are owned or controlled, directly or indirectly, by the former Old Columbia Care members. The Common Shares and Proportionate Voting Shares are collectively referred to as the "**Shares**".

Generally, except as described below, the Common Shares and Proportionate Voting Shares have the same rights, are equal in all respects and are treated by Columbia Care as if they were shares of one class only.

Conversion Rights and Transfers

Issued and outstanding Proportionate Voting Shares, including fractions thereof, may at any time, subject to the FPI Condition (as defined below), at the option of the holder, be converted into Common Shares at a ratio of 100 Common Shares per Proportionate Voting Share with fractional Proportionate Voting Shares convertible into Common Shares at the same ratio. Further, the Board may determine in the future that it is no longer advisable to maintain the Proportionate Voting Shares as a separate class of shares and may cause all of the issued and outstanding Proportionate Voting Shares to be converted into Common Shares at a ratio of 100 Common Shares per Proportionate Voting Share with fractional Proportionate Voting Shares convertible into Common Shares at the same ratio and the Board shall not be entitled to issue any more Proportionate Voting Shares under the Articles thereafter.

The Proportionate Voting Shares are not transferrable without Board approval, except to Permitted Holders (as defined below) and in compliance with U.S. securities laws.

Conversion Conditions

The right of the Proportionate Voting Shares to convert into Common Shares is subject to certain conditions in order to maintain Columbia Care's status as a "foreign private issuer" under U.S. securities laws. Unless otherwise waived by Columbia Care, the right to convert the Proportionate Voting Shares is subject to the condition that the aggregate number of Common Shares and Proportionate Voting Shares (calculated as a single class) held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended) may not exceed fifty percent (50%) of the aggregate number of Common Shares and Proportionate Voting Shares issued and outstanding after giving effect to such conversions (calculated as a single class) (the "**FPI Condition**").

A holder of Common Shares may at any time, at the option of the holder and with the approval of the Board of Columbia Care, convert such Common Shares into Proportionate Voting Shares on the basis of 100 Common Shares for one Proportionate Voting Share.

No fractional Common Shares will be issued on any conversion of any Proportionate Voting Shares and any fractional Common Shares will be rounded down to the nearest whole number.

For the purposes of the foregoing:

“**Affiliate**” means, with respect to any specified Person, any other Person which directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such specified Person.

“**Permitted Holders**” means (i) the initial holders of Proportionate Voting Shares; and (ii) any Affiliate or Person controlled, directly or indirectly, by one or more of the Persons referred to in clause (i) above.

“**Person**” means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company.

A Person is “**controlled**” by another Person or other Persons if: (i) in the case of a company or other body corporate wherever or however incorporated: (A) securities entitled to vote in the election of directors carrying in the aggregate at least a majority of the votes for the election of directors and representing in the aggregate at least a majority of the participating (equity) securities are held, other than by way of security only, directly or indirectly, by or solely for the benefit of the other Person or Persons; and (B) the votes carried in the aggregate by such securities are entitled, if exercised, to elect a majority of the board of directors of such company or other body corporate; or (ii) in the case of a Person that is not a company or other body corporate, at least a majority of the participating (equity) and voting interests of such Person are held, directly or indirectly, by or solely for the benefit of the other Person or Persons; and “controls”, “controlling” and “under common control with” shall be interpreted accordingly.

Voting Rights

All holders of Shares are entitled to receive notice of any meeting of shareholders of Columbia Care, and to attend and vote at such meetings, except those meetings at which only holders of a specific class or series of shares are entitled to vote. A quorum for the transaction of business at a meeting of shareholders is present if shareholders who, in the aggregate, hold at least 25% of the voting rights attached to the outstanding shares of the Company entitled to vote at the meeting are present in person or represented by proxy.

On all matters upon which holders of Shares are entitled to vote:

- each Common Share is entitled to one vote per Common Share; and
- each Proportionate Voting Share is entitled to 100 votes per Proportionate Voting Share, and each fraction of a Proportionate Voting Share is entitled to the number of votes calculated by multiplying the fraction by 100.

The number of votes represented by fractional Proportionate Voting Shares will be rounded down to the nearest whole number. Unless a different majority is required by law or the Articles, resolutions to be approved by holders of Shares require approval by a simple majority of the total number of votes of all Shares cast at a meeting of shareholders at which a quorum is present based on the voting entitlements of each class of Shares described above.

Dividend Rights

Holders of Shares are entitled to receive dividends out of the assets available for the payment or distribution of dividends at such times and in such amount and form as the Board may from time to time determine, subject to any preferential rights of the holders of any outstanding Preferred Shares, on the following basis, and otherwise without preference or distinction among or between the Shares: each Proportionate Voting Share will be entitled to 100 times the amount paid or distributed per Common Share (including by way of share dividends, which holders of Proportionate Voting Shares will receive in Proportionate Voting Shares, unless otherwise determined by the Board) and each fraction of a Proportionate Voting Share will be entitled to the applicable fraction thereof. See “Conversion Rights and Transfers” above.

Liquidation Rights

In the event of the liquidation, dissolution or winding-up of Columbia Care, whether voluntary or involuntary, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, the holders of Shares will be entitled to receive all of Columbia Care's assets remaining after payment of all debts and other liabilities, subject to any preferential rights of the holders of any outstanding Preferred Shares, on the basis that each Proportionate Voting Share will be entitled to 100 times the amount distributed per Common Share (and each fraction of a Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount otherwise payable in respect of a whole Proportionate Voting Share), and otherwise without preference or distinction among or between the Shares. See "Conversion Rights and Transfers" above.

Pre-emptive and Redemption Rights

Holders of Shares will not have any pre-emptive or redemption rights.

Subdivision or Consolidation

No subdivision or consolidation of any class of Shares may be carried out unless, at the same time, the Common Shares and Proportionate Voting Shares, as the case may be, are subdivided or consolidated in the same manner and on the same basis, so as to preserve the relative rights of the holders of each class of Shares.

Certain Amendments

In addition to any other voting right or power to which the holders of Common Shares and Proportionate Voting Shares shall be entitled by law or regulation or other provisions of the Articles from time to time in effect, but subject to the provisions of the Articles, holders of Common Shares and Proportionate Voting Shares shall each be entitled to vote separately as a class, in addition to any other vote of shareholders that may be required, in respect of any alteration, repeal or amendment of the Company's Articles which would prejudice or interfere with the rights or special rights attached to the Common Shares or Proportionate Voting Shares, or which would affect the rights or special rights of the holders of the Common Shares and the holders of Proportionate Voting Shares differently, on a per share basis.

Issuance of Additional Proportionate Voting Shares

Columbia Care may issue additional Proportionate Voting Shares upon the approval of the Board. Shareholder approval is not required in connection with a subdivision or consolidation on a pro rata basis as between the Common Shares and the Proportionate Voting Shares.

Take-Over Bid Protection

If an offer is being made for Proportionate Voting Shares (a "**PVS Offer**") where: (i) by reason of applicable securities legislation or stock exchange requirements, the offer must be made to all holders of the class of Proportionate Voting Shares; and (ii) no equivalent offer is made for the Common Shares, the holders of Common Shares have the right, pursuant to the Articles, at their option, to convert their Common Shares into Proportionate Voting Shares for the purpose of allowing the holders of the Common Shares to tender to such PVS Offer, provided that such conversion into Proportionate Voting Shares will be solely for the purpose of tendering the Proportionate Voting Shares to the PVS Offer in question and that any Proportionate Voting Shares that are tendered to the PVS Offer but that are not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Common Shares that existed prior to such conversion.

Compliance Provisions

Columbia Care's Articles contain certain provisions (the "**Compliance Provisions**"), including a combination of certain remedies such as a suspension of voting and/or dividend rights, a discretionary right to force a share transfer to a third party and/or a discretionary redemption right in favour of Columbia Care, in each case to seek to ensure that Columbia Care and its subsidiaries are able to comply with applicable regulatory and licensing regulations. The purpose of the Compliance Provisions is to provide Columbia Care with a means of protecting itself from having a shareholder, or as determined by the Board, a group of shareholders acting jointly or in concert, with an ownership interest of, whether of record or beneficially (or having the power to exercise control or direction over) ("**Owning or Controlling**"), five percent (5%) or more of the issued and outstanding shares of Columbia Care, or such other number as is determined by the Board from time to time, and: (i) who a governmental authority granting licenses to, or otherwise governing the operations of, Columbia Care or its subsidiaries has determined to be unsuitable to own Common Shares and/or Proportionate Voting Shares, as applicable; (ii) whose ownership of Common Shares and/or Proportionate Voting Shares, as applicable, may result in the loss, suspension or revocation (or similar action) with respect to any licenses or permits relating to Columbia Care's or its subsidiaries' conduct of business (being the conduct of any activities relating to the cultivation, manufacturing and dispensing of cannabis and cannabis-derived products in the United States, which include the owning and operating of cannabis licenses) or in Columbia Care or any of its affiliates being unable to obtain any new licenses or permits in the normal course, all as determined by the Board; or (iii) who have not been determined by the applicable regulatory authority to be an acceptable person or otherwise have not received the requisite consent of such regulatory authority to own the Common Shares and/or Proportionate Voting Shares, as applicable, in each case within a reasonable time period acceptable to the Board or prior to acquiring any Common Shares and/or Proportionate Voting Shares, as applicable (in each case, an "**Unsuitable Person**"). The ownership restrictions in Columbia Care's notice of articles and articles are also subject to an exemption for applicable depositaries and clearing houses as well as underwriters (as defined in the Securities Act (Ontario)) in the course of a distribution of securities of Columbia Care.

Notwithstanding the foregoing, the Compliance Provisions provide that any shareholder (or group of shareholders acting jointly or in concert) proposing to Own or Control five percent (5%) or more of the issued and outstanding shares of Columbia Care (or such other number as is determined by the Board from time to time) will be required to provide not less than 30 days' advance written notice to Columbia Care by mail sent to Columbia Care's head office to the attention of the Corporate Secretary and to obtain all necessary regulatory approvals. Upon any such shareholder(s) Owning or Controlling five percent (5%) or more of the issued and outstanding shares of Columbia Care (or such other number as is determined by the Board from time to time), and having not received the requisite approval of any applicable regulatory authority to own the Common Shares and/or Proportionate Voting Shares, as applicable, the Compliance Provisions provide: (i) that such shareholder(s) may, in the discretion of the Board, be prohibited from exercising any voting rights and/or receiving any dividends from Columbia Care, unless and until all requisite regulatory approvals are obtained; and (ii) Columbia Care with a right, but not the obligation, at its option, upon notice to the Unsuitable Person, to: (A) redeem any or all Common Shares and/or Proportionate Voting Shares, as applicable, directly or indirectly held by an Unsuitable Person; and/or (B) forcibly transfer any or all Common Shares and/or Proportionate Voting Shares, as applicable, directly or indirectly held by an Unsuitable Person to a third party. Such rights are required in order for Columbia Care to comply with regulations in various jurisdictions where Columbia Care or its subsidiaries conduct business or are expected to conduct business. The foregoing restrictions will not apply to the ownership, acquisition or disposition of Common Shares and/or Proportionate Voting Shares, as applicable, as a result of: (i) transfer of Common Shares and/or Proportionate Voting Shares, as applicable, occurring by operation of law including, *inter alia*, the transfer of Common Shares and/or Proportionate Voting Shares, as applicable, to a trustee in bankruptcy, (ii) an acquisition or proposed acquisition by one or more underwriters who hold Common Shares and/or Proportionate Voting Shares, as applicable, for the purposes of distribution to the public or for the benefit of a third party provided that such third party is in compliance with the foregoing restriction, or (iii) conversion, exchange or exercise of securities issued by Columbia Care or a subsidiary into or for Common Shares and/or Proportionate Voting Shares, as applicable, in accordance with their respective terms. If the Board reasonably believes that any such holder of the Common Shares may have failed to comply with the foregoing restrictions, Columbia Care may apply to the Supreme Court of British Columbia, or any other court of competent jurisdiction, for an order directing that such shareholder disclose the number of Common Shares and/or Proportionate Voting Shares, as applicable, directly or indirectly held.

Upon receipt by the holder of a notice to redeem or to transfer any or all of its Common Shares and/or Proportionate Voting Shares, the holder will be entitled to receive, as consideration therefor, no less than 95% of the lesser of: (i) the closing price of the Common Shares on the NEO Exchange Inc. (the “NEO Exchange”) (or the then principal exchange on which Columbia Care’s securities are listed or quoted for trading) on the trading day immediately prior to the closing of the redemption or transfer (or the average of the last bid and last asking prices if there was no trading on the specified date); and (ii) the five-day volume weighted average price of the Common Shares on the NEO Exchange (or the then principal exchange on which Columbia Care’s securities are listed or quoted for trading) for the five trading days immediately prior to the closing of the redemption or transfer (or the average of the last bid and last asking prices if there was no trading on the specified dates).

Notwithstanding the adoption of the proposed Compliance Provisions, Columbia Care may not be able to exercise such rights in full or at all, including its redemption rights. Under the BCBCA, a corporation may not make any payment to redeem shares if there are reasonable grounds for believing that the company is unable to pay its liabilities as they become due in the ordinary course of its business or if making the payment of the redemption price or providing the consideration would cause the company to be unable to pay its liabilities as they become due in the ordinary course of its business. Furthermore, Columbia Care may become subject to contractual restrictions on its ability to redeem its Common Shares and/or Proportionate Voting Shares, as applicable, by, for example, entering into a secured credit facility subject to such restrictions. In the event that restrictions prohibit Columbia Care from exercising its redemption rights in part or in full, Columbia Care will not be able to exercise its redemption rights absent a waiver of such restrictions, which Columbia Care may not be able to obtain on acceptable terms or at all.

Preferred Shares

The Preferred Shares may at any time and from time to time be issued in one or more series. Subject to the provisions of the BCBCA and the Articles, the Board may, by resolution, from time to time before the issue thereof determine the maximum number of shares of each series, create an identifying name for each series, attach special rights or restrictions to the Preferred Shares of each series including, without limitation, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any retraction rights, any rights upon liquidation, dissolution or winding up and any sinking fund or other provisions, the whole to be subject to filing a Notice of Alteration to the Notice of Articles to create the series and altering the Articles to include the special rights or restrictions attached to the Preferred Shares of the series.

Preferred Shares of each series, if and when issued, will, with respect to the payment of dividends, rank *pari passu* with the Preferred Shares of every other series and be entitled to preference over the Common Shares, the Proportionate Voting Shares and any other shares of Columbia Care ranking junior to the Preferred Shares with respect to payment of dividends.

In the event of the liquidation, dissolution or winding up of Columbia Care, whether voluntary or involuntary, the holders of Preferred Shares will be entitled to preference with respect to distribution of the property or assets of Columbia Care over the Common Shares, the Proportionate Voting Shares and any other shares of Columbia Care ranking junior to the Preferred Shares with respect to the repayment of capital paid up on and the payment of unpaid dividends accrued on the Preferred Shares.

Advance Notice Provisions

Columbia Care's Articles includes certain advance notice provisions with respect to the election of its directors (the "**Advance Notice Provisions**"). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all shareholders receive adequate notice of director nominations to the Board and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide Columbia Care notice, in the prescribed form, within the prescribed time periods. These time periods include, (i) in the case of an annual meeting of shareholders (including an annual and special meeting), not fewer than 30 days prior to the date of the annual meeting of shareholders; provided, that if the first public announcement of the date (the "Notice Date") of the annual meeting of shareholders is less than 50 days before the meeting date, not later than the close of business on the 15th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date, provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer) is used for delivery of proxy related materials in respect of a meeting described above, and the Notice Date in respect of the meeting is not fewer than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

Forum Selection

Columbia Care's Articles includes a forum selection provision that provides that, unless Columbia Care consents in writing to the selection of an alternative forum, the Supreme Court of British Columbia, Canada and the appellate courts therefrom, will be the sole and exclusive forum for (i) any derivative action or proceeding brought on Columbia Care's behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of Columbia Care's directors, officers or other employees to Columbia Care; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the BCBCA or the Articles; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among Columbia Care, its Affiliates and their respective shareholders, directors and/or officers, but excluding claims related to Columbia Care's business or the business carried on by such Affiliates. The forum selection provision also provides that Columbia Care's securityholders are deemed to have consented to the personal jurisdiction of the courts in the Province of British Columbia and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions. The forum selection could apply to claims brought under the United States federal securities laws.

CGGC Warrants

As of the date hereof, 5,394,945 warrants (the "**CGGC Warrants**") issued pursuant to the warrant agency agreement (the "**Warrant Agreement**") between CGGC and Odyssey Trust Company, as warrant agent, dated September 20, 2018 are outstanding. The CGGC Warrants were issued as part of the initial public offering of the Company. The CGGC Warrants are governed by the terms of the Warrant Agreement. Three CGGC Warrants are exercisable for one Common Share at an exercise price of \$10.35.

Columbia Care Warrants

The chart below sets out the issued and outstanding common share purchase warrants (“**Columbia Care Warrants**”) of Columbia Care.

<u>Expiration</u>	<u>Number of Shares Issued and Exercisable</u>	<u>Exercise Price (Canadian Dollars)</u>
October 1, 2025	648,783	\$ 8.12
April 26, 2024	5,394,945	10.35
May 14, 2023	1,998,788	2.95
May 14, 2023	1,723,250	3.10
May 14, 2023	300,000	4.53
May 14, 2023	1,897,000	5.84
	<u>11,962,766</u>	

Options

Columbia Care has 27,692 outstanding common share purchase options (the “**Options**”), of which all are vested. All Options have an exercise price of \$10.90. Each of the Options is exercisable at any time prior to its expiry. The Options expire on the earlier of (i) the second anniversary of issuance, or (ii) the consummation of a sale of Columbia Care, subject to a 12-month extension option in favor of Columbia Care.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company is subject to the provisions of Part 5, Division 5 of the BCBCA.

Under Section 160 of the BCBCA, we may, subject to Section 163 of the BCBCA:

- (a) indemnify an individual who:
 - (i) is or was a director or officer of our company,
 - (ii) is or was a director or officer of another corporation (A) at a time when such corporation is or was an affiliate of our company; or (B) at our request, or
 - (iii) at our request, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity,

including, subject to certain limited exceptions, the heirs and personal or other legal representatives of that individual (collectively, an “eligible party”), against all eligible penalties, defined below, to which the eligible party is or may be liable; and

- (b) after final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding, where:
 - (i) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding,
 - (ii) “eligible proceeding” means a proceeding in which an eligible party or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, our company or an associated corporation (A) is or may be joined as a party, or (B) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding,
 - (iii) “expenses” includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding, and
 - (iv) “proceeding” includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

[Table of Contents](#)

Under Section 161 of the BCBCA, and subject to Section 163 of the BCBCA, we must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding if the eligible party (a) has not been reimbursed for those expenses and (b) is wholly successful, on the merits or otherwise, in the outcome of the proceeding or is substantially successful on the merits in the outcome of the proceeding.

Under Section 162 of the BCBCA, and subject to Section 163 of the BCBCA, we may pay, as they are incurred in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an eligible party in respect of the proceeding, provided that we must not make such payments unless we first receive from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited under Section 163 of the BCBCA, the eligible party will repay the amounts advanced.

Under Section 163 of the BCBCA, we must not indemnify an eligible party against eligible penalties to which the eligible party is or may be liable or pay the expenses of an eligible party in respect of that proceeding under Sections 160, 161 or 162 of the BCBCA, as the case may be, if any of the following circumstances apply:

- (a) if the indemnity or payment is made under an earlier agreement to indemnify or pay expenses and, at the time that the agreement to indemnify or pay expenses was made, we were prohibited from giving the indemnity or paying the expenses by our Articles;
- (b) if the indemnity or payment is made otherwise than under an earlier agreement to indemnify or pay expenses and, at the time that the indemnity or payment is made, we are prohibited from giving the indemnity or paying the expenses by our Articles;
- (c) if, in relation to the subject matter of the eligible proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of our company or the associated corporation, as the case may be; or
- (d) in the case of an eligible proceeding other than a civil proceeding, if the eligible party did not have reasonable grounds for believing that the eligible party's conduct in respect of which the proceeding was brought was lawful.

If an eligible proceeding is brought against an eligible party by or on behalf of our company or by or on behalf of an associated corporation, we must not either indemnify the eligible party under Section 160(a) of the BCBCA against eligible penalties to which the eligible party is or may be liable, or pay the expenses of the eligible party under Sections 160(b), 161 or 162 of the BCBCA, as the case may be, in respect of the proceeding.

Under Section 164 of the BCBCA, and despite any other provision of Part 5, Division 5 of the BCBCA and whether or not payment of expenses or indemnification has been sought, authorized or declined under Part 5, Division 5 of the BCBCA, on application of our company or an eligible party, the court may do one or more of the following:

- (a) order us to indemnify an eligible party against any liability incurred by the eligible party in respect of an eligible proceeding;
- (b) order us to pay some or all of the expenses incurred by an eligible party in respect of an eligible proceeding;
- (c) order the enforcement of, or any payment under, an agreement of indemnification entered into by us;

Table of Contents

(d) order us to pay some or all of the expenses actually and reasonably incurred by any person in obtaining an order under Section 164 of the BCBCA; or

(e) make any other order the court considers appropriate.

Section 165 of the BCBCA provides that we may purchase and maintain insurance for the benefit of an eligible party or the heirs and personal or other legal representatives of the eligible party against any liability that may be incurred by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, our company or an associated corporation.

Under Article 20.2 of our Articles, and subject to the BCBCA, we must indemnify an eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and we must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding to the fullest extent permitted by the BCBCA. Each of our directors and officers is deemed to have contracted with the Company on the terms of the indemnity contained in Article 20.2 of our Articles.

Under Article 20.4 of our Articles, and subject to any restrictions in the BCBCA, we may indemnify any person.

We have entered into indemnification agreements with each of our directors and executive officers. Under these indemnification agreements, each director and executive officer is entitled, subject to the terms and conditions thereof, to the right of indemnification and contribution for certain expenses to the fullest extent permitted by applicable law. We believe that these indemnification agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

Pursuant to Article 20.5 of our Articles, the failure of a director or officer of the Company to comply with the BCBCA or our Articles does not invalidate any indemnity to which he or she is entitled under our Articles.

Under Article 20.6 of our Articles, we may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who: (1) is or was a director, officer, employee or agent of the Company; (2) 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; (3) 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; or (4) 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 by reason of having been a director, officer, employee or agent or person who holds or held such equivalent position.

We have an insurance policy covering our directors and officers, within the limits and subject to the limitations of the policy, with respect to certain liabilities arising out of claims based on acts or omissions in their capacities as directors or officers.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required to be included in this registration statement appear immediately following the signature page to this registration statement beginning on page F-1.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Columbia Care Inc. Consolidated Financial Statements as of December 31, 2020, 2019 and 2018

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2020 and 2019	F-3
Consolidated Statements of Operations and Comprehensive Loss for the three years ended December 31, 2020 and 2019, and December 29, 2018	F-4
Consolidated Statements of Changes in Equity for the three years ended December 31, 2020 and 2019, and December 29, 2018	F-5
Consolidated Statements of Cash Flows for the three years ended December 31, 2020 and 2019, and December 29 2018	F-6
Notes to Consolidated Financial Statements	F-8

- (b) Columbia Care Inc. Condensed Consolidated Financial Statements as of and for the three and nine months ended September 30, 2021 and 2020

Condensed Consolidated Balance Sheets as at September 30, 2021 and December 31, 2020	F-57
Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended September 30, 2021 and 2020	F-58
Condensed Consolidated Statements of Changes in Equity for the nine months ended September 30, 2021	F-59
Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2021 and 2020	F-61
Notes to the Condensed Consolidated Financial Statements	F-63

- (c) TGS Global LLC Combined Financial Statements as of December 31, 2019 and 2018

Independent Auditor's Report	F-81
Combined Balance Sheets as of December 31, 2019 and 2018	F-82
Combined Statements of Operations for the years ended December 31, 2019 and 2018	F-83
Combined Statements of Changes in Members' Deficit for the years ended December 31, 2019 and 2018	F-84
Combined Statements of Cash Flows for the years ended December 31, 2019 and 2018	F-85
Notes to Combined Financial Statements	F-87

- (d) TGS Global LLC Unaudited Combined Financial Statements as of June 30, 2020 and for the six-month period ended June 30, 2020

Independent Accountant's Review Report	F-107
Combined Balance Sheets as of June 30, 2020	F-108
Combined Statements of Operations for the six-month period ended June 30, 2020	F-109
Combined Statement of Changes in Members' Deficit for the six-month period ended June 30, 2020	F-110
Combined Statements of Cash Flows for the six-month period ended June 30, 2020	F-111
Notes to Combined Financial Statements	F-112

- (e) Green Leaf Medical, LLC Consolidated Financial Statements as of and for the years ended December 31, 2020 and 2019

Independent Auditor's Report	F-128
Consolidated Balance Sheets	F-129
Consolidated Statements of Income	F-130
Consolidated Statement of Changes in Members' Equity	F-131
Consolidated Statements of Cash Flows	F-132
Notes to Consolidated Financial Statements	F-134

[Table of Contents](#)

(f) Green Leaf Medical, LLC Consolidated Financial Statements as of and for the three months ended March 31, 2021

Interim Condensed Consolidated Balance Sheet	F-162
Interim Condensed Consolidated Statement of Income	F-163
Interim Condensed Consolidated Statement of Members' Equity	F-164
Interim Condensed Consolidated Statement of Cash Flows	F-165
Notes to the Interim Condensed Consolidated Financial Statements	F-167

(g) Columbia Care Inc., TGS Global, LLC and Green Leaf Medical, LLC Unaudited Pro Forma Condensed Combined Financial Statements

Introduction to Unaudited Pro Forma Condensed Combined Financial Statements	F-177
Unaudited Pro Forma Condensed Combined Statements of Operations for the nine months ended September 30, 2021	F-178
Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2020	F-179
Notes to Unaudited Pro Forma Condensed Combined Financial Statements	F-180

[Table of Contents](#)

- (h) **Exhibits:** The exhibits listed in the Exhibit Index below are filed as part of this registration statement.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
2.1+	Transaction Agreement dated November 21, 2018 between Canaccord Genuity Growth Corp. and Columbia Care Inc.
2.2#	Agreement and Plan of Merger dated December 21, 2020 among Columbia Care Inc., Columbia Care LLC, Vici Acquisition LLC, Vici Acquisition II LLC, Green Leaf Medical, LLC and Shareholder Representative Services LLC
2.3#	Agreement and Plan of Merger dated June 15, 2021 by and among Columbia Care Inc., Columbia Care LLC, MAIA Acquisition IA Inc., MAIA Acquisition II Inc., Futurevision Holdings, LLC, the Stockholders set forth therein and Futurevision Representative, LLC
2.4#	Agreement and Plan of Merger dated June 15, 2021 by and among Columbia Care Inc., Columbia Care LLC, MAIA Acquisition IB Inc., MAIA Acquisition II Inc., Futurevision 2020, LLC, the Members set forth therein, and Futurevision Representative LLC
3.1+	Articles of Columbia Care Inc.
4.1+	Warrant Agency Agreement dated September 20, 2018 between Canaccord Genuity Growth Corp. and Odyssey Trust Company
4.2+	Warrant Agreement dated April 26, 2019 between Columbia Care Inc. and Canaccord Genuity Corp.
4.3+	Trust Indenture made as of March 31, 2020 between Columbia Care Inc. and Odyssey Trust Company
4.4+	Warrant Indenture dated March 31, 2020 between Columbia Care Inc. and Odyssey Trust Company
4.5+	Trust Indenture made as of May 14, 2020 between Columbia Care Inc. and Odyssey Trust Company
4.6+	Warrant Indenture dated May 14, 2020 between Columbia Care Inc. and Odyssey Trust Company
4.7+	First Supplemental Indentures dated as of June 19, 2020 between Columbia Care Inc and Odyssey Trust Company
4.8+	Warrant Indenture dated July 2, 2020 between Columbia Care Inc. and Odyssey Trust Company
4.9+	Warrant Indenture dated October 29, 2020 between Columbia Care Inc. and Odyssey Trust Company
4.10+	Second Supplemental Indenture dated June 29, 2021 between Columbia Care Inc. and Odyssey Trust Company
4.11	Third Supplemental Indenture dated February 2, 2022 between Columbia Care Inc. and Odyssey Trust Company
4.12	Fourth Supplemental Indenture dated February 3, 2022 between Columbia Care Inc. and Odyssey Trust Company
10.1+	Lease Agreement dated December 1, 2013 between Pagson, LLC and Patriot Care Corporation
10.2+	Lease Agreement dated April 30, 2015 between Eastman Kodak Company and Columbia Care NY, LLC
10.3+	Lease Agreement dated April 10, 2019 between MM Downtown Facility, LLC and PHC Facilities, Inc.
10.4+	Lease Agreement dated December 23, 2019 between NLCP 156 Lincoln MA, LLC and Patriot Care Corp.
10.5+	First Amendment to Lease dated December 2, 2020 between PHC Facilities, Inc. and MM Downtown Facility, LLC
21.1	Subsidiaries of Columbia Care Inc.

* To be filed by amendment.

+ Previously filed.

Certain schedules and exhibits have been omitted in compliance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of any omitted schedule or exhibit to the SEC upon its request.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

COLUMBIA CARE INC.

/s/ Nicholas Vita

By: Nicholas Vita

Title: Chief Executive Officer

Date: February 15, 2022

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2020 and 2019	F-3
Consolidated Statements of Operations and Comprehensive Loss for the three years ended December 31, 2020 and 2019, and December 29, 2018	F-4
Consolidated Statements of Changes in Equity for the three years ended December 31, 2020 and 2019, and December 29, 2018	F-5
Consolidated Statements of Cash Flows for the three years ended December 31, 2020 and 2019, and December 29, 2018	F-6
Notes to Consolidated Financial Statements	F-8

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Columbia Care Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Columbia Care Inc. and its subsidiaries (together, the “Company”), as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years ended December 31, 2020, December 31, 2019, and December 29, 2018, and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Columbia Care Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years ended December 31, 2020, December 31, 2019, and December 29, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatements of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company’s auditor since 2019.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada

Chartered Professional Accountants

January 28, 2022



1200-609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com

COLUMBIA CARE INC.
CONSOLIDATED BALANCE SHEETS
(expressed in thousands of U.S. dollars, except share data)

	As of	
	December 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash	\$ 61,111	\$ 47,464
Accounts receivable, net of allowances of \$2,053 and \$54, respectively	7,415	1,039
Inventory	54,804	26,075
Prepaid expenses	6,797	8,484
Assets held for sale	3,483	—
Other current assets	4,633	1,957
Total current assets	<u>138,243</u>	<u>85,019</u>
Property and equipment, net	114,400	104,034
Right of use assets - operating leases, net	143,050	82,438
Right of use assets - finance leases, net	50,105	—
Restricted cash	10,858	11,483
Long-term deposits	9,271	6,458
Goodwill	137,759	—
Intangible assets, net	100,342	15,695
Notes receivable	15,832	29,717
Other non-current assets	7,667	1,379
Total assets	<u>\$ 727,527</u>	<u>\$ 336,223</u>
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 18,466	\$ 20,082
Accrued expenses and other current liabilities	45,246	9,117
Contingent consideration	48,202	—
Current portion of lease liability - operating leases	7,913	6,185
Current portion of lease liability - finance leases	2,023	—
Current portion of long-term debt, net	8,439	—
Derivative liability	17,109	—
Liabilities held for sale	1,483	—
Total current liabilities	<u>148,881</u>	<u>35,384</u>
Long-term debt, net	76,090	—
Deferred taxes	2,347	—
Long-term lease liability - operating leases	138,256	77,458
Long-term lease liability - finance leases	62,486	—
Other long-term liabilities	12,518	5,798
Total liabilities	<u>440,578</u>	<u>118,640</u>
Stockholders' Equity:		
Common Stock, no par value, unlimited shares authorized as of December 31, 2020 and 2019, respectively; 250,003,917 and 117,176,201 shares issued and outstanding as of December 31, 2020 and 2019, respectively	—	—
Preferred Stock, no par value, unlimited shares authorized as of December 31, 2020 and 2019, respectively; none issued and outstanding as of December 31, 2020 and 2019, respectively	—	—
Common Stock Warrants, 13,147,919 and 20,055,424 warrants outstanding and exercisable as of December 31, 2020 and 2019, respectively	—	—
Proportionate Voting Shares, no par value, unlimited Proportionate Voting Shares authorized as of December 31, 2020 and 2019, respectively; 26,507,914 and 99,352,980 Proportionate Voting Shares issued and outstanding as of December 31, 2020 and 2019, respectively	—	—
Additional paid-in-capital	632,062	429,475
Accumulated deficit	<u>(325,238)</u>	<u>(209,389)</u>
Equity attributable to Columbia Care Inc.	<u>306,824</u>	<u>220,086</u>
Non-controlling interest	<u>(19,875)</u>	<u>(2,503)</u>
Total equity	<u>286,949</u>	<u>217,583</u>
Total liabilities and equity	<u>\$ 727,527</u>	<u>\$ 336,223</u>

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

COLUMBIA CARE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(expressed in thousands of U.S. dollars, except for number of shares and per share amounts)

	Year Ended		
	December 31, 2020	December 31, 2019	December 29, 2018
Revenues, net of discounts	\$ 179,503	\$ 77,459	39,328
Cost of sales related to inventory production	(114,249)	(57,777)	(22,874)
Cost of sales related to business combination fair value adjustments to inventories	(3,111)	—	—
Gross profit	62,143	19,682	16,454
Operating expenses:			
Selling, general and administrative	142,355	123,586	58,495
Total operating expenses	(142,355)	(123,586)	(58,495)
Loss from operations	(80,212)	(103,904)	(42,041)
Other expense:			
Change in fair value of derivative liability	(11,745)	—	—
Interest (expense) income, net	(6,336)	1,241	(7,824)
Other (expense) income, net	(37,553)	2,992	4,533
Total other expense (income)	(55,634)	4,233	(3,291)
Loss before provision for income taxes	(135,846)	(99,671)	(45,332)
Income tax benefit (expense)	16,197	(1,503)	(2,943)
Net loss and comprehensive loss	(119,649)	(101,174)	(48,275)
Net loss attributable to non-controlling interests	(23,862)	(4,909)	(1,255)
Net loss attributable to shareholders	\$ (95,787)	\$ (96,265)	\$ (47,020)
Weighted-average number of shares used in earnings per share - basic and diluted	232,576,117	209,992,187	167,599,871
Earnings attributable to shares (basic and diluted)	\$ (0.41)	\$ (0.46)	\$ (0.28)

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

COLUMBIA CARE INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(expressed in thousands of U.S. dollars, except for number of units, shares and warrants)

	Units	Shares	Common Stock Warrants	Additional Paid-in Capital	Accumulated Deficit	Total Columbia Care Inc. Shareholders' Equity	Non- Controlling Interest	Total Equity
Balance as of December 30, 2017	12,232,152	—	—	85,879	\$ (61,883)	\$ 23,996	\$ (3,431)	\$ 20,565
Debt conversion and settlement	227,338	—	—	16,986	—	16,986	—	16,986
Issuance of shares and warrants in connection with private placement	1,848,320	—	—	148,731	—	148,731	—	148,731
Offering fee in connection with private placement	7,596	—	—	(4,045)	—	(4,045)	—	(4,045)
Warrants issued	121,917	—	—	4,370	—	4,370	—	4,370
Equity-based compensation	—	—	—	13,112	—	13,112	—	13,112
Florida license acquisition	12,413	—	—	1,000	—	1,000	4,871	5,871
Beneficial conversion feature	—	—	—	515	—	515	—	515
Minority buyouts	—	—	—	—	(2,361)	(2,361)	361	(2,000)
Net loss	—	—	—	—	(47,020)	(47,020)	(1,255)	(48,275)
Balance, December 29, 2018	14,449,736	—	—	266,548	\$ (111,264)	\$ 155,284	\$ 546	\$ 155,830
Debt conversion and settlement	27,561	—	—	2,537	—	2,537	—	2,537
Issuance of shares and warrants in connection with reverse takeover transaction	—	19,077,096	5,394,945	120,193	—	120,193	—	120,193
Share issuance costs	—	—	—	(5,598)	—	(5,598)	—	(5,598)
Repurchase of shares	—	(424,047)	—	(2,414)	—	(2,414)	—	(2,414)
Conversion of units and profit interests	(14,639,112)	196,901,118	14,660,479	—	—	—	—	—
Unit issuance costs	2,490	—	—	—	—	—	—	—
Warrants exercised	159,325	—	—	2	—	2	—	2
Cancellation of restricted stock awards	—	(119,995)	—	—	—	—	—	—
Equity-based compensation	—	473,770	—	32,896	—	32,896	—	32,896
Reclass of deferred compensation to equity	—	—	—	15,311	—	15,311	—	15,311
Minority buyouts	—	621,239	—	—	(1,860)	(1,860)	1,860	—
Net loss	—	—	—	—	(96,265)	(96,265)	(4,909)	(101,174)
Balance, December 31, 2019	—	216,529,181	20,055,424	429,475	\$ (209,389)	\$ 220,086	\$ (2,503)	\$ 217,583
Issuance of shares in connection with acquisitions	—	48,936,767	—	147,795	—	147,795	—	147,795
Warrants issued with debt	—	—	6,356,438	6,298	—	6,298	—	6,298
Warrants exercised	—	2,192,298	(4,019,023)	388	—	388	—	388
Warrants expired	—	—	(9,244,920)	—	—	—	—	—
Cancellation of restricted stock awards	—	(37,314)	—	—	—	—	—	—
Equity-based compensation	—	1,852,064	—	29,805	—	29,805	—	29,805
Sale of membership interests in subsidiary	—	—	—	—	—	—	5,509	5,509
Deconsolidation of subsidiary	—	—	—	—	—	—	220	220
Minority buyouts	—	7,038,835	—	18,301	(20,062)	(1,761)	761	(1,000)
Net loss	—	—	—	—	(95,787)	(95,787)	(23,862)	(119,649)
Balance, December 31, 2020	—	276,511,831	13,147,919	632,062	\$ (325,238)	\$ 306,824	\$ (19,875)	\$ 286,949

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

COLUMBIA CARE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in thousands of U.S. dollars)

	Year Ended		
	December 31, 2020	December 31, 2019	December 29, 2018
Cash flows from operating activities:			
Net loss	\$ (119,649)	\$ (101,174)	\$ (48,275)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	19,651	8,690	4,678
Equity-based compensation	29,805	32,896	13,112
Impairment on disposal group	1,969	—	—
Deferred compensation	—	5,509	8,650
Debt amortization expense	2,189	18	515
Warrant amortization expense	—	—	5,347
Change in fair value of derivative liability	11,745	—	26
Deferred taxes	(20,998)	28	350
Earnout adjustment	21,757	—	—
Other	3,858	(914)	92
Changes in operating assets and liabilities, net of acquisitions			
Accounts receivable	(4,574)	(177)	(832)
Inventory	(17,258)	(12,667)	(6,609)
Prepaid expenses and other current assets	(2,747)	(5,147)	(40)
Other assets	13,490	5,853	(1,792)
Accounts payable	5,381	3,241	(240)
Accrued expenses and other current liabilities	18,332	(2,530)	(43)
Other long-term liabilities	(12,601)	(673)	294
Net cash used in operating activities	<u>(49,650)</u>	<u>(67,047)</u>	<u>(24,767)</u>
Cash flows from investing activities:			
Proceeds from sale of property	11,927	19,614	131
Purchases of property and equipment	(42,885)	(77,445)	(14,529)
Purchase of investments	—	(446)	—
Issuance of note receivable	—	(17,420)	—
Cash paid for deposits	(5,688)	(6,623)	(2,058)
Cash received from deposits	6,676	3,697	5,936
Cash received from acquisitions	3,821	—	—
Cash for loan under CannAscend and Corsa Verde agreements	(1,173)	(11,511)	(1,002)
Cash paid in escrow and option deposit under Corsa Verde agreement	—	—	(3,124)
Net cash used in investing activities	<u>(27,322)</u>	<u>(90,134)</u>	<u>(14,646)</u>

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

COLUMBIA CARE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in thousands of U.S. dollars)

	Year Ended		
	December 31, 2020	December 31, 2019	December 29, 2018
Cash flows from financing activities:			
Proceeds from issuance of debt and warrants	89,379	—	9,440
Payment of debt issuance costs	(3,548)	—	—
Repayment of debt	—	(1,795)	(25,779)
Proceeds from sale leaseback	—	5,709	—
Payment of lease liabilities	(734)	—	—
Issuance of common shares in connection with reverse takeover	—	114,595	—
Proceeds from issuance of common units and warrants	—	42,764	105,967
Issuance of common shares and warrants costs	—	—	(4,045)
Repurchase of common shares	—	(2,414)	—
Exercise of warrants	388	2	—
Sale of membership interests of subsidiary	5,509	—	—
Purchase of minority interest	(1,000)	—	(2,200)
Net cash provided by financing activities	<u>89,994</u>	<u>158,861</u>	<u>83,383</u>
Net increase in cash	13,022	1,680	43,970
Cash and restricted cash at beginning of the year	58,947	57,267	13,297
Cash and restricted cash at end of year	<u>\$ 71,969</u>	<u>\$ 58,947</u>	<u>\$ 57,267</u>
Supplemental disclosure of cash flow information:			
Cash paid for interest on lease obligations	\$ 1,466	\$ —	\$ —
Cash paid for interest on other obligations	\$ 5,356	\$ 147	\$ 1,857
Cash paid for income taxes	\$ 7,694	\$ 2,534	\$ 5,267
Reconciliation of cash and cash equivalents and restricted cash:			
Cash and cash equivalents	\$ 61,111	\$ 47,464	\$ 46,241
Restricted cash	10,858	11,483	11,026
Cash and cash equivalents and restricted cash, end of period	<u>\$ 71,969</u>	<u>\$ 58,947</u>	<u>\$ 57,267</u>
Supplemental disclosure of non-cash investing and financing activities:			
Non-cash fixed asset additions within accounts payable and accrued expenses	\$ 13,084	\$ 14,797	\$ 2,391
Issuance of warrants	\$ 6,298	\$ —	\$ 4,370
Derivative liability on convertible debt	\$ 5,364	\$ —	\$ —
Shares issued in connection with acquisition	\$ 147,795	\$ —	\$ —
Shares issued in connection with license acquisition	\$ —	\$ —	\$ 5,871
Shares issued in connection with private placement	\$ —	\$ —	\$ 42,764
Note payable, net of discount, issued in connection with acquisition	\$ 8,170	\$ —	\$ —
Contingent consideration incurred in connection with acquisition	\$ 26,445	\$ —	\$ —
Intercompany note receivable with TGS assumed in connection with acquisition	\$ 16,855	\$ —	\$ —
Investment in intangible asset	\$ —	\$ —	\$ 16,236
Deconsolidation of subsidiary	\$ 220	\$ —	\$ —
Reclass of deferred compensation to equity	\$ —	\$ 15,311	\$ —
Conversion of convertible debt and accrued interest to equity	\$ —	\$ 2,537	\$ 16,986

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

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

1. OPERATIONS OF THE COMPANY

Columbia Care Inc. (“the Company” or “the Parent”), formerly known as Canaccord Genuity Growth Corp. (“CGGC”), was incorporated under the laws of the Province of Ontario on August 13, 2018. The Company’s principal mission is to improve lives by providing cannabis-based health and wellness solutions and derivative products to qualified patients and consumers. The Company’s head office and principal address is 680 Fifth Ave. 24th Floor, New York, New York 10019. The Company’s registered and records office address is 666 Burrard St #1700, Vancouver, British Columbia V6C 2X8.

On April 26, 2019, the Company completed a reverse takeover (“RTO”) transaction and private placement further described in Note 3. Following the RTO, the Company’s common shares were listed on the Aequitas NEO exchange, trading under the symbol “CCHW”. As of the time of this report, the Company’s common shares are also listed on the Canadian Securities Exchange under the symbol “CCHW”, the OTCQX Best Market under the symbol “CCHWF” and on the Frankfurt Stock Exchange under the symbol “3LP”.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak of this contagious disease, along with the related adverse public health developments, have negatively affected workforces, economies and financial markets on a global scale. The Company incurred lower revenues, and additional expenditures related to COVID-19 during the first half of 2020. During the first half of 2020, the Company’s operations in Massachusetts were affected by a temporary shutdown of adult-use operations and in Illinois and California by rules related to social distancing and limiting the Company’s retail operations to curb-side pick-up. The Company’s operating results were not materially impacted during the second half of 2020. Currently, the Company is closely monitoring the impact of the pandemic on all aspects of its business, and 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’s business or results of operations.

The Company is subject to risks common in the life sciences and consumer products industries including, but not limited to, compliance with government regulations, regulatory approvals, competitive markets, new technological innovations, protection of proprietary technology, dependence on key personnel, uncertainty of market acceptance and the need to obtain additional financing.

While cannabis and CBD-infused products are legal under the laws of several U.S. states (with varying restrictions applicable), the United States Federal Controlled Substances Act classifies all “marijuana” as a Schedule I drug, whether for medical or recreational use. Under U.S. 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 safety for use under medical supervision.

In recent years, a temporary federal legislative enactment that prohibits the Department of Justice from expending appropriated funds to enforce federal laws that interfere with a state’s implementation of its own medical marijuana laws has been included in multiple Appropriations laws passed by Congress. This so-called budget rider is known as the Rohrbacher-Farr Amendment after its original sponsors. The Rohrbacher-Farr Amendment has been included in successive appropriations legislation or resolutions since 2015. The Rohrbacher-Farr Amendment was extended most recently in the Omnibus Appropriations Act of 2021, which funds the agencies of the federal government through February 18, 2022. Notably, the Rohrbacher-Farr Amendment has applied only to medical marijuana programs and has not provided the same protections to enforcement against adult-use activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) as of December 31, 2020 and 2019 and for the years ended December 31, 2020, December 31, 2019, and December 29, 2018.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Beginning with its 2019 fiscal year, the Company changed its financial reporting cycle from a 4-4-5 week reporting cycle that ends on the Saturday nearest to December 31 to a calendar reporting cycle. Accordingly, the Company's 2019 fiscal year began on December 29, 2018 and ended on December 31, 2019.

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 revision affects both current and future periods.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, its partially-owned subsidiaries, and those controlled by the Company by virtue of agreements, on a consolidated basis after elimination of intercompany transactions and balances. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee, and when the Company has the ability to affect those returns through its power over the investee. The financial statements of entities controlled by the Company by virtue of agreements are fully consolidated from the date that control commences and deconsolidated from the date control ceases.

Investment in affiliates

Affiliates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in affiliates are accounted for using the equity method and are initially recognized at cost. Unrealized gains on transactions between the Company and its affiliates are eliminated to the extent of the Company's interest in the affiliates. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in affiliates are recognized in the consolidated statements of operations. Investments in affiliates are recorded in non-current assets on the consolidated balance sheets.

The Company's investment in Leafy Greens is accounted for as an equity method investment in an affiliate after the Company lost control during the year ended December 31, 2020. Income from affiliates is immaterial for the period presented.

The Company assesses annually whether there is any objective evidence that its interest in associates is impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal, or value in use) and charged to the consolidated statement of operations. If the financial statements of an associate are prepared on a date different from that used by the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the date of these consolidated financial statements.

Non-controlling Interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI may be initially measured at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. The Company elected to measure each NCI at its proportionate share of the recognized amounts of the acquiree's identifiable net assets. The share of net assets attributable to NCI are presented as a component of equity. Their share of net income or loss and comprehensive income or loss is recognized directly in equity. Total comprehensive income or loss of subsidiaries is attributed to the shareholders of the Company and to the NCI, even if this results in the NCI having a deficit balance. The non-controlling interest balance for the years ended December 31, 2020 and December 31, 2019 were \$19,875 and \$2,503 respectively.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Other assets

Other assets consist of the following:

	December 31, 2020	December 31, 2019
Interest Receivable	\$ 1,000	\$ 922
Investment in affiliates	1,446	446
Indemnification receivable	5,221	—
Deferred tax	—	11
Other non-current assets	<u>\$ 7,667</u>	<u>\$ 1,379</u>

Segment, geographic areas and customers information

The Company has determined that it operates in a single operating and reportable segment, the production and sale of cannabis. This is consistent with how the chief operating decision maker allocates resources and assesses performance. The Company's products have similar characteristics due to the same raw material ingredient (cannabis), similar nature of cultivation process, the type or class of customer and the regulatory nature of our industry. Revenues from transactions with no single external customer exceed 10% of the consolidated revenues.

Revenue earned outside of the United States of America is immaterial for the years ended December 31, 2020 and 2019 and December 29, 2018. Long-lived assets located outside of the United States of America are immaterial as on December 31, 2020 and 2019.

Functional currency

The Canadian dollar serves as the functional currency of the Parent. All of the Company's subsidiaries have the U.S. dollar as their functional currency. These consolidated financial statements are presented in U.S. dollars. The translation adjustment that arises as a result of the functional currency of the Parent being different than the subsidiaries is de minimis. Also, transaction gains and losses are not material.

Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including, among others, product and environmental liability. The Company records accruals for those loss contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. The Company does not recognize gain contingencies until realized.

Basis of measurement

These consolidated financial statements were prepared on a going concern basis, at historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting principles below. Other measurement bases are described in the applicable notes. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

Business combinations

The Company accounts for business combinations under the acquisition method of accounting, which requires it to recognize separately from goodwill, the assets acquired and the liabilities assumed at fair value as of the acquisition date. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recognized in the Company's consolidated statements of operations. Accounting for business combinations requires the Company to make significant estimates and assumptions, especially at the acquisition date including estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies, and contingent consideration, where applicable. Although the Company believes the assumptions and estimates it has made in the past have been reasonable and appropriate, they are based, in part, on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Critical estimates in valuing certain acquired intangible assets under the income approach include growth in future expected cash flows from product sales, customer contracts, revenue growth rate, customer ramp-up period and discount rates. Unanticipated events and circumstances may occur that could affect the accuracy or validity of such assumptions, estimates or actual results.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash. As of December 31, 2020 and 2019, the Company did not have any cash equivalents.

Restricted cash

Restricted cash primarily consists of escrow deposits related to our acquisition activity.

Inventory

Inventory is comprised of raw materials, finished goods and work-in-progress such as pre-harvested cannabis plants and by-products to be extracted. The costs of growing cannabis, including but not limited to labor, utilities, nutrition and irrigation, are capitalized into inventory until the time of harvest.

Inventory is stated at the lower of cost or net realizable value, with cost determined using weighted average cost. Cost includes costs directly related to manufacturing and distribution of the products. Primary costs include raw materials, packaging, direct labor, overhead, shipping and the depreciation of manufacturing equipment and production facilities determined at normal capacity. Manufacturing overhead and related expenses include salaries, wages, employee benefits, utilities, maintenance and property taxes.

Net realizable value is determined as the estimated average selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. At the end of each reporting period, the Company performs an assessment of inventory obsolescence and to measure inventory at the lower of cost or net realizable value. Factors considered in the determination of obsolescence include slow-moving or non-marketable items.

Assets and liabilities held for sale

The Company classifies its long-lived assets and related liabilities to be sold as held for sale in the period (i) it has approved and committed to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions required to sell the asset have been initiated, (iv) the sale of the asset is probable, (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The Company initially measures a long-lived asset that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Upon designation as an asset held for sale, the Company no longer records depreciation expense on the asset. The Company assesses the fair value of a long-lived asset less any costs to sell at each reporting period and until the asset is no longer classified as held for sale.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. 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, considering factors such as economic and market conditions and the useful lives of assets.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

	<u>Estimated Useful life</u>
Buildings	40 years
Furniture and fixtures	5 years
Equipment	5 years
Computers and software	3 years
Leasehold improvements	Shorter of the life of the lease, or 15 years

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively if appropriate. Construction in progress is measured at cost and reflects amounts incurred for property or equipment construction or improvements that have not been placed in service. Upon completion, construction in progress will be reclassified as building or leasehold improvements depending on the nature of the assets and depreciated over the estimated useful life of the asset.

An item of equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statement of operations and comprehensive loss in the year the asset is de-recognized.

Leasehold improvements are depreciated over the terms of the leases when placed in service.

Intangibles

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Amortization of definite life intangible assets is recognized on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, as follows:

	<u>Estimated Useful life</u>
Licenses and Permits	10-15 years
Trademarks and Tradenames	5-10 years
Customer relationships	5 years

The estimated useful lives, residual values and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. 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 potential impairment. As of December 31, 2020 and 2019, the Company has determined that no impairment exists.

Goodwill

Goodwill represents the excess of the aggregate purchase price over the fair value of net identifiable assets acquired in a business combination. Goodwill is not amortized and is tested for impairment at least annually or whenever events or

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

changes in circumstances indicate that the carrying value may not be recoverable. In the valuation of goodwill, the Company must make assumptions regarding estimated future cash flows to be derived from its business. If these estimates or their related assumptions change in the future, the Company may be required to record impairment for these assets.

The Company has the option to first perform a qualitative assessment to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value. However, the Company may elect to bypass the qualitative assessment and proceed directly to the quantitative impairment tests. The first step of the impairment test involves comparing the fair value of the reporting unit to its net book value, including goodwill. If the net book value exceeds its fair value, the Company would perform the second step of the goodwill impairment test to determine the amount of the impairment loss. The Company performs an annual assessment of our goodwill as of first day of the fourth quarter, or more frequently, to determine if any events or circumstances exist, such as an adverse change in business climate or a decline in overall industry demand, that would indicate that it would more likely than not reduce the fair value of a reporting unit below its carrying amount, including goodwill. If events or circumstances do not indicate that the fair value of a reporting unit is below its carrying amount, then goodwill is not considered to be impaired and no further testing is required, if otherwise, the fair value of the reporting unit is compared to its carrying value, including goodwill. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the amount by which the carrying value of the goodwill exceeds its implied fair value, if any, is recognized as an impairment loss. The Company monitors the indicators for goodwill impairment testing between annual tests.

As of October 1, 2020 and December 31, 2020, the Company performed a qualitative assessment of goodwill and determined that no adjustments to the carrying value of goodwill were required.

Recoverability of Long-lived Assets

The Company evaluates the recoverability of its long-lived tangible and intangible assets with finite useful lives for impairment when events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Such trigger events or changes in circumstances may include: a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used, a significant adverse change in legal factors or in the business climate, including those resulting from technology advancements in the industry, the impact of competition or other factors that could affect the value of a long-lived asset, a significant adverse deterioration in the amount of revenue or cash flows expected to be generated from an asset group, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of a long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based upon estimated discounted future cash flows. No impairment loss was recognized for long-lived assets for the years ended December 31, 2020 and 2019. Assets to be disposed of or held for sale would be separately presented on the balance sheets and reported at the lower of their carrying amount or fair value less costs to sell, and would no longer be depreciated or amortized.

Income taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company routinely evaluates the likelihood of realizing the benefit of its deferred tax assets and may record a valuation allowance if, based on all available evidence, it determines that some portion of the tax benefit will not be realized.

The Company recognizes deferred tax assets to the extent that it estimates these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, it would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions in accordance with Accounting Standards Codification (“ASC”) 740 on the basis of a two-step process in which (1) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company would recognize the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statements of operations. As of December 31, 2020 and 2019, there were no uncertain tax positions recorded and no accrued interest or penalties are included on the related tax liability line in the consolidated balance sheets.

In evaluating the ability to recover deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of operations. In projecting future taxable income, the Company considers historical results and incorporates assumptions about the amount of future state, federal and foreign pretax operating income adjusted for items that do not have tax consequences. The Company’s assumptions regarding future taxable income are consistent with the plans and estimates that are used to manage its underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income/ (loss). The income tax expense, deferred tax assets and liabilities and liabilities for unrecognized tax benefits reflect the Company’s best assessment of estimated current and future taxes to be paid. Deferred tax asset valuation allowances and liabilities for unrecognized tax benefits require significant judgment regarding applicable statutes and their related interpretation, the status of various income tax audits and the Company’s particular facts and circumstances. Although the Company believes that the judgments and estimates discussed herein are reasonable, actual results, including forecasted COVID-19 business recovery, could differ, and the Company may be exposed to losses or gains that could be material. To the extent the Company prevails in matters for which a liability has been established or is required to pay amounts in excess of the established liability, the effective income tax rate in a given financial statement period could be materially affected.

Advertising and promotion costs

Advertising and promotion costs are expensed as incurred. During the years ended December 31, 2020 and 2019, and December 29, 2018, the Company incurred \$6,083, \$5,792 and \$861, respectively in advertising and promotion costs, which are included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss.

Sale-leaseback transactions

From time to time, the Company may enter into sale-leaseback transactions to finance certain property acquisitions and capital expenditures, pursuant to which the Company sells the property to a third party and agrees to lease the property

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

back for a certain period of time. To determine whether the transfer of the property should be accounted for as a sale, the Company evaluates whether it has transferred control to the third party in accordance with the revenue recognition guidance set forth in ASC 606.

If the transfer of the asset is deemed to be a sale at market terms, the Company recognizes the transaction price for the sale based on the cash proceeds received, derecognizes the carrying amount of the underlying asset and recognizes a gain or loss in the consolidated statements of operations and comprehensive loss for any difference between the carrying value of the asset and the transaction price. The Company then accounts for the leaseback in accordance with its lease accounting policy.

If the transfer of the asset is determined not to be a sale at market terms, the Company accounts for the transaction as a financing arrangement, and accordingly no equipment sale is recognized. The Company retains the historical costs of the property and the related accumulated depreciation on its books and continues to depreciate the property over the lesser of its remaining useful life or its initial lease term. The asset is presented within property and equipment, net on the consolidated balance sheets. All proceeds from these transactions are accounted for as finance obligations and presented as non-current obligation on the consolidated balance sheets. A portion of the lease payments is recognized as a reduction of the financing obligation and a portion is recognized as interest expense based on an imputed interest rate.

Right of use assets and lease liability

In February 2016, the FASB issued 2016-02, *Leases (Topic 842) ("ASC 842")*, which amends the existing accounting standards for leases. The guidance requires lessees to recognize assets and liabilities related to long-term leases on the balance sheet and expands disclosure requirements regarding leasing arrangements. In July 2018, the FASB issued additional guidance, which offers a transition option to entities adopting the new lease standard. Under the transition option, entities can elect to apply the new guidance using a modified retrospective approach at the beginning of the year in which the new lease standard is adopted, rather than to the earliest comparative period presented in their financial statement and provides for certain practical expedients. The guidance is effective for annual reporting periods beginning after December 15, 2018 for public companies with early adoption permitted. The Company adopted this standard on January 1, 2019. The Company adopted ASC 842 retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Accordingly, the Company did not restate comparative information and instead recognized the cumulative effect of applying ASC 842 as an adjustment to the opening balance sheet at the date of initial application. The Company applies the standard only to leases which were previously identified as leases in accordance with the practical expedient allowed under the standard. The Company's lease arrangements are comprised primarily of building and office leases. The adoption of this standard resulted in almost all current leases being recognized on the consolidated balance sheet, except for short-term and low-value leases. On January 1, 2019, the Company recognized right-of-use assets of \$35,070 a corresponding lease liability of \$35,737, and derecognized deferred rent of \$713 and prepaid expenses of \$46.

At inception of a contract, the Company assesses whether a contract conveys the right to control the use of an identified asset for a period in exchange for consideration, in which case it is classified as a lease. The Company recognizes a right-of-use asset (lease asset) and a lease liability at the lease commencement date. The 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 restore the underlying asset, less any lease incentives received. The lease asset is subsequently depreciated using the straight-line method from the commencement date to the end of the useful life of the right-of-use asset, considered to be indicated by the lease term. The lease liability is initially measured at the present value of outstanding lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Company changes its assessment of whether

COLUMBIA CARE INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

it will exercise a purchase, extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset with any excess over the carrying amount of the asset being recognized in profit or loss. The Company has elected not to recognize lease assets and lease liabilities for short-term leases (leases with a 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.

Revenue recognition*Performance Obligations*

The Company recognizes revenue from sales when it satisfies its performance obligations by transferring control of promised products to its customers, which occurs at a point in time when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products. Revenue from the Company's retail business is recognized when the customer takes physical possession of the products, which occurs at the point of sale for merchandise purchased at the Company's own retail stores, or upon shipment for merchandise ordered through online websites. Such revenues are recorded net of estimated returns based on historical trends.

Revenue from the Company's wholesale business is generally recognized upon shipment of products, at which point title passes and risk of loss is transferred to the customer.

Our revenues are disaggregated as follows:

	December 31, 2020	Year Ended December 31, 2019	December 29, 2018
Dispensary	164,011	70,580	36,802
Cultivation and wholesale	15,347	6,780	2,525
Other	146	99	1
	<u>179,503</u>	<u>77,459</u>	<u>39,328</u>

The Company recognizes revenue in an amount that reflects the consideration it expects to be entitled to in exchange for the performance obligations. Revenue is recorded net of discounts and unearned revenue from the Company's loyalty programs. During the years ended December 31, 2020 and 2019 and December 29, 2018, the Company netted discounts of \$19,507, \$12,166 and \$5,083 against the revenues. Discounts are provided by the Company during promotional days or weekends. Discounts are also provided to employees, seniors and other categories of customers and may include price reductions and coupons. Variable consideration is estimated in the transaction price at contract inception based on current sales levels and historical experience using the expected value method, subject to constraint. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy.

Sales taxes collected from customers are remitted to the appropriate taxing jurisdictions as they become due, and are excluded from sales revenue as the Company considers itself a pass-through conduit for collecting and remitting sales taxes. Freight revenues on all product sales, when applicable, are also recognized, on a consistent manner, at a point in time. The term between invoicing and when payment is due is not significant and the period between when the entity transfers the promised good or service to the customer and when the customer pays for that good or service is one year or less.

The Company generates an immaterial amount of revenue from services like management fee revenues and interest on overdue amounts on the Columbia Care's National Credit card ("CNC Cards"). Management fee revenue is recognized over time as the recipient of management services derives value from the services provided. The interest on overdue amounts on the CNC Cards is recognized as interest income over time.

During the years ended December 31, 2020 and 2019, the Company earned revenues of \$3,476 and \$2,126 from the CNC program. These revenues are included in the retail revenues mentioned above. As of December 31, 2020 and 2019, in connection with the revenues generated from the CNC card, the Company has accounts receivable of \$784 and \$483, net of an allowance for bad debts of \$188 and \$54. These receivables are included within the accounts receivable line item on the consolidated balance sheets. During the years ended December 31, 2020 and 2019, the Company incurred expenses of \$522 and \$222 in connection with administration of the CNC program. These expenses are included within the selling, general and administrative expenses in the consolidated statement of operations and comprehensive loss. Interest on overdue amounts on the CNC card is immaterial.

Loyalty Points Reward Programs

In certain of its markets, the Company offers a loyalty reward program to its dispensary customers. The Company offers its customers loyalty points rewards program that allows its customers to earn discounts on future purchases. Loyalty points are earned when a qualifying purchase is made. When a customer attains a certain number of points, the customer can redeem the credits on his/her next in-store purchase, up to a certain annual minimum. Loyalty points not redeemed expire automatically after six months from the date which they were earned.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

A portion of the revenue generated in a sale is allocated to the loyalty points earned. The amount allocated to the points earned is deferred until the loyalty points are redeemed or expire.

Deferred Income

Deferred income represents cash payments received in advance of the Company's transfer of control of products or services to its customers and generally consists of unearned revenue from the Company's loyalty programs. The Company's deferred income balances were \$2,254 and \$0 as of December 31, 2020 and 2019, respectively, and were recorded within accrued expenses and other current liabilities in the consolidated balance sheets. During the years ended December 31, 2020 and 2019 and December 29, 2018, the Company did not recognize any amount as net revenues from amounts recorded as deferred income in the earlier years. The deferred income balance as of December 31, 2020 is expected to be recognized as revenue within the next twelve months.

Cost of Goods Sold

Cost of goods sold includes the amounts incurred to acquire and produce inventory for sale to the Company's customers, including costs of purchased materials, freight charges, depreciation, direct labor and other employment costs, cultivation facility costs, excise taxes and changes in reserves for obsolescence and inventory realizability.

These costs are reflected in the Company's consolidated statements of operations and comprehensive loss when the product is sold and net sales revenues are recognized or, in the case of inventory write-downs, when circumstances indicate that the carrying value of inventories is in excess of their recoverable value. Additionally, cost of sales includes the costs associated with certain free or heavily discounted products. These incentive costs are recognized at the same time that the Company recognizes the related revenue.

Accounts receivable, net

Accounts receivable consist of amounts billed and currently due from customers. The Company maintains an allowance for doubtful accounts for estimated losses. In determining the allowance, consideration includes the probability of recoverability based on historical collection experience, aging of receivables and other economic and industry factors. Certain accounts receivable may be fully reserved when the Company becomes aware of any specific collection issues.

Credit losses

The allowance for credit losses is based upon a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the specific customer's ability to pay its obligation and any other forward-looking data regarding customers' ability to pay which may be available.

Sales taxes

Sales taxes collected from customers are excluded from revenues.

Equity-based payment arrangements

The Company measures all equity-based payment arrangements to employees and directors in accordance with ASC 718, *Compensation-Stock Compensation*. The Company's stock-based compensation cost is measured based on the fair value at the grant date of the stock-based award. It is recognized as expense over the requisite service period, which generally represents the vesting period. Forfeitures are recognized as they occur. The Company estimates the fair value of each stock-based award on its measurement date using either the current market price of the stock, the Black-Scholes option valuation model or the Monte Carlo Simulation valuation model, whichever is most appropriate. The Black-Scholes and Monte Carlo Simulation valuation models incorporate assumptions such as expected term of the instrument,

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date, by reference to the underlying terms of the instrument, and the Company's experience with similar instruments. Changes in assumptions used to estimate fair value could result in materially different results.

Expected volatility is based on the historical volatility of the Company's stock price. The risk-free interest rates are based on quoted U.S. Treasury rates for securities with maturities approximating the awards' expected lives. Expected lives are principally based on the Company's historical exercise experience with previously issued awards. The expected dividend yield is zero as the Company has never paid dividends and does not currently anticipate paying any in the foreseeable future.

Expense for performance restricted stock awards is recognized based upon the fair value of the awards on the date of grant and the number of shares expected to vest based on the terms of the underlying award agreement and the requisite service period(s).

Equity classified common stock warrants

The Company classifies certain warrants for the purchase of shares of its common stock as equity on its consolidated balance sheets as these warrants are considered indexed to the Company's shares of Common Stock. For warrants that do not meet the criteria of a liability warrant and are classified on the Company's consolidated balance sheets as equity instruments, the Company uses the Black-Scholes model to measure the value of the warrants at issuance.

Convertible debt

The identification of convertible debt components is based on interpretations of the substance of the contractual arrangement and therefore requires judgement. The separation of the components affects the initial recognition of the convertible debt at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on several assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

When determining the appropriate basis of accounting for the Company's interests in affiliates, the Company makes judgments about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities.

Financial instruments

The Company follows the guidance in FASB ASC 820, *Fair Value Measurements and Disclosures*, or ASC 820, which defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

In estimating fair value, the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company may engage third party qualified valuers to perform the valuation. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. In estimating fair value, the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company may engage third-party qualified valuers to perform the valuation. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or Level 2 to Level 3.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized in the consolidated balance sheets at the time the Company becomes a party to the contractual provisions of the financial instrument.

Initial measurement of financial assets and financial liabilities

Financial assets and liabilities are recognized at fair value upon initial recognition plus any directly attributable transaction costs when not subsequently measured at fair value through profit or loss.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Subsequent measurement

Measurement in subsequent periods is dependent on the classification of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held to maturity, available for sale, and other financial liabilities.

The Company's Level 3 financial instruments include the derivative liability associated with the convertible note payable issued to stockholders (see Note 5).

Accrued expenses and other current liabilities:

Accrued expenses and other current liabilities consist of –

	December 31, 2020	December 31, 2019
Accrued Expenses	\$ 28,152	\$ 4,994
Payroll Liabilities	8,758	3,431
Other Current Liabilities	5,949	692
Income tax payable	2,387	—
Accrued expenses and other current liabilities	\$ 45,246	\$ 9,117

Recently adopted accounting pronouncements

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Auditing Standards Update (“ASU”) No. 2018-13 Fair Value Measurement (Topic 820): *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The update removes, modifies and makes additions to the disclosure requirements on fair value measurements. The update was adopted as of January 1, 2018, and its adoption did not have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): *Simplifying the Test for Goodwill Impairment*. The update simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount. This update is effective for annual and interim periods beginning after December 15, 2019, and interim periods within that reporting period. The update was adopted as of January 1, 2020, and its adoption did not have a material impact on the Company's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, *Compensation – Stock Compensation* (Topic 718): *Improvements to Nonemployee Share-Based Payment Accounting* (“ASU 2018-07”), which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees, with the result of aligning the guidance on share-based payments to nonemployees with that for share-based payments to employees, with certain exceptions, and eliminating the need to re-value awards to nonemployees at each balance sheet date. ASU 2018-07 is effective for annual periods, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted for companies who have previously adopted ASU 2017-09. The Company early adopted ASU 2018-07 effective January 1, 2018 for accounting for our liability-classified non-employee awards that had not vested as of that date. No adjustment to additional paid in capital was required as a result of the adoption of ASU 2018-07.

In June 2016, the Financial Accounting Standards Board (the “FASB”) issued ASU 2016-13, which was subsequently amended by ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* (“ASU 2018-19”), in November 2018. Subsequently, the FASB issued ASU No. 2019-04, ASU No. 2019-05, ASU No. 2019-10, ASU No. 2019-11 and ASU No. 2020-02 to provide additional guidance on the credit losses standard. ASU 2016-13 and the related updates are intended to improve financial reporting requiring more timely recognition of credit losses on loans and other financial instruments that are not accounted for at fair value through net income, including loans held for investment, held-to-maturity debt securities, net investment in leases and other such commitments. ASU 2016-

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

13 requires that financial assets measured at amortized cost be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The amendments in ASU 2016-13 require the Company to measure all expected credit losses based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the financial assets and eliminates the “incurred loss” methodology under current GAAP. ASU 2018-19 clarified that receivables arising from operating leases are not within the scope of Topic 326. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with ASU No. 2016-02, *Leases (Topic 842)* (“ASC 842”). ASU 2016-13 and ASU 2018-19 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. The Company adopted ASU 2016-13 and the related update during the first quarter of fiscal year 2020. The Company did not have a material impact on its financial statements and related disclosures as a result of this adoption.

Recently issued accounting pronouncements

In July 2017, the FASB issued ASU 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception. ASU 2017-11 simplifies the accounting for freestanding financial instruments or equity-linked embedded features with down round features by no longer requiring entities to consider down round features when determining whether these instruments or embedded features are considered indexed to the entity’s own stock. It also requires entities that present Earnings Per Share (EPS) pursuant to ASC 260 to recognize the effect of a down round feature in a freestanding equity-classified financial instrument only when it is triggered. For public business entities the guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those years. Early adoption is permitted, including adoption in an interim period. The Company early adopted ASU 2017-11 in the year 2018 in relation to the assessment of freestanding warrants and presentation of EPS.

In December 2019, the FASB issued ASU No. 2019-12 Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*. The update contains a number of provisions intended to simplify the accounting for income taxes. The update is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company is evaluating the impact of this update on its consolidated financial statements.

In January 2020, the FASB issued ASU No. 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815. The update among other things clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments—Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The update is effective for fiscal years beginning after December 15, 2021. The Company is evaluating the impact of this update on its consolidated financial statements.

COLUMBIA CARE INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

In August 2020, the FASB issued ASU No. 2020-06 Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): *Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*. The update is to address issues identified as a result of the complexity associated with applying generally accepted accounting principles for certain financial instruments with characteristics of liabilities and equity. The update is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years and with early adoption permitted. The Company is evaluating the impact of this update on its consolidated financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

3. REVERSE TAKEOVER TRANSACTION

On November 21, 2018, CGGC entered into a merger agreement with Columbia Care LLC (the “Merger Agreement”) providing for the merger (the “Merger”) of Columbia Care LLC with a newly-formed subsidiary of CGGC. On April 26, 2019, (the “Acquisition Date”) the Company completed the merger. Under the terms of the Merger Agreement, CGGC acquired 100% of the issued and outstanding ownership interests of Columbia Care LLC in exchange for the issuance of common shares and proportionate voting shares in the capital of CGGC. Prior to the Merger, CGGC consolidated its common shares on a one for three basis and changed its name to Columbia Care Inc. Following the Merger, Columbia Care LLC became a single-member partnership, wholly owned by the Company.

While CGGC was the legal acquirer of Columbia Care LLC, the RTO has been treated as a reverse asset acquisition and consequently Columbia Care LLC was identified as the acquirer for accounting purposes. The RTO was measured at the fair value of the shares deemed to have been issued by Columbia Care LLC in order for the ownership interest in the combined entity to be the same as if the transaction had taken the legal form of Columbia Care LLC acquiring 100% of CGGC. Any difference between the fair value of the shares deemed to have been issued by Columbia Care LLC and the fair value of CGGC’s identifiable net assets acquired and liabilities assumed represents the value of the public listing received by Columbia Care LLC and was debited to equity. The identifiable assets acquired and liabilities of CGGC assumed by Columbia Care LLC were based on their respective fair values at the Acquisition Date and were paid as follows:

Net assets acquired	
Cash	\$ 120,193
Consideration paid	
19,077,096 common shares held by CGGC shareholders	\$ 111,339
5,394,945 warrants held by CGGC shareholders	<u>19,925</u>
	\$ 131,264
Value attributable to obtaining a listing status	\$ 11,071

For the year ended December 31, 2019, the Company expensed \$3,961 in listing costs. The fair value of the common shares and warrants included in the consideration paid of \$131,264 was determined based on an independent valuation of the Company’s shares and the percentage ownership of CGGC shareholders, on a diluted basis, on the Acquisition

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Date. The fair value of the warrants included in the consideration paid of \$19,925 was calculated using the Black-Scholes model with the following assumptions:

Expected volatility	70%
Expected term (years)	5.00
Expected dividends	0.00%
Risk-free interest rate	1.52%

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies.

The Company evaluated the warrants issued as a part of the purchase consideration under ASC 480, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging—Contracts in Entity’s Own Equity. These warrants do not have a redemption feature and are traded separately from our common shares on the NEO exchange. They can be converted into shares, on a one-for-one conversion ratio prior to their expiry on April 26, 2024, upon payment of a fixed exercise price of \$10.35(Canadian Dollars) per warrant by the warrant holder. The settlement amount is subject to change in case of certain situations like future stock split, consolidation, stock dividend etc. These variables that could affect the settlement amount would be inputs to the fair value of a fixed-for-fixed forward or option on equity shares. As the Company early adopted the provisions of ASU 2017-11 in 2018, the value of the down round provision associated with a future rights issue would be recognized only when it is activated and there is an actual reduction of the strike price or conversion feature. The Company determined that these warrants are freestanding financial instruments that qualify for the scope exemption for being accounted as derivatives. Further, the warrant agreement does not prohibit settlement in unregistered shares and it does not contain any cash-settled top-off or make-whole provisions or provisions for cash payment by the Company in case it fails to file with the SEC. The Company has an unlimited number of authorized shares and it is not required to post a collateral at any point with respect to the warrant agreement. The rights of the warrant holders do not rank higher than the rights of the shareholders. The Company therefore concluded that the warrants meet the criteria to be classified in stockholders’ equity and should be measured at fair value on the date of RTO. No changes would be required to the measurement amount or the classification unless an event that requires a reclassification of the warrants out of the equity occurs. The Company reassessed the contract classification as of December 31, 2020 and 2019, noting no changes to the classification and / or measurement.

4. INVENTORY

Details of the Company’s inventory are shown in the table below:

	December 31, 2020	December 31, 2019
Work-in-process - cannabis in cures and final vault	\$ 35,368	\$ 19,593
Finished goods, accessories and supplies	19,436	6,482
Total inventory	\$ 54,804	\$ 26,075

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

5. CURRENT AND LONG-TERM DEBT

Current and long-term obligations, net, are shown in the table below:

	December 31, 2020	December 31, 2019
Term debt	\$ 69,965	\$ —
Convertible debt	18,760	—
Closing Promissory Notes (see Note 6)	8,776	—
Unamortized debt discount	(10,500)	—
Unamortized debt premium	607	—
Unamortized deferred financing costs	(3,079)	—
Total debt	84,529	—
Less current portion	(8,439)	—
Long-term portion	\$ 76,090	\$ —

The following table summarizes the scheduled principal payments on the Company's outstanding indebtedness as of December 31, 2020:

<u>Year ending</u>	<u>Term debt</u>	<u>Convertible debt</u>	<u>Closing Promissory Note</u>	<u>Total</u>
2021	\$ —	\$ —	\$ 8,776	\$ 8,776
2023	69,965	18,760	—	88,725
Total future debt maturities	\$ 69,965	\$ 18,760	\$ 8,776	\$97,501

The Company was in compliance with all financial covenants and was not in default of any provisions under any of its debt arrangements as of December 31, 2020. All of the Company's debt is unsecured and no assets have been pledged as security.

Term debt

On March 31, 2020 and April 23, 2020, the Company completed the first and second tranches of a private placement of notes ("Private Notes") for an aggregate principal amount of \$14,250 and \$1,000, respectively. The Private Notes required interest-only payments through March 30, 2024, at a rate of 9.875% per annum, payable semi-annually on March 31 and September 30 commencing on September 30, 2020. The Private Notes were due in full on March 30, 2024. In connection with the first and second tranche offerings of the Private Notes, the Company issued 1,723,250 common share purchase warrants at an exercise price of \$3.10 (Canadian Dollars).

On May 14, 2020, the Company completed a private placement of an aggregate of 19,115 senior secured first-lien note units (the "May Units") for aggregate gross proceeds of \$19,115, each May Unit being comprised of (i) \$1,000 principal amount of 13.00% senior secured first-lien notes ("Notes") and (ii) 120 Common Share purchase warrants (the "May Warrants") with an exercise price of \$2.95 (Canadian Dollars) per underlying Common Share (the "May Private Placement"). Concurrent with the closing of the May Private Placement, the Private Notes were exchanged for Notes. In addition, holders of Private Notes were issued additional 130,388 May Warrants with an exercise price of \$2.95 (Canadian Dollars).

COLUMBIA CARE INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018**

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

On July 2, 2020, the Company completed a second private placement of an aggregate of 4,000 units (the “July Units”) for aggregate gross proceeds of \$4,000, each July Unit being comprised of (i) \$1,000 Notes and (ii) 75 Common Share purchase warrants (the “July Warrants”) with an exercise price of \$4.53 (Canadian Dollars) per underlying Common Share.

On October 29, 2020, November 10, 2020 and November 27, 2020, the Company completed private placements of an aggregate of 20,000, 8,400 and 3,000 units (the “Early November Units”), respectively, for aggregate gross proceeds of \$32,054, each unit being comprised of (i) \$1,000 Notes and (ii) 60 Common Share purchase warrants (the “Fall Warrants” and together with the May Warrants and July Warrants, the “Warrants”) with an exercise price of \$5.84 (Canadian Dollars) per underlying Common Share.

On November 30, 2020, the Company completed another private placement of an aggregate of 200 units the “Late November Units” and together with the May Units, the July Units and the Early November Units, the “Units”), respectively for aggregate gross proceeds of \$200, each unit being comprised of (i) \$1,000 Notes and (ii) 125 Fall Warrants.

As of December 31, 2020, the aggregate principal amount outstanding under the Notes was \$69,965.

At the option of the holder, each Warrant can be exchanged for one Common Share. The Warrants expire on May 14, 2023.

The Notes require interest-only payments through May 14, 2023, at a rate of 13.0% per annum, payable semi-annually on May 31 and November 30, which commenced on November 30, 2020. The Notes are due in full on May 15, 2023. The Company incurred financing costs of \$3,373 in connection with the issuance of these Notes. The Notes contain customary terms and conditions, representations and warranties, and events of default.

Upon initial recognition, the Company recorded \$6,298 to equity reserves, reflecting the fair value of the warrants issued, with a corresponding reduction to the carrying value of the Notes. The debt discount will be amortized to interest expense over the term of the notes using the effective interest method. During the year ended December 31, 2020, the Company recognized amortization expense of \$731 related to the discount on the Notes.

The fair value of the warrants included in the private placement were calculated using the Black-Scholes model with the following assumptions:

Expected volatility	80.00%
Expected term (years)	3.00
Expected dividends	0.00%
Risk-free interest rate	0.50%

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies.

Convertible Debt

On June 19, 2020, the Company completed the first tranche of an offering of senior secured convertible notes (“Convertible Notes”) for an aggregate principal amount of \$12,800. During July 2020, the Company completed subsequent tranches for an aggregate principal amount of \$5,960. As of December 31, 2020, total outstanding on the Convertible Notes was \$18,760.

The Convertible Notes can be exchanged into Common Shares at a conversion price of \$3.79 (Canadian Dollars). For the purposes of determining the number of Common Shares issuable upon conversion of the Convertible Notes, the principal amount of the Convertible Notes surrendered for conversion shall be deemed converted from U.S. Dollars into Canadian Dollars, using the end-of-day exchange rate published by the Bank of Canada on the date immediately

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

preceding the date that the Convertible Note is surrendered for conversion. The Convertible Notes require interest-only payments until December 19, 2023, at a rate of 5.0% per annum, payable semi-annually on June 30 and December 31 commencing on December 31, 2020. The Convertible Notes are due in full on December 19, 2023. The Company incurred financing costs of \$175 in connection with issuance of the Convertible Notes.

The Company determined that the Convertible Notes represent an obligation to issue a variable number of shares for a variable amount of liability, as the amount of the liability to be settled depends on the applicable foreign exchange rate at the date of settlement. In accordance with ASC 480 – *Distinguishing Liabilities from Equity*, a conversion feature within a financial instrument to issue a variable number of equity units fails to meet the definition of equity. Accordingly, such a conversion feature must be accounted for as an embedded derivative liability and measured at fair value with changes in fair value recognized in the consolidated statements of operations. Upon initial recognition, the Company recorded a derivative liability of \$5,364 within other long-term liabilities in the consolidated balance sheets and a corresponding debt discount, reflected as a reduction to the carrying value of the Convertible Notes. During the year ended December 31, 2020, the fair value of the derivative increased by \$11,745 and is recorded in other expense in the consolidated statement of operations. As of December 31, 2020, the fair value of the derivative liability included on the Company's consolidated balance sheet was \$17,109. Refer to Note 16 for details regarding fair value measurement.

The debt discount is amortized over the term of the Convertible Notes. During the year ended December 31, 2020, the Company recognized amortization expense of \$766, related to the Convertible Notes.

Term debt - Real Estate

In January 2016, the Company entered into a loan and security agreement (the "Agreement") with various individuals for loans in the aggregate amount of \$10,000. The Agreement had a stated interest rate of 7% with a maturity date of January 25, 2019. The aggregate principal amount of the loans per an amendment dated March 31, 2017 was increased from \$10,000 to \$12,000.

The loans could be prepaid prior to the second anniversary of the closing date with the consent of such lenders. At any time on and following the second anniversary of the closing date, the loans could be prepaid in whole or in part not less than three business days' prior written notice to the lenders. The loans were collateralized by various real estate holdings of the Company.

Interest expense and amortization expense for the years ended December 31, 2020 and 2019 and December 29, 2018 was nil and \$18 and \$781, respectively.

In January 2019, principal in the amount of \$2,500 and accrued interest in the amount of \$37 was converted into 27,561 common units and the remaining outstanding principal of \$1,295 was repaid.

Private Lender Loan

In March 2016, the Company entered into a loan and security agreement with a private lender in the amount of \$4,000 at a stated interest rate of 7%, and a March 2019 maturity date. Interest on the loan accrued from the closing date and was paid in arrears on a quarterly basis. Under the terms of the loan, the lender also received warrants to purchase 14,552 common units for \$0.01 per unit. Prior to the first anniversary of the closing date, the loan could only be prepaid with the consent of the lender. At any time following the first anniversary of the loan's closing date, the Company could prepay the loan, in whole or in part, with proper notice. The loan was secured by the general assets of the Company, including subsidiaries, with the exclusion of any real estate assets. The loan was repaid in full in October 2018. Interest expense for the year ended December 29, 2018 was \$222.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Florida Construction Loan

In August 2017, the Company obtained a construction loan from private lenders in the amount of \$7,000 at a stated interest rate of 5%. Interest was payable at maturity and the loan had a maturity date of February 9, 2019. Under the terms of the loan, the lenders also received warrants to purchase 6,973 common units for \$0.01 per unit. During the year ended December 29, 2018, the Company and certain lenders agreed to convert \$6,000 of the loan principal into 79,234 common units, and the Company repaid the remaining \$1,000 principal. Interest expense for the loan for the year ended December 29, 2018 was \$285.

Membership Loans

Effective May 2018, the Company entered into a loan and security agreement with two founders of the Company. The agreement formalized loans extended to the Company beginning in March 2016. Per the agreement, the lenders agreed to extend the loans with an aggregate principal amount of not more than \$8,000 and a maturity date of January 1, 2019. The loans under the agreement had 7% interest rate due in cash on a quarterly basis on each quarterly anniversary of the closing date, with any unpaid interest added to the outstanding principal balance. In September 2018, the Company entered into a loan and security agreement with the same two founders of the Company for terms materially identical to the above membership loan agreement. The loan had a maturity date of May 18, 2019.

The Company issued 31,802 and 18,190 warrants during the year ended December 29, 2018, in connection with the membership loans. The loans were repaid in full in October 2018 and consequently the Company accelerated the amortization of debt discount resulting from warrants issued during the agreement. Amortization expense for the year ended December 29, 2018 was \$4,369. Interest expense for the year ended December 29, 2018 was \$484.

Working Capital Loan

In July 2016, the Company obtained a working capital loan of \$950 from various lenders (the "Working Capital Loan"). The Working Capital Loan had a stated interest rate of 10% and a maturity date of July 11, 2019. The Working Capital Loan was unsecured. Interest was paid in cash arrears commencing on July 31, 2018 and on each quarterly anniversary thereafter. The Company was permitted to prepay the loans, in whole or in part, upon not less than three business days prior with written notice.

The Company repaid \$650 to various lenders in December 2018. The remaining \$300 was paid in January 2019.

Interest expense for the year ended December 29, 2018, was \$92.

2021 Activity

In April 2021, the Company offered an incentive program to the holders of the Convertible Notes, pursuant to which, the Company would issue to each noteholder that surrendered its Convertible Notes for conversion on or before May 28, 2021, 20 Common Shares of the Company on a private placement basis for each US\$1,000 aggregate principal amount of Notes surrendered for conversion. Pursuant to this incentive program, 4,550,139 shares were issued as a result of conversion of \$13,160 of Convertible Notes.

6. ACQUISITIONS

Project Cannabis

On December 1, 2020, the Company acquired (the "Project Cannabis Transaction") a 100% ownership interest in Resource Referral Services Inc., PHC Facilities Inc. and Wellness Earth Energy Dispensary, Inc., and acquired a 49.9% ownership interest in Access Bryant SPC (collectively, "Project Cannabis").

Project Cannabis was formed in August 2014 for the purpose of selling medicinal and recreational cannabis products in the state of California, on both a wholesale and retail basis. Project Cannabis owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the state of California. The Company executed the Project Cannabis Transaction in order to continue to grow revenues; expand its cultivation facilities, manufacturing facilities and dispensaries; and penetrate the California market.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

As a part of the Project Cannabis Transaction, the Company was also granted a real estate purchase option of \$16,500. The amount is anticipated to be paid to the sellers in the form of cash and assumption of debt on or prior to June 30, 2021.

The aggregate purchase price for the Project Cannabis Transaction, being \$39,029 (the "Transaction Price") consisted of \$35,273 in equity purchase consideration ("Closing Shares"), \$3,400 of deferred stock payments ("Deferred Stock Consideration"), and a working capital adjustment of \$356. Purchase consideration comprised 15,713,867 common shares, of which, 1,528,881 of the subject securities are subject to a lock-up period of eighteen months following the date of issuance, for the purpose of funding any potential indemnification obligations of the seller.

The following table summarizes the Company's preliminary determination of fair value of total consideration transferred and the fair value of each major class of consideration for Project Cannabis:

<u>Consideration transferred</u>	
Closing Shares	\$35,273
Deferred stock payments	3,400
Total unadjusted purchase price	38,673
Working capital adjustment	356
Total adjusted purchase price	39,029
Less: Cash acquired	(877)
Total purchase price	<u>\$38,152</u>

Recognized amounts of identifiable assets acquired and liabilities assumed, less cash assumed:

<u>Purchase price allocation</u>	
Assets acquired:	
Accounts receivable	\$ 1,568
Inventory	2,795
Prepaid expenses and other current assets	699
Property and equipment	632
Right of use assets	1,587
Long-term deposits	38
Goodwill	23,292
Intangible assets	18,020
Other non-current assets	5,221
Accounts payable	(121)
Accrued expenses and other current liabilities	(3,431)
Lease liabilities	(1,587)
Deferred tax liability	(5,340)
Other long-term liabilities	(5,221)
Consideration transferred	<u>\$38,152</u>

The preliminary purchase price allocations for the Project Cannabis Transaction reflects various fair value estimates and analyses relating to the determination of fair value of certain tangible and intangible assets acquired and residual goodwill. The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data and management's estimates, prepared by an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value.

COLUMBIA CARE INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

For leases acquired, the Company measured the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The Company measured the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The goodwill arising from the Project Cannabis Transaction consists of expected synergies from combining operations of the Company and Project Cannabis, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill will be deductible for tax purposes.

Project Cannabis' state licenses, trade name and wholesale customers represented identifiable intangible assets acquired in the amounts of \$10,356, \$4,411 and \$3,253, respectively, which were determined to have definite useful lives of 10, 5 and 5 years, each respectively.

In conjunction with the Project Cannabis Transaction, the Company expensed \$584 of acquisition-related costs, which have been included in selling, general and administrative expenses on the Company's consolidated statement of operations and comprehensive loss.

Since the closing date of the Project Cannabis Transaction, \$2,714 of revenue and \$2,176 of net income of Project Cannabis have been included in the Company's consolidated statement of operations and comprehensive loss for the year ended December 31, 2020. The purchase price allocation is expected to be completed in 2021.

The Green Solution

On September 1, 2020, the Company acquired (the "TGS Transaction") a 100% ownership interest in TGS Global, LLC ("TGS Global"), TGS Colorado Management, LLC, The Green Solution LLC, Rocky Mountain Tillage, LLC, and Infuzionz, LLC and Beacon Holdings, LLC (collectively, "TGS").

TGS Global was formed in October 2010 for the purpose of selling medicinal and recreational cannabis products in the state of Colorado. TGS Global owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the state of Colorado. The Company executed the TGS Transaction in order to continue to grow revenues; expand its cultivation facilities, manufacturing facilities and dispensaries; and enter the Colorado market.

The aggregate purchase price for the TGS Transaction, being \$143,581 consisted of \$200 in cash consideration, \$8,170 in promissory notes ("TGS Closing Promissory Notes"), \$108,766 in equity purchase consideration ("Closing Shares"), and contingent consideration ("Milestone Shares") of \$26,445. Equity purchase consideration comprised 33,222,900 Common Shares of which 32,955,987 were issued on September 1, 2020 and the remaining 266,913 Common Shares were issued during the fourth quarter of 2020. The TGS Closing Promissory Notes were issued with a debt discount of \$606 and require monthly interest payments at a rate of 9.0% per annum. The TGS Closing Promissory Notes require principal payments of \$3,750, \$3,750 and \$1,276 and are due on January 1, 2021, April 1, 2021 and July 1, 2021, respectively. Subsequent to December 31, 2020, the Company has paid down \$7,500 on the TGS Closing Promissory Notes.

The following table summarizes the fair value of total consideration transferred and the fair value of each major class of consideration for TGS:

<u>Consideration transferred</u>	
Cash consideration	\$ 200
Closing promissory notes	8,170
Closing Shares	108,766
Milestone Shares after closing (contingent consideration)	26,445
Total unadjusted purchase price	143,581
Less: Cash and cash equivalents acquired	(3,203)
Total purchase price, net of cash and cash equivalents acquired	<u>\$140,378</u>

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Recognized amounts of identifiable assets acquired and liabilities assumed, less cash assumed:

Purchase price allocation	
Assets acquired:	
Accounts receivable	\$ 367
Inventory	10,700
Prepaid expenses and other current assets	796
Property and equipment	11,838
Right of use assets	81,206
Long-term deposits	2,174
Goodwill	114,467
Intangible assets	70,267
Accounts payable	(5,204)
Accrued expenses and other current liabilities	(15,408)
Note payable	(16,855)
Lease liabilities	(95,954)
Deferred tax liabilities	(18,016)
Consideration transferred	<u>\$140,378</u>

The purchase price allocations for the TGS Transaction reflects various fair value estimates and analyses relating to the determination of fair values of certain tangible and intangible assets acquired and residual goodwill. The contingent consideration, payable in Common Shares (the "Milestone Shares") of the Company, was estimated considering certain metrics for the year ended December 31, 2020, subject to the terms and conditions set forth in the Membership Interest Purchase Agreement ("MIPA") entered into by the Company in connection with the TGS Transaction. The fair value of the contingent consideration was estimated by an independent valuation firm, based upon management's projections of revenue and EBITDA margin, by applying a probability weighted expected return method ("PWERM") analysis. This fair value measurement was based on significant inputs that are not observable in the market, and represent a level 3 fair value measurement, including those relating to discount factors and probabilities of achievement of the related milestones. A 15% discount was applied, to derive a discounted probability-adjusted earnout of \$28,133. The Company then applied a discount for lack of marketability rate of 6% for a net fair value of contingent consideration of \$26,445. An estimated range of outcomes has been deemed indeterminable by the Company.

As of December 31, 2020, the Company remeasured the contingent consideration at its fair value. This resulted in an additional accrual of \$21,757 of contingent consideration, with a corresponding debit to the other (expense) income, net.

In April 2021, the Company issued 7,234,266 Milestone Shares to the Sellers in full settlement of the contingent consideration.

The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data and management's estimates, prepared by an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value.

For leases acquired, the Company measured the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The Company measured the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The goodwill arising from the TGS Transaction consists of expected synergies from combining operations of the Company and TGS, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill will be deductible for tax purposes.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

The TGS' state licenses, trade name and wholesale customers represented identifiable intangible assets acquired in the amounts of \$41,602, \$28,632 and \$33, respectively, which were determined to have definite useful lives of 10, 10 and 5 years, each respectively.

In conjunction with the TGS Transaction, the Company expensed \$916 of acquisition-related costs, which have been included in selling, general and administrative expenses on the Company's consolidated statement of operations and comprehensive loss.

Since the closing date of the TGS Transaction, \$38,166 of revenue and \$11,937 of net income of TGS have been included in the Company's consolidated statement of operations and comprehensive loss for the year ended December 31, 2020, each respectively.

Unaudited supplemental pro-forma information

Had the acquisition of TGS been completed on January 1, 2019, the Company's pro forma results of operations for the years ended December 31, 2020 and 2019 would have been as follows:

	December 31, 2020	December 31, 2019
Revenue	\$ 241,976	\$ 153,186
Net loss attributable to shareholders	(100,986)	(112,676)
Earnings attributable to shares (basic and diluted)	(0.38)	(0.45)
Weighted-average number of shares used in earnings per share		
- basic and diluted	262,390,801	250,619,406

The pro forma financial information which gives effect to certain transaction accounting adjustments, including amortization of acquired intangibles is not necessarily indicative of the operating results that would have occurred had the acquisition been consummated on January 1, 2019, nor is it necessarily indicative of future operating results.

CannAscend

On October 25, 2018, the Company, CannAscend Alternative, LLC ("CAA"), and CannAscend Alternative Logan, LLC ("CAA Logan") entered into a Membership Interest Purchase Option Agreement (the "CannAscend Option Agreement"). CAA and CAA Logan are both Ohio-based limited liability companies that operate dispensaries (collectively the "Target Companies"). Under the terms of the CannAscend Option Agreement, the Company purchased an exclusive option to acquire all outstanding membership interests (the "CannAscend Option") of the Target Companies during the period commencing on the first anniversary of the date upon which all four of the dispensaries operated by the Target Companies have been issued certificates of operation under Ohio's Medical Marijuana Control Program and all necessary regulatory approvals have been obtained (the "Commencement Date"). The CannAscend Option expires on the 30th day following said Commencement Date ("CannAscend Option Period"). All four of the dispensaries operated by the Target Companies were issued certificates of operation under Ohio's Medical Marijuana Control Program in the fourth quarter of 2019 and the Company is currently in the process of obtaining necessary regulatory approvals.

The price for the CannAscend Option Agreement was approximately \$4,124 ("CannAscend Option Deposit"). The Company has recorded the \$4,124 of CannAscend Option Deposit paid as long-term deposits on the consolidated balance sheets as of December 31, 2020 and 2019, respectively. The CannAscend Option Deposit made by the Company is non-refundable. If the Company exercises the CannAscend Option, the Company will pay a purchase price of \$14,150, subject to reduction as provided in the CannAscend Option Agreement.

As part of the CannAscend Option Agreement, the Company entered into an escrow agreement with the Target Companies and deposited money into an escrow account. As of December 31, 2020, and 2019, the escrow deposit account had a balance of \$10,026 which is recorded as restricted cash on the consolidated balance sheets.

The Company issued a revolving loan to the Target Companies (the "CannAscend Revolving Loan"), with a principal amount to not exceed \$13,000 (the "CannAscend Loan Amount"). The CannAscend Revolving Loan is evidenced by a

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

secured promissory note of the Target Companies (the “CannAscend Note Receivable”), which bears interest at the rate of 7% per annum and matures upon the occurrence of any of the following: a) providing notice to the borrower of an event of default; b) 36 months after the last advance made by the lender to borrower as provided in the CannAscend Revolving Loan Agreement, or c) 90 days after the termination of the CannAscend Option Agreement. As of December 31, 2020, and 2019, the Company recorded a balance of \$11,025 and \$10,895, respectively, in notes receivable on the consolidated balance sheets related to the balance outstanding from the Target Companies related to the CannAscend Revolving Loan. As of December 31, 2020 and 2019, outstanding interest on the CannAscend Revolving Loan is \$645 and \$545, respectively, which is recorded as other non-current assets on the consolidated balance sheets.

To secure the obligations of the Target Companies to the Company under the CannAscend Revolving Loan Agreement and the CannAscend Note Receivable, the Company entered into a Security Agreement dated as of October 25, 2018 (the “CannAscend Security Agreement”), pursuant to which the Target Companies granted to the Company a first-priority lien on and security interest in all personal property of the Target Companies.

If the Company does not exercise the CannAscend Option on or prior to the date that is 30 days following the end of the CannAscend Option Period, the CannAscend Loan Amount will be payable to the Company in 90 days.

Corsa Verde Agreement

On April 2, 2019, the Company and Corsa Verde, LLC (“Corsa Verde”) entered into a Membership Interest Purchase Agreement (the “Corsa Verde Purchase Agreement”). Corsa Verde is an Ohio-based limited liability company that processes medical marijuana. Under the terms of the Corsa Verde Purchase Agreement, the Company agreed to acquire all outstanding membership interests of Corsa Verde within ten days following the receipt of regulatory approval. The Company received regulatory approval of the change of ownership on April 22, 2021 and closed the acquisition of Corsa Verde on May 4, 2021.

The price for the Corsa Verde Purchase Agreement was approximately \$2,747 (“Corsa Verde Purchase Price”) consisting of cash consideration of \$1,247 and a convertible promissory note (the “Convertible Note”) in the amount of \$1,500, subject to reduction as provided in the Corsa Verde Purchase Agreement. The Convertible Note is convertible into the number of shares of Company common stock calculated by dividing the principal amount of the Convertible Note by the volume weighted average trading price of the Company common stock on the NEO Exchange for the 5 days preceding the closing date of the transactions contemplated by the Corsa Verde Purchase Agreement. As part of the Corsa Verde Purchase Agreement, the Company deposited funds into the escrow account. As of December 31, 2020 and 2019, the escrow deposit account had a balance of \$498 and \$1,123, respectively, and is recorded within restricted cash on the consolidated balance sheets as of December 31, 2020 and 2019.

The Company provided a revolving loan to Corsa Verde (the “Revolving Loan”), with the principal amount to not exceed \$3,000 (the “Loan Amount”). The Revolving Loan is evidenced by a secured promissory note of Corsa Verde (the “Corsa Verde Note Receivable”), which bears interest at the rate of 7% per annum and matures upon the occurrence of any of the following: a) providing notice to the borrower of an event of default; b) 36 months after the last advance made by the lender to borrower as provided in the Revolving Loan Agreement, or c) 90 days after the termination of the Corsa Verde Purchase Agreement. As of December 31, 2020 and 2019, the Company had a balance of \$2,536 and \$1,493, respectively, in notes receivable on the consolidated balance sheets related to the balance outstanding on the Revolving Loan. As of December 31, 2020 and 2019, outstanding interest on the Revolving Loan is \$149 and \$27, respectively, which is included in other non-current assets on the consolidated balance sheets.

To secure the obligations of Corsa Verde to the Company under the Corsa Verde Revolving Loan Agreement and the Corsa Verde Note Receivable, the Company entered into a Security Agreement dated as of April 2, 2019 (the “Corsa Verde Security Agreement”), pursuant to which Corsa Verde granted to the Company a first-priority lien on and security interest in all personal property of Corsa Verde.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

*2021 Activity**The Healing Center San Diego (THCSD)*

On January 6, 2021, the Company acquired (the “THCSD Transaction”) a 100% ownership interest in The Healing Center of San Diego, Inc. (“THCSD”).

THCSD was formed in 2016 for the purpose of selling recreational and related cannabis products in San Diego, California, where it owns and operates a dispensary. The Company executed the THCSD Transaction in order to continue to grow revenues; expand its dispensaries; and penetrate the San Diego market.

The aggregate purchase price for the THCSD Transaction, being \$14,115 consisted of; \$3,425 in cash consideration, \$5,718 in promissory notes (“Closing Promissory Notes”) and \$4,972 in equity purchase consideration (“Closing Shares”). Equity purchase consideration comprised 971,541 Common Shares which were issued on January 6, 2021. The Closing Promissory Notes were issued with a debt discount of \$282 and require sixteen quarterly payments of \$375 of principal, plus accrued and unpaid interest thereon at a rate of 8.0% per annum, beginning on April 6, 2021, through maturity on December 16, 2024.

The following table summarizes the fair value of total consideration transferred and the fair value of each major class of consideration for the THCSD Transaction:

<u>Consideration transferred</u>	
Cash consideration	\$ 3,425
Closing promissory notes	5,718
Closing Shares	<u>4,972</u>
Total unadjusted purchase price	14,115
Less: Cash and cash equivalents acquired	<u>(698)</u>
Total purchase price, net of cash and cash equivalents acquired	<u>\$13,417</u>

Recognized amounts of identifiable assets acquired and liabilities assumed, less cash assumed:

<u>Purchase price allocation</u>	
Assets acquired:	
Inventory	\$ 597
Prepaid expenses and other current assets	91
Property and equipment	619
Right of use assets	635
Goodwill	4,988
Intangible assets	<u>10,068</u>
Other long term assets	466
Accounts payable	(133)
Accrued expenses and other current liabilities	(260)
Lease liabilities	(635)
Deferred tax liabilities	<u>(3,019)</u>
Consideration transferred	<u>\$13,417</u>

The purchase price allocations for the THCSD Transaction reflects various fair value estimates and analyses, which are subject to change within the respective measurement periods. The primary areas of the purchase price allocations that are subject to change relate to the fair values of certain tangible assets, the valuation 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 each acquisition date during the measurement periods. Measurement period adjustments that the Company determines 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 also be affected. The Company expects to finalize the accounting for the THCSD Transaction in 2021.

COLUMBIA CARE INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data and management's estimates, prepared by an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value.

For leases acquired, the Company measured the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The Company measured the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The goodwill arising from the THCS D Transaction consists of expected synergies from combining operations of the Company and Acquiree, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill will be deductible for tax purposes.

THCS D's state licenses and trade name represented identifiable intangible assets acquired in the amounts of \$8,330 and \$1,738, respectively, which were each determined to have a definite useful life of 10 years.

In conjunction with the THCS D Transaction, the Company expensed \$85 of acquisition-related costs, which have been included in selling, general and administrative expenses on the Company's statement of comprehensive income. THCS D's acquisition-related costs in the amount of \$198 were expensed in THCS D's pre-acquisition consolidated financial statements.

Since the closing date of the THCS D Transaction, \$2,641 of revenue and \$259 of net income of THCS D have been included in the consolidated statement of operations for the three months ended March 31, 2021.

Green Leaf Medical

On June 11, 2021, the Company completed the acquisition of Green Leaf Medical, LLC, a privately held, vertically-integrated cannabis multi-state operator for an upfront consideration of \$240,000 comprised of \$45,000 in cash and \$195,000 in Common Shares with the potential for additional consideration contingent on achievement of certain performance-based milestones in 2022 and 2023.

7. PROPERTY AND EQUIPMENT

Property and equipment and related depreciation are summarized in the table below:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land and buildings	\$ 3,757	\$ 4,055
Furniture and fixtures	6,970	3,121
Equipment	22,955	13,596
Computers and software	1,986	1,273
Leasehold improvements	98,380	56,900
Construction in process	11,338	41,740
Total property and equipment, gross	145,386	120,685
Less: Accumulated depreciation	(30,986)	(16,651)
Total property and equipment, net	<u>\$ 114,400</u>	<u>\$ 104,034</u>

COLUMBIA CARE INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

	December 31, 2020	December 31, 2019	December 29, 2018
Total depreciation expense for the year ended	\$ 14,891	\$ 8,148	\$ 4,678
Included in:			
Costs of sales related to inventory production	8,840	4,738	2,705
Selling, general and administrative expenses	6,051	3,410	1,973

A reconciliation of the beginning and ending balances of property and equipment are summarized in the tables below:

	Land and buildings	Furniture and fixtures	Equipment	Computers and software	Leasehold improvements	Construction in process	Total
Cost							
Balance, December 31, 2019	\$ 4,055	\$ 3,121	\$ 13,596	\$ 1,273	\$ 56,900	\$ 41,740	\$120,685
Additions	2,766	1,087	2,517	556	12,297	10,577	29,800
Business acquisitions	23	1,466	1,923	219	8,191	648	12,470
Disposals	(3,093)	—	(429)	—	(1,714)	(7,935)	(13,171)
Included in assets held for sale	—	(55)	(376)	(132)	(3,835)	—	(4,398)
Transfers	6	1,351	5,724	70	26,541	(33,692)	—
Balance, December 31, 2020	<u>\$ 3,757</u>	<u>\$ 6,970</u>	<u>\$ 22,955</u>	<u>\$ 1,986</u>	<u>\$ 98,380</u>	<u>\$ 11,338</u>	<u>\$145,386</u>

	Land and buildings	Furniture and fixtures	Equipment	Computers and software	Leasehold improvements	Construction in process	Total
Accumulated depreciation							
Balance, December 31, 2019	\$ (154)	\$ (721)	\$ (3,410)	\$ (321)	\$ (12,045)	\$ —	\$ (16,651)
Depreciation	(48)	(913)	(3,941)	(359)	(9,630)	—	(14,891)
Disposals	—	—	132	—	9	—	141
Included in assets held for sale	—	8	25	16	366	—	415
Balance, December 31, 2020	<u>\$ (202)</u>	<u>\$ (1,626)</u>	<u>\$ (7,194)</u>	<u>\$ (664)</u>	<u>\$ (21,300)</u>	<u>\$ —</u>	<u>\$ (30,986)</u>

	Land and buildings	Furniture and fixtures	Equipment	Computers and software	Leasehold improvements	Construction in process	Total
Cost							
Balance, December 29, 2018	\$ 8,000	\$ 995	\$ 5,292	\$ 435	\$ 23,371	\$ 12,650	\$ 50,743
Additions	1,097	427	1,812	318	3,709	82,488	89,851
Disposals	(5,042)	(129)	—	(6)	(12,333)	(2,399)	(19,909)
Transfers	—	1,828	6,492	526	42,153	(50,999)	—
Balance, December 31, 2019	<u>\$ 4,055</u>	<u>\$ 3,121</u>	<u>\$ 13,596</u>	<u>\$ 1,273</u>	<u>\$ 56,900</u>	<u>\$ 41,740</u>	<u>\$120,685</u>

	Land and buildings	Furniture and fixtures	Equipment	Computers and software	Leasehold improvements	Construction in process	Total
Accumulated depreciation							
Balance, December 29, 2018	\$ (427)	\$ (521)	\$ (1,798)	\$ (164)	\$ (8,039)	\$ —	\$ (10,949)
Depreciation	(144)	(263)	(1,612)	(159)	(5,970)	—	(8,148)
Disposals	417	63	—	2	1,964	—	2,446
Balance, December 31, 2019	<u>\$ (154)</u>	<u>\$ (721)</u>	<u>\$ (3,410)</u>	<u>\$ (321)</u>	<u>\$ (12,045)</u>	<u>\$ —</u>	<u>\$ (16,651)</u>

Sale-Leasebacks

During the fourth quarter of 2019, the Company sold five properties located in Massachusetts, California and Illinois for \$25,323, which was approximately the properties' cost to the Company. Included in the agreements, the Company is expected to complete tenant improvements related to certain properties, for which the landlords have agreed to provide tenant improvement allowance.

In connection with these sales, the Company entered into lease agreements for all properties. Three properties met the requirements of sale-leaseback treatment whereas the remaining two properties did not meet the requirements, and

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

consequently are accounted for as financing transactions. The right-of-use lease assets related to the three properties that met the requirements of sale-leaseback treatment were reduced by \$2,258 which represents the unretained portion of the assets carrying amounts. The remaining gain associated with these sale-leasebacks was immaterial. As of December 31, 2020 and 2019, the total financial liability associated with property sale transactions that did not meet the criteria for sale-leaseback accounting is \$5,709.

During the third quarter of 2020, the Company closed on a sale leaseback transaction in which two properties located in New Jersey sold for \$12,385, which was approximately the cost of the properties. Included in the agreement, the Company is expected to complete tenant improvements related to these properties, for which the landlord has agreed to provide a tenant improvement allowance. The right-of-use assets related to these properties were reduced by \$360 which represents the unretained portion of the assets carrying amount. The remaining gain associated with this sale-leaseback was immaterial.

2021 Activity

In April 2021, the Company purchased real estate property in New York for cash consideration of \$15,687 and 2,545,857 Common Shares in the Company.

8. PROMISSORY NOTES RECEIVABLES

During the year ended December 31, 2019, Focused Health LLC (“Focused Health”), a consolidated subsidiary of the Company, entered into a lease agreement with 9244 Balboa Blvd., LLC (“Balboa”) and simultaneously issued a secured promissory note (“Balboa Note”) with a principal amount of \$2,420. The Balboa Note is secured by the land and building of the leased premises and bears interest at a rate of 4.5%. The Company’s principal and interest repayments are offset by the Company’s rent payment obligations under the lease agreement with Balboa. The Balboa Note matures in April 2029. The balance outstanding as of December 31, 2020 and 2019, is \$2,329 and \$2,384, respectively, of which \$58 and \$55, respectively, is recorded in prepaid expenses and other current assets, and \$2,271 and \$2,329, respectively, is recorded in notes receivable-long-term on the consolidated balance sheets.

Refer to Note 6 for other notes receivables.

9. SHAREHOLDERS’ EQUITY

Pre-RTO

Common Units

Prior to the Acquisition Date, Columbia Care LLC was authorized to issue an unlimited number of common units without par value and profit interests. On the Acquisition Date, Columbia Care LLC had 14,639,112 issued and outstanding common units and profit interests (15,482,850 on a fully-diluted basis). On the Acquisition Date, common units and profit interests were converted into common shares and proportionate voting shares.

From December 29, 2018 through the Acquisition Date, the Company had the following equity activity:

- Issued 27,561 common units upon the conversion of principal and accrued interest on convertible debt of \$2,537.
- Issued 2,490 common units as unit issuance costs; and
- Warrants were exercised for 159,325 common units at an average per unit price of \$0.01 for \$2.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Post-RTO

From the Acquisition Date through December 31, 2019, the Company had the following equity activity:

- In connection with the RTO, the Company converted 14,639,112 outstanding common units and profit interests into 34,563,850 common shares and 1,623,372.68 proportionate voting shares. The Company issued 19,077,096 common shares and 5,394,945 warrants with an exercise price of \$10.35 (Canadian Dollars) exercisable for five years from the date of issuance to existing shareholders of CGGC with a total fair value of \$131,264 (Note 3). The RTO resulted in a listing expense of \$11,071. The Company incurred share issuance costs of \$5,598 related to the RTO which is recognized as a reduction of share capital.
- On August 6, 2019, the Company completed its acquisition of the remaining minority interest in its Illinois operation. Total consideration consisted of \$4,400 of which \$2,950 was satisfied by the issuance of 621,239 common shares and the remaining \$1,450 is expected to be satisfied during 2021 with the issuance of additional common shares.
- Repurchased and cancelled 236,900 common shares with the use of \$1,015 proceeds under the Company's share repurchase program.
- In connection with the RTO and the issuance of Shares to employees, the Company withheld Shares that were previously issued to satisfy certain shareholders' U.S. federal income tax requirements and made a payment on their behalf in the amount of \$1,398. As a result, the Company retired 187,147 Shares.

During the year ended December 31, 2020, the Company had the following equity activity:

- On June 18, 2020, the Company completed its acquisition of the remaining minority interest in its Florida operation. Total consideration consisted of \$19,301 of which \$18,301 was satisfied by the issuance of 7,038,835 common shares and \$1,000 in cash.
- On August 12, 2020, 3,845,023 common share warrants were converted to 2,018,298 common shares in a cashless exercise with an exercise price of \$2.22. 1,826,723 shares were withheld on the exercise and immediately cancelled.
- On September 1, 2020, the Company completed its acquisition of TGS and issued 32,955,987 common shares on September 1, 2020 and 266,913 common shares on December 21, 2020. See Note 6.
- On September 28, 2020, 174,000 common share warrants were exercised for proceeds of \$388.
- On December 2, 2020, the Company completed its acquisition of Project Cannabis and issued 15,713,867 common shares. See Note 6.
- The Company issued 1,852,064 common shares on the vesting of RSU's, including 450,730 which vested in the year ended December 31, 2019. The Company withheld shares to satisfy certain tax withholdings in connection with the vesting of RSUs.

In January 2021, the Company closed a public offering that consisted of 18,572,500 common shares at a price of \$8.05 (Canadian Dollars) per common share for net proceeds to the Company of \$111,966.

In February 2021, the Company completed a bought deal private placement in which it issued for resale, on a bought deal private placement basis, 3,220,000 common shares at a price of \$9.00 (Canadian Dollars) per common share for net proceeds to the Company of 21,770.

Authorized Capital

Authorized share capital of the Company consists of (i) an unlimited number of common shares without par (ii) an unlimited number of proportionate voting shares without par, and (iii) an unlimited number of preferred shares.

The Company's common shares and proportionate voting shares (together, the "Shares") have the same rights and are equal in all respects. The Company treats the Shares as if they were a single class.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Conversion Rights and Transfers

Issued and outstanding proportionate voting shares, including fractions thereof, may at any time, subject to certain conditions, at the option of the holder, be converted into common shares at a ratio of 100 common shares per proportionate voting share with fractional proportionate voting shares convertible into common shares at the same ratio. Further, the Company's board of directors may determine in the future that it is no longer advisable to maintain the proportionate voting shares as a separate class of shares and may cause all of the issued and outstanding proportionate voting shares to be converted into common shares at a ratio of 100 common shares per proportionate voting share with fractional proportionate voting shares convertible into common shares at the same ratio and the Company shall not be entitled to issue any additional proportionate voting shares thereafter.

The ability to convert proportionate voting shares into common shares is subject to certain conditions in order to maintain the Company's status as a foreign private issuer under U.S. securities laws. Unless otherwise waived by the Company, the right to convert the proportionate voting shares is subject to the condition that the aggregate number of Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended) may not exceed fifty percent (50%) of the aggregate number of Shares issued and outstanding after giving effect to such conversions.

Rights

Holders of Shares are entitled to one vote on all matters submitted to a vote of the Company's shareholders. Holders of Shares are entitled to receive dividends, as may be declared by the Company's board of directors. As of December 31, 2020, and 2019, no cash dividends had been declared or paid.

The table below details the changes in Shares outstanding by class:

	Common Shares	Proportionate Voting Shares (as converted)	Preferred Shares
Balance, December 29, 2018	—	—	—
Existing unitholders transfer	34,563,850	162,337,268	—
Private placement	19,077,096	—	—
Issuance of shares	473,770	—	—
Minority buyouts	621,239	—	—
Share conversion	62,864,293	(62,864,293)	—
Cancellation of restricted stock awards	—	(119,995)	—
Repurchase of shares	(424,047)	—	—
Balance, December 31, 2019	117,176,201	99,352,980	—
Issuance of shares in connection with acquisitions	48,936,767	—	—
Equity-based awards issued	1,852,064	—	—
Share conversion ⁽¹⁾	72,807,752	(72,807,752)	—
Warrants exercised	2,192,298	—	—
Minority buyouts	7,038,835	—	—
Cancellation of restricted stock awards	—	(37,314)	—
Balance, December 31, 2020	250,003,917	26,507,914	—

(1) Includes 3,657,048 time-based restricted Shares ("RSAs") converted to common shares.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

10. WARRANTS

As of December 31, 2020 and 2019, outstanding equity-classified warrants to purchase common shares consisted of the following:

Date Exercisable	Expiration	December 31, 2020		December 31, 2019	
		Number of Shares Issued and Exercisable	Exercise Price (Canadian Dollars)	Number of Shares Issued and Exercisable	Exercise Price (Canadian Dollars)
December 6, 2016	June 6, 2020	—	\$ —	3,845,023	\$ 2.22
July 1, 2017	July 1, 2020	—	—	1,152,191	5.71
May 8, 2018	May 8, 2021	921,753	5.71	921,753	5.71
October 1, 2018	October 1, 2025	648,783	8.12	648,783	8.12
October 1, 2018	October 1, 2020	—	—	4,855,639	8.12
October 17, 2018	October 17, 2020	—	—	809,272	8.12
November 7, 2018	November 7, 2020	—	—	2,427,818	8.12
June 30, 2019	April 26, 2024	5,394,945	10.35	5,394,945	10.35
March 31, 2020	May 14, 2023	1,610,250	3.10	—	—
April 23, 2020	May 14, 2023	113,000	3.10	—	—
May 14, 2020	May 14, 2023	2,250,188	2.95	—	—
July 2, 2020	May 14, 2023	300,000	4.53	—	—
October 29, 2020	May 14, 2023	1,200,000	5.84	—	—
November 10, 2020	May 14, 2023	504,000	5.84	—	—
November 27, 2020	May 14, 2023	180,000	5.84	—	—
November 30, 2020	May 14, 2023	25,000	5.84	—	—
		<u>13,147,919</u>	\$ 6.91	<u>20,055,424</u>	\$ 7.34

Warrant activity for the years ended December 31, 2020 and 2019, and December 29, 2018 are summarized in the table below:

	Shares		Units	
	Number of Warrants	Weighted average exercise price (Canadian Dollars)	Number of Warrants	Weighted average exercise price (U.S. Dollars)
Balance as of December 30, 2017	—	\$ —	664,644	\$ 24.43
Issued	—	—	796,485	72.91
Exercised	—	—	(122,416)	0.01
Balance as of December 29, 2018	—	—	1,338,713	\$ 55.50
Issued	5,394,945	10.35	—	—
Exercised	—	—	(210,858)	22.46
Conversion from warrant units to warrant shares	14,660,479	6.23	(1,127,855)	61.63
Balance as of December 31, 2019	20,055,424	7.34	—	—
Issued	6,356,438	3.93	—	—
Exercised	(4,019,023)	2.25	—	—
Expired	(9,244,920)	7.82	—	—
Balance as of December 31, 2020	<u>13,147,919</u>	\$ 6.91	—	\$ —

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

11. SHARE-BASED PAYMENT ARRANGEMENTS

Omnibus Long-Term Incentive Plan (equity settled)

On April 26, 2019, the Company adopted a long-term incentive plan (“LTIP”) to allow for a variety of equity-based awards that provide different types of incentives to be granted to the Company’s executive officers, directors, employees and consultants (options, stock appreciation rights (“SARs”), performance share units (“PSUs”), restricted stock units (“RSUs”) and deferred share units (“DSUs”). Options, SARs, PSUs, RSUs and DSUs are collectively referred to herein as “Awards”. Each Award represents the right to receive common shares and in the case of SARs, PSUs, RSUs and DSUs, common shares or cash, in each case in accordance with the terms of the LTIP.

Under the terms of the LTIP, the Company’s board of directors may grant Awards to the Chief Executive Officer and Executive Chairman of the Company and will review and approve the grant of Awards recommended by the Chief Executive Officer to other eligible participants. Participation in the LTIP is voluntary and if an eligible participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interest of any participant in any Award is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, other than by will or the laws of descent and distribution. The plan has a stated term of ten years and provides that the exercise of stock options granted will not be less than the market price of the Company’s common stock on the grant date. The plan does not specify grant dates or vesting schedules of awards as those determinations have been delegated to the delegated committee of the Company’s Board of Directors. Each grant agreement reflects the vesting schedule for that particular grant as determined by the Committee. RSU awards currently outstanding generally cliff-vest after a five-year period, vest in equal annual installments over a four-year period or cliff after a three-year period in each case, from the grant date. All outstanding stock options vest over a four-year period with a one-year cliff.

The maximum number of common shares reserved for issuance, in the aggregate, under the LTIP is 10% of the aggregate number of common shares (assuming the conversion of all proportionate voting shares to common shares) issued and outstanding from time to time.

Restricted stock units

Each RSU grant is subject to service-based vesting, where a specific period of continued employment must pass before an award vests. For RSU grants, the expense is measured at the grant date as the fair value of the Company’s common stock and expensed as stock-based compensation over the vesting term.

A summary of RSU activity is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Unvested, December 29, 2018	—	\$ —
Granted	5,185,357	6.79
Vested	(822,622)	8.22
Forfeited	(18,750)	4.32
Deferred compensation units converted to RSUs	3,488,244	4.00
Unvested, December 31, 2019	7,832,229	5.40
Granted	6,285,973	2.71
Vested	(1,413,863)	8.47
Forfeited	(708,588)	5.21
Unvested, December 31, 2020	<u>11,995,751</u>	<u>\$ 3.64</u>

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

The following table presents information about the Company's RSUs for the period presented:

(Dollars in thousands)	Year ended	
	December 31, 2020	December 31, 2019
Share-based compensation	\$ 16,279	\$ 16,542
Common shares issued in connection with RSUs	—	371,892

The following table presents information about the Company's RSUs as of the date presented:

	December 31, 2020	December 31, 2019
Unrecognized compensation costs	\$ 15,934	\$ 21,992
Weighted average period over which compensation cost will be recognized (in years)	2.5	1.8
Maximum term relating to outstanding RSUs (in years)	3.9	4.0
Obligation to issue shares for RSUs vested during the year (in shares)	—	450,730

Performance share units

On April 29, 2019, the Company granted total stockholder return awards ("TSR Awards") that include three-year and five-year market conditions, with corresponding performance measurement periods of three and five years. Vesting of the TSR Awards is based on the Company's level of attainment of specified TSR targets relative to the appreciation of the Company's common shares for the respective three-year and five-year periods and is also subject to the continued employment of the grantees.

Expected volatility is based on the historical volatility of the Company's stock price. The risk-free interest rates are based on quoted U.S. Treasury rates for securities with maturities approximating the awards' expected lives. Expected lives are principally based on the Company's historical exercise experience with previously issued awards. The expected dividend yield is zero as the Company has never paid dividends and does not currently anticipate paying any in the foreseeable future.

The fair value of the TSR Awards was determined using a Monte Carlo Simulation valuation model with the following weighted average inputs:

Expected volatility	70.00%
Expected life (in years)	4.15
Expected dividends	0.00%
Risk-free interest rate	1.55%

During the years ended December 31, 2020 and 2019, the Company also granted PSUs that will vest on the achievement of internal performance targets. The Company monitors the probability of achieving the performance targets on a quarterly basis and may adjust periodic compensation expense accordingly.

COLUMBIA CARE INC.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018
 (expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

A summary of PSU and TSR activity is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Unvested, December 29, 2018	—	\$ —
Granted	5,489,524	5.57
Forfeited	(230,116)	3.54
Unvested, December 31, 2019	5,259,408	5.66
Granted	2,980,751	2.43
Forfeited	(188,341)	7.44
Unvested, December 31, 2020	<u>8,051,818</u>	<u>\$ 4.42</u>

The following table presents information about the Company's PSUs and TSR activity:

	Year ended	
	December 31, 2020	December 31, 2019
Share-based compensation	\$ 8,944	\$ 5,320

The following table presents information about the Company's PSUs and TSR as of the date presented:

	December 31, 2020	December 31, 2019
Unrecognized compensation costs	\$ 19,954	\$ 24,888
Weighted average period over which compensation cost will be recognized (in years)	2.5	3.3
Maximum term relating to outstanding PSUs and TSRs (in years)	3.3	4.3

Stock Options

The fair value of each stock option is estimated using the Black-Scholes option pricing model. The weighted average of inputs used in the measurement of the grant date fair value of the stock options for the year ended December 31, 2020, are summarized in the table below:

Fair value at grant date (Canadian Dollars)	\$10.90
Strike price at grant date (Canadian Dollars)	\$10.90
Expected volatility	70.00%
Expected life (in years)	6.25
Expected dividends	0.00%
Risk-free interest rate	1.59%

Expected volatility is based on the historical volatility of the Company's stock price. The risk-free interest rates are based on quoted U.S. Treasury rates for securities with maturities approximating the awards' expected lives. Expected lives are principally based on the Company's historical exercise experience with previously issued awards. The expected dividend yield is zero as the Company has never paid dividends and does not currently anticipate paying any in the foreseeable future.

Stock option awards under the LTIP are granted with an exercise price equal to the fair value of the Company's common stock at the date of grant. All option awards have a ten-year contractual term and vest over four years.

COLUMBIA CARE INC.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018
 (expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

A summary of option activity for the years ended December 31, 2020 and 2019 is presented below:

	Stock Options	Weighted-Average Exercise Price (Canadian Dollars)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding, December 29, 2018	—	—	—	\$ —
Granted	55,384	10.90	—	—
Outstanding, December 31, 2019	55,384	10.90	3.3	—
Outstanding, December 31, 2020	55,384	10.90	2.3	\$ —
Exercisable as of December 31, 2020	13,846	10.90	2.3	—

For the years ended December 31, 2020 and 2019, the equity-based compensation expense related to stock options issued was \$98 and \$107, respectively. No options are exercisable as of December 31, 2020 and December 31, 2019.

Common Shares

During the year ended December 31, 2019, the Company granted 101,878 common shares to employees and consultants. These common shares vested in the year ended December 31, 2019. Equity-based compensation related to common shares issued was \$453 for the year ended December 31, 2019.

Unit programs (equity settled)

In May 2016, the Company adopted the Capital Accumulation Plan (“the CAP Plan”), which provided employees and operating partners with a mechanism to participate in increases in value of the Company.

Grants of CAP units contained a unit of equity which participates in proceeds from liquidation or sale of the Company beyond a “threshold amount”, which is similar to a strike price for a stock option. The Company utilized a third-party expert to determine the equity value of the Company. The threshold amount stated in grants of CAP units was determined by estimating the liquidation value of the Company at the grant date. As a result, holders of vested CAP units could receive value equal to the difference between: (i) the future value of the Company; and (ii) the threshold amount. The fair value of each CAP Unit is estimated on the day of grant using the Black-Scholes option pricing model. The range of inputs used in the measurement of the grant date fair value of the CAP Units were as follows:

Fair value at grant date (Canadian Dollars)	\$82.24 - 87.61
Strike price at grant date (Canadian Dollars)	\$38.37 - 80.31
Expected volatility	70.00%
Expected life (in years)	6.25
Expected dividends	0.00%
Risk-free interest rate	2.7 -3.0%

As the Company was a private company, there was no active market for trading in its common units. Therefore, Company-specific historical and implied volatility information was not available. The expected volatility of the Company’s equity instruments was estimated based on the historical volatility of a set of publicly traded peer companies. The expected term was estimated as the mid-point between the requisite service period and the end of the contractual term of the option. The risk-free interest rate was determined by reference to the US treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield was based on the fact the Company had never paid cash dividends and did not expect to pay any cash dividends in the foreseeable future.

The Company did not grant any CAP units during the years ended December 31, 2020 and 2019.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

As of the Acquisition Date, holders of CAP units received replacement stock-based awards. The CAP units were converted into RSAs based on the intrinsic value of the Company if it was liquidated at the close of business. The value of the replacement stock-based awards was designed to generally preserve the intrinsic value of the replaced awards immediately prior to the merger. Such RSAs remain subject to the same continuing restrictions applicable to the original CAP units. The Company did not recognize any incremental expense in connection with the conversion of CAP units to RSAs.

The number of units outstanding under the CAP Plan were as follows:

	Units	Weighted-Average Threshold Amount
Unvested, December 30, 2017	143,641	\$ 34.01
Units granted	582,886	52.19
Units forfeited	(84,979)	37.63
Unvested, December 29, 2018	641,548	51.05
Units forfeited	(3,336)	67.49
Units converted to RSAs	(638,212)	50.96
Unvested, December 31, 2019	—	\$ —
Unvested, December 31, 2020	—	\$ —

A summary of RSA activity for the years ended December 31, 2020 and 2019 is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Unvested, December 29, 2018	—	\$ —
CAP units converted to RSAs	4,541,835	7.63
Forfeited	(119,995)	11.11
Unvested, December 31, 2019	4,421,840	7.54
Forfeited	(37,314)	13.87
Converted to common shares	(3,657,048)	7.54
Unvested, December 31, 2020	727,478	\$ 7.19

The following table presents information about the Company's CAP and RSA activity as of the date presented:

	Year ended		
	December 31, 2020	December 31, 2019	December 29, 2018
Share-based compensation	\$ 4,484	\$ 10,481	\$ 13,112

The following table presents information about the Company's CAP and RSA as of the date presented:

	December 31, 2020	December 31, 2019
Unrecognized compensation costs	\$ 1,845	\$ 6,317
Weighted average period over which compensation cost will be recognized (in years)	1.1	1.5
Maximum term relating to outstanding CAP and RSAs (in years)	1.8	2.8

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Unit programs (liability settled)

In May 2016, the Company adopted the Income Incentive Plan (“the IIP Plan”), which provides deferred compensation to designated employees and operating partners (the “IIP units”).

IIP units represented a right to receive a payment, subject to dilutive effect of equity issuances, in the future equal to the lesser of the Company’s liquidation value based on the lower of: (i) value on the date of a qualifying sale of the Company or (ii) value on the date that the IIP unit is granted (the “IIP Grant Date”).

The initial recognition and measurement of the IIP units were based on the Company’s liquidation value per outstanding common unit as of the IIP Grant Date. Until payment of the IIP units, adjustments would be made each reporting period for any changes in the Company’s liquidation value, only if the Company’s liquidation value was less than its liquidation value on the IIP Grant Date.

The Company generally relied on the analyses performed by third-party experts to determine the value of the Company, in order to determine the Company’s liquidation values.

In September 2019, holders of IIP units received replacement stock-based units (“RSU”). In September 2019, The IIP units were converted into RSUs based on the intrinsic value of the Company, as if it was liquidated at the Acquisition Date. The value of the RSUs was designed to generally preserve the intrinsic value of the replaced awards immediately prior to the conversion. Such RSUs remain subject to the same continuing restrictions applicable to the original IIP units. The Company did not recognize any incremental expense in connection with the conversion of IIP units to RSUs. Upon the conversion the Company reclassified deferred compensation of \$15,308 into shareholders’ equity.

Each RSU grant is subject to service-based vesting, where a specific period of continued employment must pass before an award vests.

The number of units outstanding under the IIP Plan are summarized in the table below:

	<u>Units</u>	<u>Weighted-Average Liquidation Value</u>
Unvested, December 30, 2017	143,641	\$ 34.01
Units granted	570,615	52.66
Units forfeited	(84,979)	37.63
Unvested, December 29, 2018	629,277	51.29
Units forfeited	(23,612)	61.98
Units converted to RSUs	(605,665)	50.87
Unvested, December 31, 2019	<u>—</u>	<u>\$ —</u>
Unvested, December 31, 2020	<u>—</u>	<u>\$ —</u>

Deferred compensation expense related to the Company’s IIP units was \$5,502 and \$5,503 for the years ended December 31, 2019 and December 29, 2018, respectively.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

12. INCOME TAXES

The tax provision amounts recognized in the consolidated statements of operations and comprehensive loss summarized in the table below:

	Year Ended		
	December 31, 2020	December 31, 2019	December 29, 2018
Current tax expense			
Federal	\$ 3,979	\$ 1,078	\$ 1,987
State	822	397	606
Total current tax expense	4,801	1,475	2,593
Deferred tax expense (benefit)			
Foreign	(2,289)	(595)	246
Federal	(8,897)	(6,463)	104
State	(1,400)	(3,746)	—
Total deferred tax expense (benefit)	(12,586)	(10,804)	350
Change in Valuation Allowance - US	(10,701)	10,237	—
Change in Valuation Allowance - Foreign	2,289	595	—
Provision for income taxes	<u>\$ (16,197)</u>	<u>\$ 1,503</u>	<u>\$ 2,943</u>

The Company's provision for income taxes differs from applying the U.S. federal income tax rate to income before taxes primarily due to state income taxes, certain stock compensation, warrants accretion, tax credits and miscellaneous permanent differences.

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is provided in the table below:

	Year Ended					
	December 31, 2020		December 31, 2019		December 29, 2018	
Loss before provision for income taxes	\$(135,846)		\$(99,671)		\$(45,332)	
Tax using the company's domestic tax rate	(28,540)	21.0%	(23,195)	23.3%	(9,520)	21.0%
Tax effect of:						
State taxes, net of federal benefits	(273)	0.2%	(2,639)	2.6%	748	(1.7)%
Non-deductible partnership income	2,601	(1.9)%	6,088	(6.1)%	8,451	(18.6)%
Non-deductible expenses	19,346	(14.2)%	9,646	(9.7)%	3,064	(6.8)%
Share-based compensation	2,125	(1.6)%	1,221	(9.0)%	—	—
Change in tax status	291	(0.2)%	(173)	(8.0)%	—	—
Other	(1,035)	0.8%	242	(0.2)%	454	(1.0)%
Recognition of previously unrecognized (derecognition of previously recognized) deductible temporary differences	(10,712)	7.9%	10,313	(10.3)%	(254)	0.6%
	<u>\$ (16,197)</u>	<u>11.9%</u>	<u>\$ 1,503</u>	<u>(1.5)%</u>	<u>\$ 2,943</u>	<u>(6.5)%</u>

Section 280E of the Internal Revenue Code ("IRC") prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting normal business expenses, such as payroll and rent, from gross income (revenue less cost of goods sold). Section 280E was originally intended to penalize criminal market operators, but because cannabis remains a Schedule I controlled substance for Federal purposes, the IRS has subsequently applied Section 280E to state-legal cannabis businesses. Cannabis businesses operating in states that align their tax codes with the IRC are also unable to deduct normal business expenses from their state taxes. The non-deductible expenses shown in the effective rate reconciliation above is comprised primarily of the impact of applying IRC Sec. 280E to the Company's businesses that are involved in selling cannabis, along with other typical non-deductible expenses such as lobbying expenses.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Changes in the Company's deferred taxes for the years ended December 31, 2020 and 2019 are summarized in the table below:

	Year Ended		
	December 31, 2020	December 31, 2019	December 29, 2018
<i>Deferred Tax Assets</i>			
Net Operating Loss Carryforwards	\$ 3,244	\$ 710	\$ 626
Stock Based Compensation	12,695	10,460	—
Capitalized Expenses	2,381	1,567	—
Reserves	3,217	—	38
Right of Use Assets	25,995	13,910	—
Sale Leaseback	1,448	1,648	—
Other Assets	2,137	249	—
Gross Deferred Tax Assets	51,117	28,544	664
Valuation Allowance	(3,046)	(11,458)	(626)
Total Deferred Tax Assets, net	48,071	17,086	38
<i>Deferred Tax Liabilities</i>			
Property, Plant and Equipment	(1,664)	(2,222)	—
Intangibles	(21,742)	—	—
Accruals	—	(816)	—
Right of Use Liabilities	(25,644)	(13,801)	—
Other Liabilities	(1,368)	(236)	—
Gross Deferred Tax Liabilities	\$ (50,418)	\$ (17,075)	\$ —
Net Deferred Tax Liabilities	\$ 2,347	\$ —	\$ —
Net Deferred Tax Assets	\$ —	\$ 11	\$ 38

Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. The Company evaluates the realization of deferred tax assets separately by jurisdiction. The Company has recognized a valuation allowance in its foreign jurisdictions as it is more likely than not that these assets primarily consisting of net operating loss carryforwards will not be realized. Additionally, during the year ended December 31, 2020, based on expected future taxable income, the Company released the valuation allowance recorded against its net deferred tax assets within the United States.

As of December 31, 2020, the Company has \$21,492 of gross state net operating loss carryforwards which expire at various dates through 2040. Additionally, the Company has \$11,457 in foreign net operating loss carryforwards of which \$10,648 expire at various dates through 2040 and \$809 do not expire.

Under Internal Revenue Code Section 382, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income may be limited. The Company has not completed a study to assess whether an "ownership change" has occurred or whether there have been multiple ownership changes since the Company became a "loss corporation" as defined in Section 382. Future changes in ownership of our common units, which may be outside of the Company's control, may trigger an "ownership change." In addition, future equity offerings or acquisitions that have equity as a component of the purchase price could result in an "ownership change." If an "ownership change" has occurred or does occur in the future, utilization of the NOL carryforwards or other tax attributes may be limited, which could potentially result in increased future tax liability to the Company.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations for both federal, state and foreign jurisdictions in which the Company operates.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state and foreign jurisdictions, where applicable. The Company's tax years are still open under statute from December 31, 2017, to the present. The summary below presents the expected effect of unrecognized tax benefits that the resolution of tax matters will have on the Company's consolidated financial statements. The current year increase is the result of historical positions taken from one of the businesses acquired during the year ended December 31, 2020. The reserve was recorded to goodwill as of the acquisition date.

Balance as of December 29, 2018	\$ —
Increases (Decreases) for current year	—
Increases (Decreases) for prior years	—
Settlements	—
Reductions for Expiration of Statute of Limitations	—
Balance as of December 31, 2019	—
Increases (Decreases) for current year	—
Increases (Decreases) for prior years	5,221
Settlements	—
Reductions for Expiration of Statute of Limitations	—
Balance as of December 31, 2020	<u>\$5,221</u>

13. EARNINGS PER SHARE

Basic and diluted net loss per share attributable to the Company was calculated as follows:

	Year Ended		
	December 31, 2020	December 31, 2019	December 29, 2018
Numerator:			
Net loss	\$ (119,649)	\$ (101,174)	\$ (48,275)
Less: Net loss attributable to non-controlling interest	(23,862)	(4,909)	(1,255)
Net loss attributable to shareholders	<u>\$ (95,787)</u>	<u>\$ (96,265)</u>	<u>\$ (47,020)</u>
Denominator:			
Weighted average shares outstanding - basic and diluted	232,576,117	209,992,187	167,599,871
Loss per share - basic and diluted	<u>\$ (0.41)</u>	<u>\$ (0.46)</u>	<u>\$ (0.28)</u>

Certain share based equity awards were excluded from the computation of dilutive loss per share because inclusion of these awards would have had an anti-dilutive effect. The following table reflects the awards excluded.

	Year Ended		
	December 31, 2020	December 31, 2019	December 29, 2018
Warrants	13,147,919	20,055,424	17,401,261
Options	55,384	55,384	—
Convertible Debt	6,670,449	—	—
RSUs	11,995,751	5,259,408	—
PSUs and TSRs	8,051,818	7,832,229	—
	<u>39,921,321</u>	<u>33,202,445</u>	<u>17,401,261</u>

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

Prior periods have been converted into post-merger Shares for comparability.

14. LEASING ACTIVITIES

The Company leases its facilities under operating leases that provide for the payment of real estate taxes and other operating costs in addition to normal rent. The Company's real estate leases typically have terms of 1 to 15 years. Certain leases include extension options exercisable from one to five years before the end of the cancellable lease term. The Company typically leases equipment and vehicles with standard lease terms of 3 to 5 years. Expenses recognized relating to short-term leases and leases of low value during the years ended December 31, 2020 and 2019 were immaterial.

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Weighted Average Remaining Lease Term		
Operating leases	14.4 years	12.7 years
Finance leases	16.5 years	—
Weighted Average Discount Rate		
Operating leases	7.02%	7.03%
Finance leases	7.05%	—

The maturities of lease liabilities as of December 31, 2020 were as follows:

	<u>Operating</u>	<u>Finance</u>
Year Ending December 31:		
2021	\$ 17,791	\$ 6,505
2022	18,252	6,377
2023	17,557	6,344
2024	16,548	6,301
2025	14,572	6,068
Thereafter	159,303	82,517
Total lease payments	<u>244,023</u>	<u>114,112</u>
Less: interest	<u>(97,854)</u>	<u>(49,603)</u>
Present value of lease liabilities	<u>\$146,169</u>	<u>\$ 64,509</u>

The following summarizes the line items in the income statements which include the components of lease expense for the years ended:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Operating lease expense	\$ 16,225	\$ 8,282
Included in		
Cost of sales	8,839	3,908
Selling, general and administrative expenses	7,386	4,374
Finance lease costs:	<u>\$ 2,785</u>	<u>\$ —</u>
Amortization of lease assets included in cost of sales	759	—
Amortization of lease assets included in selling, general and administrative costs	537	—
Interest on lease liabilities included in interest (expense) income, net	1,489	—
Total lease costs	<u>\$ 19,010</u>	<u>\$ 8,282</u>

COLUMBIA CARE INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

The following summarizes cash flow information related to leases for the year ended December 31:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 14,630	\$ 7,655
Operating cash flows from finance leases	\$ 1,475	\$ —
Financing cash flows from finance leases	\$ 734	\$ —
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ 38,008	\$ 89,196
Finance leases	\$ 2,924	\$ —
Lease assets obtained in business acquisitions		
Operating leases	\$ 34,057	\$ —
Finance leases	\$ 48,736	\$ —

15. COMMITMENTS AND CONTINGENCIES*Defined contribution plan*

In 2020, the Company instituted a qualified 401(k) plan (the “401(k) Plan”) for its U.S. employees. The 401(k) Plan covers U.S. employees who meet certain eligibility requirements. Under the terms of the 401(k) Plan, the employees may elect to make contributions through payroll deductions within statutory and plan limits, and the Company may elect to make non-elective discretionary contributions. The Company may also make optional contributions to the 401(k) Plan for any plan year at its discretion.

Expense recognized by the Company for matching contributions made to the 401(k) Plan was \$191 for year ended December 31, 2020.

Indemnification agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners, and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and senior management that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. Other than the accrual mentioned in the following paragraph, the Company has not incurred any material costs as a result of such indemnifications. Other than the accrual mentioned in the following paragraph, the Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it has not accrued any liabilities related to such obligations in its consolidated financial statements.

Legal

A former minority owner of the Company’s Florida-licensed business, Sun Bulb Company, Inc. (“Sun Bulb”), was sued by a former purported joint venture partner, alleging various statutory and common law claims related to the terminated joint venture. The Company had agreed to indemnify Sun Bulb for litigation costs and any judgment rendered in the matter, in excess of \$750. On January 20, 2021, following an arbitration hearing, the arbitration panel issued a partial final award in the former joint venture partner’s favor on three of the 11 claims asserted and awarded the former joint venture partner \$10,553 plus prejudgment interest from July 26, 2017 through the present, as well as reasonable

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

attorneys' fees. On March 2, 2021, the Panel issued a Final Award, awarding the former joint venture partner a total of \$15,195, inclusive of prejudgment interest and attorneys' fees. The Company expects a demand for indemnification to be made by Sun Bulb, pursuant to the indemnification agreement. During the year ended December 31, 2020, the Company recorded an additional indemnification expense of \$14,195, and as of December 31, 2020, the Company had a total accrual of \$15,195 in the respect of this matter.

Additionally, the Company may be contingently liable with respect to other claims incidental to the ordinary course of its operations. Based on its consultation with legal counsel, The Company does not believe that the ultimate outcome of such other matters will have a materially adverse effect on the Company. Accordingly, no provision has been made in these condensed interim consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise.

16. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Fair Value Measurements

The following table presents the fair value of those liabilities that are measured on a recurring basis as of December 31, 2020 and 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2020				
Derivative liability	\$ —	\$ —	\$(17,109)	\$(17,109)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$(17,109)</u>	<u>\$(17,109)</u>
December 31, 2019	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

During the period included in these financial statements, there were no transfer of amounts between levels. For fair value measurements of assets and liabilities that are done on a non-recurring basis, refer to Note 18.

The following table summarizes the valuation techniques and key inputs used in the fair value measurement of level 3 financial instruments:

<u>Financial asset/financial liability</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Derivative liability	Market approach	Conversion Period	Increase or decrease in conversion period will result in an increase or decrease in fair value

The carrying amounts of cash and restricted cash, accounts receivable, deposits and other current assets, accounts payable, accrued expenses and other current liabilities like interest payable and payroll liabilities and short-term debt as of December 31, 2020 and 2019 approximate their fair values because of the short-term nature of these items and are not included in the table above.

In addition to the disclosures for assets and liabilities required to be measured at fair value at the balance sheet date, companies are required to disclose the estimated fair values of all financial instruments, even if they are not presented at their fair value on the consolidated balance sheet. The fair values of financial instruments are estimates based upon market conditions and perceived risks as of December 31, 2020 and 2019. These estimates require management's judgment and may not be indicative of the future fair values of the assets and liabilities.

Financial assets and liabilities for which the carrying values approximate their fair values include cash and cash equivalents, restricted cash, accounts receivable included within prepaid expenses and other assets, dividends payable and accrued liabilities and other payables. Generally, these assets and liabilities are short term in duration and their carrying value approximates fair value on the consolidated balance sheets.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

17. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

	<u>Goodwill</u>	<u>Licenses</u>	<u>Trademarks</u>	<u>Customer Relationships</u>	<u>Total</u>
Cost					
As of December 29, 2019	\$ —	\$16,235	\$ —	\$ —	\$ 16,235
Business acquisitions	137,759	51,958	33,043	3,286	226,046
Balance of December 31, 2020	<u>\$137,759</u>	<u>\$68,193</u>	<u>\$ 33,043</u>	<u>\$ 3,286</u>	<u>\$242,281</u>

	<u>Goodwill</u>	<u>Licenses</u>	<u>Trademarks</u>	<u>Customer Relationships</u>	<u>Total</u>
Accumulated Amortization					
As of December 31, 2019	\$ —	\$ (540)	\$ —	\$ —	\$ (540)
Amortization	—	(2,556)	(1,028)	(56)	(3,640)
Balance of December 31, 2020	<u>\$ —</u>	<u>\$ (3,096)</u>	<u>\$ (1,028)</u>	<u>\$ (56)</u>	<u>\$ (4,180)</u>

	<u>Goodwill</u>	<u>Licenses</u>	<u>Trademarks</u>	<u>Customer Relationships</u>	<u>Total</u>
Cost					
As of December 31, 2018	\$ —	\$16,235	\$ —	\$ —	\$16,235
Business acquisitions	—	—	—	—	—
Balance of December 29, 2019	<u>\$ —</u>	<u>\$16,235</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$16,235</u>

	<u>Goodwill</u>	<u>Licenses</u>	<u>Trademarks</u>	<u>Customer Relationships</u>	<u>Total</u>
Accumulated Amortization					
As of December 29, 2018	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization	—	(540)	—	—	(540)
Balance of December 31, 2019	<u>\$ —</u>	<u>\$ (540)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (540)</u>

Amortization Method	<u>Licenses</u>	<u>Trademarks</u>	<u>Customer Relationships</u>
	Straight-Line	Straight-Line	Straight-Line

The below table summarizes the estimated aggregate amortization expense expected to be recognized on the above intangibles:

	<u>Amount</u>
Future estimated amortization expense:	
2021	\$10,680
2022	10,680
2023	10,680
2024	10,680
2025	10,624
2026 and thereafter	45,912
Total	<u>\$99,256</u>

COLUMBIA CARE INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018**

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

During the year ended December 31, 2019, the Company changed the estimated useful life of a license to operate a dispensary in the state of Florida from an indefinite life to 15 years. The change in estimate was determined in connection with a review of the regulatory environment in Florida and industry peers. The Company recorded amortization expense on its intangible assets of \$3,640 and \$540, respectively, during the years ended December 31, 2020 and 2019. Refer to Note 6 for details of purchase price allocations to intangible assets as a result of the acquisitions during the year ended December 31, 2020.

18. ASSETS HELD FOR SALE

During the second quarter of 2020, the Company committed to a plan to sell its Puerto Rico operations. Accordingly, certain of the assets and liabilities held by the Company's Puerto Rico subsidiary are presented as a disposal group held for sale on the consolidated balance sheet as of December 31, 2020. Efforts to sell the disposal group have started and a sale is expected in 2021. This planned disposal did not represent a strategic shift of the Company that had or will have a major effect on the Company's operations and financial results. Accordingly, Puerto Rico operations were not segregated and were presented as continuing operations in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2020 and 2019 and December 29, 2018. Impairment losses of \$1,969 for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in other (expense) income, net in the consolidated statements of operations and comprehensive loss. The impairment losses have been applied to reduce the carrying amount of property, plant and equipment within the disposal group. As of December 31, 2020, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

Property, plant and equipment	\$ 2,014
Right-of-use assets	1,435
Prepaid expenses and other current assets	34
Assets held for sale	\$ 3,483
Lease liabilities	\$(1,483)
Liabilities held for sale	\$(1,483)

The non-recurring fair value measurement for the disposal group of \$2,000 has been categorized as a Level 3 fair value utilizing Level 3 inputs and using a market approach, based on available data for transactions in the region and discussions with potential acquirers.

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

19. OTHER (EXPENSE) INCOME, NET

For the years ended December 31, 2020 and 2019, and December 29, 2018, other (expense) income, net is summarized in the table below:

	December 31, 2020	December 31, 2019	December 29, 2018
Indemnification expense (Note 15)	\$ (14,195)	\$ —	\$ —
TGS earnout adjustment (Note 6)	(21,757)	—	—
Loss on disposal group (Note 18)	(1,969)	—	(442)
Settlement income	—	—	5,000
Gain on deconsolidation of investment (Note 2)	720	—	—
(Loss) gain on disposal of assets, net	(787)	2,152	—
Gain on lease termination	301	—	—
Foreign exchange (loss) gain, net	(11)	835	—
Other	145	5	(25)
Total other (expense) income, net	\$ (37,553)	\$ 2,992	\$ 4,533

20. NON-CONTROLLING INTERESTS

The non-controlling interests of the Company for each affiliate before intercompany elimination are summarized in the tables below:

	Venture Forth	Columbia Care Arizona-Tempe	Columbia Care Delaware	Columbia Care Puerto Rico	Columbia Care Maryland	Columbia Care Florida	Columbia Care Eastern Virginia	Columbia Care International HoldCo	Columbia Care New Jersey	Access Bryant	Leafy Greens	Columbia Care Ohio	Columbia Care Missouri	Total
December 31, 2020														
Summarized balance sheet														
Current assets	\$ 1,231	\$ 2,709	\$ 4,158	\$ 3,648	\$ 464	\$ 8,204	\$ 259	384	2,318	364	\$ 11	\$ 2,597	\$ 259	\$ 26,606
Current liabilities	(1,166)	(50)	(433)	(1,573)	(186)	(5,017)	(404)	(505)	(390)	(235)	(44)	(368)	(404)	(10,775)
Current net assets (liabilities)	65	2,659	3,725	2,075	278	3,187	(145)	(121)	1,928	129	(33)	2,229	(145)	15,831
Non-current assets	1,956	696	11,005	—	1,247	62,994	17,102	5,707	26,304	613	906	14,368	17,102	160,000
Non-current liabilities	(17,114)	(1,634)	(17,396)	(9,146)	(2,932)	(80,629)	(19,674)	(1,590)	(31,877)	(482)	(948)	(20,478)	(19,674)	(223,574)
Non-current net assets (liabilities)	(15,158)	(938)	(6,391)	(9,146)	(1,685)	(17,635)	(2,572)	4,117	(5,573)	131	(42)	(6,110)	(2,572)	(63,574)
Accumulated NCI	<u>\$ (17,688)</u>	<u>\$ 273</u>	<u>\$ —</u>	<u>\$ (3,606)</u>	<u>\$ (56)</u>	<u>\$ —</u>	<u>\$ (134)</u>	<u>\$ 5,472</u>	<u>\$ (177)</u>	<u>\$ (2)</u>	<u>\$ —</u>	<u>\$ (3,880)</u>	<u>\$ (77)</u>	<u>\$ (19,875)</u>

	Venture Forth	Columbia Care Arizona-Tempe	Columbia Care Delaware	Columbia Care Puerto Rico	Columbia Care Maryland	Columbia Care Florida	Columbia Care Eastern Virginia	Columbia Care International HoldCo	Columbia Care New Jersey	Access Bryant	Leafy Greens	Total	
December 31, 2019													
Summarized balance sheet													
Current assets	\$ 1,031	\$ 5,840	\$ 3,332	\$ 402	\$ 207	\$ 6,678	\$ 47	\$ —	\$ —	\$ —	\$ —	\$ 315	\$ 17,852
Current liabilities	(960)	(183)	(1,728)	(358)	(150)	(4,446)	(5,176)	—	—	—	—	(13)	(13,014)
Current net assets (liabilities)	71	5,657	1,604	44	57	2,232	(5,129)	—	—	—	—	302	4,838
Non-current assets	2,472	596	13,524	5,802	1,628	58,171	12,445	—	—	—	—	—	94,638
Non-current liabilities	(11,437)	(1,628)	(16,079)	(8,801)	(2,357)	(52,227)	(8,136)	—	—	—	—	—	(100,665)
Non-current net assets (liabilities)	(8,965)	(1,032)	(2,555)	(2,999)	(729)	5,944	4,309	—	—	—	—	—	(6,027)
Accumulated NCI	<u>\$ (2,659)</u>	<u>\$ 563</u>	<u>\$ (221)</u>	<u>\$ (1,507)</u>	<u>\$ (27)</u>	<u>\$ 1,479</u>	<u>\$ (32)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (99)</u>	<u>\$ (2,503)</u>

COLUMBIA CARE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 AND DECEMBER 29, 2018

(expressed in thousands of U.S. dollars, except for gram, share and per share amounts)

The net change in the non-controlling interests is summarized in the table below:

	Venture Forth	Curative Health	Curative Health Cult.	Columbia Care Arizona-Tempe	Columbia Care Delaware	Columbia Care Puerto Rico	Columbia Care Maryland	Columbia Care Florida	Columbia Care East Virginia	Columbia Care International HoldCo	Columbia Care New Jersey	Access Bryant	Leafy Greens	Columbia Care Ohio	Columbia Care Missouri	Total
Balance, December 29, 2018	\$ (2,551)	\$ (709)	\$ (832)	\$ 500	\$ (138)	\$ (49)	\$ (6)	\$ 4,331	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 546
Net income (loss) attributable to NCI	(108)	(111)	(208)	63	(83)	(1,458)	(21)	(2,852)	(32)	—	—	—	(99)	—	—	(4,909)
Other adjustments	—	820	1,040	—	—	—	—	—	—	—	—	—	—	—	—	1,860
Balance, December 31, 2019	\$ (2,659)	\$ —	\$ —	\$ 563	\$ (221)	\$ (1,507)	\$ (27)	\$ 1,479	\$ (32)	\$ —	\$ —	\$ —	\$ (99)	\$ —	\$ —	\$ (2,503)
Net income (loss) attributable to NCI	(15,029)	—	—	(290)	221	(2,099)	(29)	(2,240)	(102)	(37)	(177)	(2)	(121)	(3,880)	(77)	(23,862)
Other adjustments	—	—	—	—	—	—	—	761	—	5,509	—	—	220	—	—	6,490
Balance, December 31, 2020	\$ (17,688)	\$ —	\$ —	\$ 273	\$ —	\$ (3,606)	\$ (56)	\$ —	\$ (134)	\$ 5,472	\$ (177)	\$ (2)	\$ —	\$ (3,880)	\$ (77)	\$ (19,875)

During the year ended December 31, 2020, Columbia Care International Holdco LLC, a consolidated subsidiary of the Company, issued membership interests of five percent to an unrelated party in consideration for \$5,509. In April 2021, the Company issued 783,805 common shares to the unrelated party in full settlement of their consideration for \$5,509.

Leafy Greens Inc, a subsidiary that was consolidated by the Company as of December 31, 2019, issued membership interests to an unrelated party for a consideration of \$1,000, resulting in loss of control by the Company. Refer to Note 2 for details of the transaction.

21. VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Year	Charged to income	Acquired through business combinations	Deductions from reserve	Other adjustments	Balance at Beginning of Year
Allowance for doubtful accounts, including credit card reserves						
Year ended December 31, 2020	\$ 53	\$ 134	\$ 1,865	\$ —	\$ —	\$ 2,052
Year ended December 31, 2019	\$ 9	\$ 44	\$ —	\$ —	\$ —	\$ 53

22. SUBSEQUENT EVENTS

The Company has evaluated all events and transactions that occurred after December 31, 2020 through the filing of these audited annual financial statements. The Company completed certain business acquisitions in the year 2021 through the issuance of this Form 10 as described in the Acquisitions footnote of the condensed consolidated interim financial statements for the three and nine month ended September 30, 2021. The condensed consolidated interim financial statements for the three and nine month ended September 30, 2021 also include other events occurring in the year 2021 through the issuance of this Form 10. Certain subsequent events noted in these audited annual financial statements include real estate purchase as described in Note 7, subsequent issuance of equity as described in Note 5, Note 9 and Note 20, and the resolution of a legal matter as described in Note 15. With the exception of these events, no events have occurred that would require adjustment to the disclosures in these audited annual consolidated financial statements.

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets as at September 30, 2021 and December 31, 2020	F-57
Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended September 30, 2021 and 2020	F-58
Condensed Consolidated Statements of Changes in Equity for the nine months ended September 30, 2021	F-59
Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2021 and 2020	F-61
Notes to the Condensed Consolidated Financial Statements	F-63

COLUMBIA CARE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(expresses in thousands of U.S. dollars, except share data)

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Assets		
Current assets:		
Cash	\$ 116,931	\$ 61,111
Accounts receivable, net of allowances of \$1,925 and, \$2,053, respectively	13,024	7,415
Inventory	83,439	54,804
Prepaid expenses and other current assets	42,546	11,430
Assets held for sale	—	3,483
Total current assets	<u>255,940</u>	<u>138,243</u>
Property and equipment, net	258,730	114,400
Right of use assets - operating leases, net	172,864	143,050
Right of use assets - finance leases, net	64,760	50,105
Goodwill	306,294	137,759
Intangible assets, net	266,473	100,342
Other non-current assets	56,059	43,628
Total assets	<u>1,381,120</u>	<u>727,527</u>
Liabilities and Equity		
Current liabilities:		
Accounts payable	44,515	18,466
Accrued expenses and other current liabilities	135,571	42,860
Income tax payable	28,689	2,386
Contingent consideration	55,783	48,202
Current portion of lease liability - operating leases	8,651	7,913
Current portion of lease liability - finance leases	4,364	2,023
Current portion of long-term debt, net	1,903	8,439
Derivative liability	—	17,109
Liabilities held for sale	—	1,483
Total current liabilities	<u>279,476</u>	<u>148,881</u>
Long-term debt, net	138,108	76,090
Deferred taxes	31,867	2,347
Long-term lease liability - operating leases	168,954	138,256
Long-term lease liability - finance leases	69,698	62,486
Contingent consideration	45,173	—
Derivative liability	13,321	—
Other long-term liabilities	72,878	12,518
Total liabilities	<u>819,475</u>	<u>440,578</u>
Commitments and contingencies		
Stockholders' Equity:		
Common Stock, no par value, unlimited shares authorized as of September 30, 2021 and December 31, 2020, respectively, 350,634,738 and 250,003,917 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	—	—
Preferred Stock, no par value, unlimited shares authorized as of September 30, 2021 and December 31, 2020, respectively, none issued and outstanding as of September 30, 2021 and December 31, 2020	—	—
Proportionate voting shares, no par value, unlimited shares authorized as of September 30, 2021 and December 31, 2020, respectively; 14,786,187 and 26,507,914 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	—	—
Additional paid-in-capital	1,000,908	632,062
Accumulated deficit	(415,060)	(325,238)
Equity attributable to Columbia Care Inc.	<u>585,848</u>	<u>306,824</u>
Non-controlling interest	(24,203)	(19,875)
Total equity	<u>561,645</u>	<u>286,949</u>
Total liabilities and equity	<u>\$ 1,381,120</u>	<u>\$ 727,527</u>

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

COLUMBIA CARE INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(expresses in thousands of U.S. dollars, except for number of shares and per share amounts)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues, net of discounts	\$ 132,322	\$ 48,703	\$ 320,804	\$ 103,439
Cost of sales related to inventory production	(69,525)	(30,724)	(181,120)	(68,636)
Cost of sales related to business combination fair value adjustments to inventory	(1,430)	(1,765)	(2,922)	(1,765)
Gross margin	61,367	16,214	136,762	33,038
Selling, general and administrative expenses	(61,745)	(34,260)	(162,282)	(96,519)
Loss from operations	(378)	(18,046)	(25,520)	(63,481)
Other expense:				
Interest (expense) income on leases, net	(1,067)	—	(3,831)	—
Interest (expense) income, net	(6,990)	(2,154)	(14,855)	(1,683)
Other expense, net	(48,934)	(2,996)	(48,615)	(5,129)
Total other expense	(56,991)	(5,150)	(67,301)	(6,812)
Loss before income taxes	(57,369)	(23,196)	(92,821)	(70,293)
Income tax benefit (expense)	12,999	12,943	631	11,843
Net loss and comprehensive loss	(44,370)	(10,253)	(92,190)	(58,450)
Net loss attributable to non-controlling interests	(1,474)	(3,194)	(2,368)	(5,975)
Net loss attributable to shareholders	\$ (42,896)	\$ (7,059)	\$ (89,822)	\$ (52,475)
Weighted-average number of shares used in earnings per share				
- basic and diluted	325,416,684	235,682,767	311,446,922	223,461,261
Loss attributable to shares (basic and diluted)	\$ (0.13)	\$ (0.03)	\$ (0.29)	\$ (0.23)

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

COLUMBIA CARE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(expressed in thousands of U.S. dollars, except for number of shares)

	Shares	Proportionate Voting Shares	Additional Paid-in Capital	Accumulated Deficit	Total Columbia Care Inc. Shareholders' Equity	Non-Controlling Interest	Total Equity
Balance, December 31, 2020	250,003,917	26,507,914	\$ 632,062	\$ (325,238)	\$ 306,824	\$ (19,875)	\$ 286,949
Equity-based compensation ⁽¹⁾	190,925	—	7,792	—	7,792	—	7,792
Issuance of shares, net	21,792,500	—	133,151	—	133,151	—	133,151
Issuance of shares in connection with acquisitions	971,541	—	4,972	—	4,972	—	4,972
Conversion between classes of shares	9,236,733	(9,236,733)	—	—	—	—	—
Cancellation of restricted stock awards	(13,770)	(8,077)	—	—	—	—	—
Warrants exercised	262,200	—	808	—	808	—	808
Net loss	—	—	—	(28,782)	(28,782)	(381)	(29,163)
Balance, March 31, 2021	282,444,046	17,263,104	778,785	(354,020)	424,765	(20,256)	404,509
Equity-based compensation ⁽¹⁾	4,787,211	—	2,582	—	2,582	—	2,582
Issuance of shares in connection with acquisitions	54,238,143	—	189,015	—	189,015	—	189,015
Cancellation of restricted stock awards	(85,755)	(330,646)	—	—	—	—	—
Conversion of convertible notes	4,550,139	—	23,919	—	23,919	—	23,919
Conversion between classes of shares	1,584,570	(1,584,570)	—	—	—	—	—
Non-controlling interest buyout	—	—	1,960	—	1,960	(1,960)	—
Warrants exercised	551,743	—	1,093	—	1,093	—	1,093
Net loss	—	—	—	(18,144)	(18,144)	(513)	(18,657)
Balance, June 30, 2021	348,070,097	15,347,888	997,354	(372,164)	625,190	(22,729)	602,461
Equity-based compensation ⁽¹⁾	317,191	—	2,864	—	2,864	—	2,864
Issuance of shares in connection with acquisitions	1,701,633	—	690	—	690	—	690
Conversion between classes of shares	558,266	(558,266)	—	—	—	—	—
Cancellation of restricted stock awards	(12,449)	(3,435)	—	—	—	—	—
Net loss	—	—	—	(42,896)	(42,896)	(1,474)	(44,370)
Balance, September 30, 2021	350,634,738	14,786,187	\$ 1,000,908	\$ (415,060)	\$ 585,848	\$ (24,203)	\$ 561,645

COLUMBIA CARE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
(Unaudited)
(expressed in thousands of U.S. dollars, except for number of shares)

	Shares	Proportionate Voting Shares	Additional Paid-in Capital	Accumulated Deficit	Total Columbia Care Inc. Shareholders' Equity	Non-Controlling Interest	Total Equity
Balance, December 31, 2019	117,176,201	99,352,980	\$ 429,475	\$ (209,389)	\$ 220,086	\$ (2,503)	\$217,583
Equity-based compensation ⁽¹⁾	15,384	—	7,551	—	7,551	—	7,551
Conversion between classes of shares	5,552,467	(5,552,467)	—	—	—	—	—
Cancellation of restricted stock awards	—	(7,534)	—	—	—	—	—
Warrants issued with debt	—	—	1,402	—	1,402	—	1,402
Net loss	—	—	—	(22,771)	(22,771)	(1,874)	(24,645)
Balance, March 31, 2020	122,744,052	93,792,979	438,428	(232,160)	206,268	(4,377)	201,891
Equity-based compensation ⁽¹⁾	1,020,059	—	8,151	—	8,151	—	8,151
Conversion between classes of shares	5,225,493	(5,225,493)	—	—	—	—	—
Cancellation of restricted stock awards	—	(14,554)	—	—	—	—	—
Warrants issued with debt	—	—	2,001	—	2,001	—	2,001
Sale of membership interests in subsidiary	—	—	—	—	—	5,509	5,509
Non-controlling interest buyouts	7,038,835	—	18,301	(20,062)	(1,761)	761	(1,000)
Net loss	—	—	—	(22,645)	(22,645)	(907)	(23,552)
Balance, June 30, 2020	136,028,439	88,552,932	466,881	(274,867)	192,014	986	193,000
Equity-based compensation ⁽¹⁾	5,007	—	7,429	—	7,429	—	7,429
Conversion between classes of shares	48,226,024	(48,226,024)	—	—	—	—	—
Cancellation of restricted stock awards	—	(12,128)	—	—	—	—	—
Issuance of shares in connection with acquisitions	32,955,987	—	107,892	—	107,892	—	107,892
Commitment to issue in connection with acquisitions	—	—	874	—	874	—	874
Warrants exercised	2,192,298	—	388	—	388	—	388
Net loss	—	—	—	(7,059)	(7,059)	(3,194)	(10,253)
Balance, September 30, 2020	219,407,755	40,314,780	\$ 583,464	\$ (281,926)	\$ 301,538	\$ (2,208)	\$299,330

(1) The amounts shown are net of any shares withheld by the Company to satisfy certain tax withholdings in connection with vesting of equity-based awards.

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

COLUMBIA CARE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(expressed in thousands of U.S. dollars)

	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (92,190)	\$ (58,450)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	33,801	12,194
Equity-based compensation	18,029	23,131
Impairment of disposal group	2,000	1,969
Debt amortization expense	4,129	966
Loss on conversion of Convertible Notes	1,580	—
Provision for obsolete inventory and other assets	2,284	1,327
Gain on remeasurement of contingent consideration	(23,582)	—
Change in fair value of derivative liability	(6,760)	2,556
Deferred taxes	(16,739)	(15,097)
Other	244	578
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable	(645)	(1,391)
Inventory	(14,763)	(12,901)
Prepaid expenses and other current assets	5,316	(1,349)
Other assets	11,649	(762)
Accounts payable	4,183	(3,189)
Accrued expenses and other current liabilities	74,092	3,840
Income taxes payable	5,927	6,128
Other long-term liabilities	(11,522)	(32)
Net cash used in operating activities	<u>(2,967)</u>	<u>(40,482)</u>
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash acquired / Cash acquired due to acquisition	(44,268)	3,203
Purchases of property and equipment	(72,323)	(40,336)
Cash paid for other assets	(15,770)	—
Proceeds from sale and lease back	—	12,385
Cash (paid) received on deposits, net	(2,880)	523
Cash for loan under CannAscend and Corsa Verde agreements	(672)	(317)
Net cash used in investing activities	<u>(135,913)</u>	<u>(24,542)</u>
Cash flows from financing activities:		
Proceeds from issuance of common shares	133,559	—
Issuance of common shares and warrants costs	(408)	—
Proceeds from issuance of debt	71,520	57,325
Debt issuance costs	(210)	(2,247)
Repayment of debt	(9,550)	—
Minority buyout	—	(1,000)
Sale of membership interest in subsidiary	—	5,509
Payment of lease liabilities	(7,844)	(272)
Exercise of warrants	1,901	388
Taxes paid on equity based compensation	(4,791)	—
Net cash provided by financing activities	<u>184,177</u>	<u>59,703</u>

COLUMBIA CARE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)
(expresses in thousands of U.S. dollars)

	<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Net increase (decrease) in cash	45,297	(5,321)
Cash and restricted cash at beginning of the period	71,969	58,947
Cash and restricted cash at end of the period	<u>\$ 117,266</u>	<u>\$ 53,626</u>
Reconciliation of cash and cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 116,931	\$ 42,143
Restricted cash	335	11,483
Cash and cash equivalents and restricted cash, end of period	<u>\$ 117,266</u>	<u>\$ 53,626</u>
Supplemental disclosure of cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 15,547	\$ 9,848
Operating cash flows from finance leases	\$ 3,814	\$ 368
Financing cash flows from finance leases	\$ 7,844	\$ 272
Cash paid for interest on other obligations	\$ 7,667	\$ 482
Cash paid for income taxes	\$ 10,379	\$ 1,709
Lease liabilities arising from the recognition of operating right-of-use assets	\$ 38,070	\$ 34,166
Lease liabilities arising from the recognition of finance right-of-use assets	\$ 18,743	\$ 654
Supplemental disclosure of non-cash investing and financing activities:		
Non-cash fixed asset additions within accounts payable and accrued expenses	\$ 18,242	\$ 2,258
Issuance of warrants	\$ —	\$ 3,404
Debt incurred issued in connection with acquisition of property, plant and equipment	\$ 7,000	\$ —
Shares issued in connection with acquisition of other assets	\$ 13,359	\$ —
Shares issued in connection with acquisition of property and equipment	\$ 228	\$ —
Short-term obligation assumed in connection with acquisition of other assets	\$ 12,500	\$ —
Shares issued in connection with conversion of Convertible Notes into equity, net	\$ 23,919	\$ —
Extinguishment of derivative liability upon conversion of Convertible Notes into equity	\$ 12,127	\$ —
Derivative liability recognized upon issuance of convertible debt	\$ 15,099	\$ 5,364
Shares issued in connection with business acquisitions	\$ 132,201	\$ 108,766
Shares issued in connection with satisfaction of contingent consideration	\$ 48,893	\$ 26,445
Note payable, net of discount, issued in connection with acquisition	\$ 8,062	\$ 8,170
Conversion of promissory note into shares in connection with business acquisition	\$ 1,500	\$ —
Intercompany note receivable with TGS assumed in connection with acquisition	\$ —	\$ 16,855
Buyout of non-controlling interest by issuance of shares	\$ 1,959	\$ —
Contingent consideration incurred in connection with acquisition	\$ 125,230	\$ —

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

1. OPERATIONS OF THE COMPANY

Columbia Care Inc. (“the Company” or “the Parent”), was incorporated under the laws of the Province of Ontario on August 13, 2018. The Company’s principal mission is to improve lives by providing cannabis-based health and wellness solutions and derivative products to qualified patients and consumers. The Company’s head office and principal address is 680 Fifth Ave. 24th Floor, New York, New York 10019. The Company’s registered and records office address is 666 Burrard St #1700, Vancouver, British Columbia V6C 2X8.

On April 26, 2019, the Company completed a reverse takeover (“RTO”) transaction and private placement. Following the RTO, the Company’s Common Shares were listed on the Aequitas NEO exchange, trading under the symbol “CCHW”. As of the time of this report, the Company’s Common Shares are also listed on the Canadian Securities Exchange under the symbol “CCHW”, the OTCQX Best Market under the symbol “CCHWF” and on the Frankfurt Stock Exchange under the symbol “3LP”.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak of this contagious disease, along with the related adverse public health developments, have negatively affected workforces, economies and financial markets on a global scale. The Company incurred lower revenues, and additional expenditures related to COVID-19 during the first half of 2020. During the first half of 2020, the Company’s operations in Massachusetts were affected by a temporary shutdown of adult-use operations and in Illinois and California by rules related to social distancing and limiting the Company’s retail operations to curb-side pick-up. The Company’s operating results, with the exception of our California market, were not materially impacted during the first nine months of 2021. Currently, the Company is closely monitoring the impact of the pandemic on all aspects of its business, and 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’s business or results of operations.

The Company is subject to risks common in the life sciences and consumer products industries including, but not limited to, compliance with government regulations, regulatory approvals, competitive markets, new technological innovations, protection of proprietary technology, dependence on key personnel, uncertainty of market acceptance and the need to obtain additional financing.

While cannabis and CBD-infused products are legal under the laws of many U.S. states (with varying restrictions applicable), the United States Federal Controlled Substances Act classifies all “marijuana” as a Schedule I drug, whether for medical or recreational use. Under U.S. 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 safety for use under medical supervision.

In recent years, a temporary federal legislative enactment that prohibits the Department of Justice from expending appropriated funds to enforce federal laws that interfere with a state’s implementation of its own medical marijuana laws has been included in multiple Appropriations laws that have passed Congress. This so-called budget rider is known as the Rohrbacher-Farr Amendment. The Rohrbacher-Farr Amendment has been included in successive appropriations legislation or resolutions since 2015. The Rohrbacher-Farr Amendment was extended most recently in the Omnibus Appropriations Act of 2021, which funds the agencies of the federal government through September 30, 2021 as amended by a stopgap spending measure extending the Act through February 18, 2021. Notably, the Rohrbacher-Farr Amendment has applied only to medical marijuana programs and has not provided the same protections to enforcement against adult-use activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying condensed interim consolidated financial statements have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and in accordance with generally accepted accounting principles in the United States of America (“GAAP”) as of September 30, 2021 and December 31, 2020 and for the three and nine months ended September 30, 2021 and 2020. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the information furnished reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim period.

It is suggested that these condensed interim consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company’s audited financial statements included within this Form 10. There have been no material changes in the accounting policies followed by the Company during the current fiscal year other than the adoption of recent accounting pronouncements discussed in this Note. Results for an interim period are not indicative of any future interim periods or for an entire fiscal year.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's condensed interim 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 revision affects both current and future periods. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were consistent with those described in the Company's most recent annual audited consolidated financial statements and adjusted for significant changes in the current reporting period indicated below and throughout the condensed interim consolidated financial statements.

Loss on conversion of Convertible Debt

Under the terms of the Company's Convertible Debt, the Company is permitted to offer additional incentives to the convertible debtholders as an inducement to convert their convertible debt into common shares. The additional incentive offered to the convertible debt holders is accounted for by the Company by recognizing a loss on conversion equal to the fair value of additional shares that were issued as a result of the incentive program. The difference between the net book value of the debt that is converted, and the inducement loss is credited to equity. The reduction in the derivative liability relating to the embedded conversion feature within the Convertible Debt is also credited to equity.

Accounting for Real Estate Asset Acquisitions

The Company's real estate acquisitions are generally accounted for as asset acquisitions as substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Company records the cost of assets acquired based on the cost of the acquisition, which is the consideration transferred to the seller(s) and generally includes direct transaction costs related to the acquisition.

Recently adopted accounting pronouncements

In December 2019, the FASB issued ASU No. 2019-12 Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*. The update contains a number of provisions intended to simplify the accounting for income taxes. The update is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. Adoption of this update did not have a material impact on the Company's condensed interim consolidated financial statements.

Recently issued accounting pronouncements

In January 2020, the FASB issued ASU No. 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815. The update among other things clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments—Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The update is effective for fiscal years beginning after December 15, 2021. The Company is currently evaluating the adoption date and impact, if any, adoption will have on its financial position and results of operations.

In August 2020, the FASB issued ASU No. 2020-06, "Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" ("ASU 2020-06"), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. Among other changes, ASU 2020-06 removes from U.S. GAAP the liability and equity separation model for convertible instruments with a cash conversion feature, and as a result, after adoption, entities will no longer separately present in equity an embedded conversion feature for such debt. Similarly, the embedded conversion feature will no longer be amortized into income as interest expense over the life of the instrument. Instead, entities will account for a convertible debt instrument wholly as debt unless (1) a convertible instrument contains features that require bifurcation as a derivative under ASC Topic 815, Derivatives and Hedging, or (2) a convertible debt instrument was issued at a substantial premium. Among other potential impacts, this change is expected to reduce reported interest expense, increase reported net income, and result in a reclassification of certain conversion feature balance sheet amounts from stockholders' equity to liabilities as it relates to the Company's convertible senior notes. Additionally, ASU 2020-06 requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share (EPS), which is consistent with the Company's accounting treatment under the current standard. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, with early adoption

permitted for fiscal years beginning after December 15, 2020 and can be adopted on either a fully retrospective or modified retrospective basis. The Company early adopted the new standard on January 1, 2021. The adoption of the standard did not have a material impact on the Company's Consolidated Financial Statements.

Reclassification

Certain reclassifications have been made to conform the prior year consolidated financial statements and notes to the current year presentation.

3. INVENTORY

Details of the Company's inventory are shown in the table below:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Work-in-process - cannabis in cures and final vault	\$ 50,542	\$ 35,368
Finished goods - dried cannabis, concentrate and edible products	32,897	19,436
Total inventory	<u>\$ 83,439</u>	<u>\$ 54,804</u>

4. CURRENT AND LONG-TERM DEBT

Current and long-term obligations, net, are shown in the table below:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Term debt	\$ 69,965	\$ 69,965
Convertible debt	80,100	18,760
Acquisition related real estate notes (see note 5)	7,000	—
Acquisition related promissory notes (see note 5)	5,250	8,776
Acquisition related term debt (see note 5)	3,339	—
	<u>165,654</u>	<u>97,501</u>
Unamortized debt discount	(20,830)	(10,500)
Unamortized deferred financing costs	(5,210)	(3,079)
Unamortized debt premium	397	607
Total debt	<u>140,011</u>	<u>84,529</u>
Less current portion, net	<u>(1,903)</u>	<u>(8,439)</u>
Long-term portion	<u>\$ 138,108</u>	<u>\$ 76,090</u>

The Company was in compliance with all financial covenants and was not in default of any provisions under any of its debt arrangements as of September 30, 2021.

Convertible Debt

In April 2021, the Company offered an incentive program to the holders of the Convertible Notes, pursuant to which, the Company would issue to each noteholder that surrendered its Convertible Notes for conversion on or before May 28, 2021, 20 Common Shares of the Company on a private placement basis for each US\$1,000 aggregate principal amount of Convertible Notes surrendered for conversion. Pursuant to this incentive program, 4,550,139 shares were issued upon conversion of \$13,160 of Convertible Notes.

These conversions resulted in recognition of a loss on conversion of \$1,580, write down of derivative liability, debt discount and debt amortization of \$12,127, \$2,855 and \$93, respectively and a corresponding credit to paid in capital of \$23,919. Convertible note holders of \$5,600 of the convertible debt issued in 2020 did not convert their debt into Common Shares and as of September 30, 2021, \$5,600 of the convertible debt issued in 2020 was still outstanding.

2025 Convertible Debt

On June 29, 2021, the Company completed an offering of 6.00% Secured Convertible Notes Due 2025 ("2025 Convertible Notes") for an aggregate principal amount of \$74,500.

The 2025 Convertible Notes are senior secured obligations of the Company and will accrue interest payable semiannually in arrears and mature on June 29, 2025, unless earlier converted, redeemed or repurchased. The 2025 Convertible Notes shall be convertible, at the option of the holder, from the date of issuance until the date that is 10 days prior to their maturity

date into common shares of the Company at a conversion price equal to US\$6.49 payable on the business day prior to the date of conversion, adjusted downwards for any cash dividends paid to holders of Common Shares and other customary adjustments. The Company may redeem the Notes at par, in whole or in part, on or after June 29, 2023, if the volume weighted average price of the Common Shares trading on the Canadian Stock Exchange or the NEO Exchange for 15 of the 30 trading days immediately preceding the day on which the Company exercises its redemption right, exceeds 120% of the conversion price of the Notes at a Redemption Price equal to 100% of the principal amount of the 2025 Convertible Notes redeemed, plus accrued but unpaid interest, if any, up to but excluding the Redemption Date.

The 2025 Convertible Notes require interest-only payments until June 29, 2025, at a rate of 6.0% per annum, payable semi-annually in June and December and commencing in December 2021. The 2025 Convertible Notes are due in full on June 29, 2025. The Company incurred financing costs of \$3,190 in connection with the 2025 Convertible Notes.

The principal amount of the 2025 Convertible Notes and the conversion price are denominated in U.S. dollars. As the functional currency of the Company is Canadian dollars, the amount of the liability to be settled depends on the applicable foreign exchange rate on the date of settlement. The 2025 Convertible Notes therefore represent an obligation to issue a fixed number of shares for a variable amount of liability. Due to this conversion feature within the 2025 Convertible Notes, the Company is unable to obtain an exception from derivative accounting. Accordingly, this conversion feature was accounted for as an embedded derivative liability and measured at fair value of \$15,099 on the date of issuance of debt with a corresponding debt discount, reflected as a reduction to the carrying value of the Convertible Notes. The Company fair values the derivative liability at each balance sheet date. Changes in fair value of the embedded derivative are recognized in the condensed interim consolidated statements of operations and comprehensive loss. The debt discount is amortized over the term of the Convertible Notes.

Embedded derivative in Convertible Debt and 2025 Convertible Debt

The fair value of the embedded derivative was calculated on the date of issuance of the 2025 Convertible Notes using the Monte Carlo simulation model with the following assumptions:

Expected volatility	65.00%
Expected term (years)	4.00
Expected dividends	0.00%
Risk-free interest rate	0.79%

During the three months ended September 30, 2021 and 2020, fair value changes in the derivative liability resulted in a gain of \$4,847 and a loss of \$2,556, respectively, in the condensed interim consolidated statement of operations and comprehensive loss. During the nine months ended September 30, 2021 and 2020, fair value changes in the derivative liability resulted in a gain of \$6,760 and a loss of \$2,556, respectively, in the condensed interim consolidated statement of operations and comprehensive loss. This gain (loss) is recorded within other expense, net on the condensed interim consolidated statement of operations and comprehensive loss.

Interest and amortization expense

Total interest and amortization expense on the Company’s debt obligations during the three and nine months ended September 30, 2021 and 2020 are as follows:

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Interest expense on debt	\$ 5,233	\$ 1,720	\$ 11,130	\$ 2,808
Amortization of debt discount	1,351	686	3,373	789
Amortization of debt premium	(70)	—	(210)	—
Amortization of debt issuance costs	371	155	966	176
Other interest (expense) income, net	105	(407)	(404)	(2,090)
Total interest expense	<u>\$ 6,990</u>	<u>\$ 2,154</u>	<u>\$ 14,855</u>	<u>\$ 1,683</u>

5. ACQUISITIONS

Green Leaf Medical

On June 11, 2021, the Company acquired (the “Green Leaf Transaction”) a 100% ownership interest in Green Leaf Medical, LLC (“Green Leaf”). On July 7, 2021, the Company acquired (“the Green Leaf-Ohio Transaction”) a residual 49% ownership interest (constituting 949,379 Common Shares) in Green Leaf Medical of Ohio II, LLC (“Green Leaf-Ohio”).

[Table of Contents](#)

Green Leaf was formed in April 2014 for the purpose of selling medicinal and recreational cannabis products in the states of Maryland, Pennsylvania, Ohio, and Virginia. Green Leaf owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the states of Maryland, Pennsylvania, Ohio, and Virginia. The Company executed the Green Leaf Transaction in order to continue to grow revenues; expand its cultivation facilities, manufacturing facilities and dispensaries; and enter, or expand in the Maryland, Pennsylvania, Ohio, and Virginia markets.

The following table summarizes the fair value of total consideration transferred and the fair value of each major class of consideration for Green Leaf:

Consideration transferred	
Cash consideration	\$ 62,796
Less working capital adjustment	(2,011)
Closing shares	125,729
Milestone shares after closing (contingent consideration)	125,230
Total unadjusted purchase price	311,744
Less: Cash and cash equivalents acquired	(30,779)
Total purchase price, net of cash and cash equivalents acquired	<u>\$280,965</u>

Equity purchase consideration comprised 44,848,416 Common Shares of which 322,898 Common Shares were issued during the last quarter of 2021.

Recognized amounts of identifiable assets acquired and liabilities assumed, less cash and cash equivalents acquired:

Purchase price allocation	
Assets acquired:	
Accounts receivable	\$ 4,660
Inventory	13,659
Prepaid expenses and other current assets	31,687
Property and equipment	52,070
Right of use assets	1,876
Goodwill	164,004
Intangible assets	142,858
Accounts payable	(4,080)
Accrued expenses and other current liabilities	(22,597)
Note payable	(2,344)
Lease liabilities	(1,876)
Other long-term liabilities	(62,161)
Deferred tax liabilities	(36,791)
Consideration transferred	<u>\$280,965</u>

The fair value of the acquired assets and liabilities are provisional pending receipt of the final valuations for those assets and liabilities.

The purchase price allocations for the Green Leaf Transaction reflect various fair value estimates and analyses relating to the determination of fair values of certain tangible and intangible assets and liabilities acquired and residual goodwill. The purchase price allocations for the Green Leaf Transaction reflect various fair value estimates and analyses, which are subject to change within the respective measurement periods. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired during the measurement periods. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's condensed interim consolidated financial statements, and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected.

The contingent consideration, payable in Common Shares (the “Milestone Shares”) of the Company, was estimated considering certain metrics as of the June 11, 2021 acquisition date, subject to the terms and conditions set forth in the Agreement and Plan of Merger (the “Merger Agreement”) entered into by the Company in connection with the Green Leaf Transaction. The fair value of the contingent consideration was estimated using a probability weighted expected return method (“PWERM”). This fair value measurement was based on significant inputs that are not observable in the market, and represent a level 3 fair value measurement, including those relating to discount factors and probabilities of achievement of the related milestones. Discounts of 22.75% and 37.95% were applied to the August 15, 2022 and 2023 earn out cash flows, respectively, to derive an aggregate discounted probability-adjusted earn out. The Company then applied a discount for lack of marketability rate of 14% to arrive at the net fair value of contingent consideration. An estimated range of outcomes has been deemed indeterminable by the Company.

Based on the financial results for the three months ended September 30, 2021, the Company remeasured the contingent consideration at fair value and recorded a net gain of \$23,582 within other expense, net in the condensed interim consolidated statements of operations and comprehensive loss.

The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data and management’s estimates, prepared by an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value.

For leases acquired, the Company measured the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The Company measured the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The goodwill arising from the Green Leaf Transaction consists of expected synergies from combining operations of the Company and Green Leaf, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill is deductible for tax purposes.

Green Leaf’s state licenses, trade name and wholesale customers represented identifiable intangible assets acquired in the amounts of \$98,698, \$27,985 and \$16,175, respectively, which were determined to have definite useful lives of 10, 5 and 7 years respectively.

In conjunction with the Green Leaf Transaction, the Company expensed \$830 of acquisition-related costs, which have been included in selling, general and administrative expenses on the Company’s condensed interim consolidated statement of operations and comprehensive loss.

\$31,400 and \$37,880 of revenue and \$9,690 and \$12,044 of net income of Green Leaf have been included in the condensed interim consolidated statement of operations for the three and nine months ended September 30, 2021, respectively.

Unaudited supplemental pro-forma information

Had the acquisition of Green Leaf been completed on January 1, 2020, the Company’s pro forma results of operations for the three months ended three and nine months ended September 30, 2021 and 2020 would have been as follows:

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue	132,322	71,060	372,730	155,785
Net loss attributable to shareholders	(42,896)	1,213	(78,675)	(33,477)
Earnings attributable to shares (basic and diluted)	(0.12)	0.00	(0.22)	(0.12)

The pro forma financial information which gives effect to certain transaction accounting adjustments, including amortization of acquired intangibles is not necessarily indicative of the operating results that would have occurred had the acquisition been consummated on January 1, 2020, nor is it necessarily indicative of future operating results.

The Healing Center San Diego (THCSD)

On January 6, 2021, the Company acquired a 100% ownership interest in The Healing Center of San Diego, Inc. (the “THCSD Transaction”).

THCS D was formed in 2016 for the purpose of selling recreational and related cannabis products in San Diego, California, where it owns and operates a dispensary. The Company executed the THCS D Transaction in order to continue to grow revenues; expand its dispensaries; and penetrate the San Diego market.

The aggregate purchase price for the THCS D Transaction, being \$14,115 consisted of \$3,425 in cash consideration, \$5,718 in promissory notes ("Closing Promissory Notes") and \$4,972 in equity purchase consideration ("Closing Shares"). Equity purchase consideration comprised 971,541 Common Shares which were issued on January 6, 2021. The Closing Promissory Notes were issued with a debt discount of \$282 and require sixteen quarterly payments of \$375 of principal, plus accrued and unpaid interest thereon at a rate of 8.0% per annum, beginning on April 6, 2021, through maturity on December 16, 2024.

The following table summarizes the fair value of total consideration transferred and the fair value of each major class of consideration for the THCS D Transaction:

Consideration transferred	
Cash consideration	\$ 3,425
Closing promissory notes	5,718
Closing Shares	4,972
Total unadjusted purchase price	14,115
Less: Cash and cash equivalents acquired	(698)
Total purchase price, net of cash and cash equivalents acquired	<u>\$13,417</u>

Recognized amounts of identifiable assets acquired, and liabilities assumed, less cash assumed:

Purchase price allocation	
Assets acquired:	
Inventory	\$ 597
Prepaid expenses and other current assets	91
Property and equipment	619
Right of use assets	635
Goodwill	4,303
Intangible assets	10,987
Accounts payable	(133)
Accrued expenses and other current liabilities	(260)
Lease liabilities	(635)
Deferred tax liabilities	(2,787)
Consideration transferred	<u>\$13,417</u>

The fair value of the acquired assets and liabilities is provisional pending receipt of the final valuations for these assets and liabilities. The purchase price allocation for the THCS D Transaction reflects various fair value estimates and analyses, which are subject to change within the respective measurement periods. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at each acquisition date during the measurement periods. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's condensed interim consolidated financial statements, and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected.

The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data and management's estimates, prepared by an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value.

For leases acquired, the Company measured the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The Company measured the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The goodwill arising from the THCS D Transaction consists of expected synergies from combining operations of the Company and THCS D, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill is deductible for tax purposes.

THCS D’s state licenses and trade name represented identifiable intangible assets acquired in the amounts of \$9,181 and \$1,806, respectively, which were each determined to have a definite useful life of 10 years.

In conjunction with the THCS D Transaction, the Company expensed \$85 of acquisition-related costs, which have been included in selling, general and administrative expenses on the Company’s statement of comprehensive income. THCS D’s acquisition-related costs in the amount of \$198 were expensed in THCS D’s pre-acquisition consolidated financial statements.

\$3,049 and \$8,862 of revenue and \$218 and \$671 of net income of THCS D have been included in the condensed interim consolidated statement of operations for the three and nine months ended September 30, 2021, respectively.

Project Cannabis

On December 1, 2020, the Company acquired (the “Project Cannabis Transaction”) a 100% ownership interest in Resource Referral Services Inc., PHC Facilities Inc. and Wellness Earth Energy Dispensary, Inc., and acquired a 49.9% ownership interest in Access Bryant SPC (collectively, “Project Cannabis”).

During May 2021, the Company finalized the working capital on the Project Cannabis transaction. This resulted in issuance of 178,619 shares to the sellers and recording of additional purchase consideration of \$228 to goodwill.

As a part of the Project Cannabis Transaction, the Company was also granted an option to acquire two real estate properties in California for total consideration of \$16,500 comprising \$9,500 of cash and the assumption of debt of \$7,000. In June 2021, the Company exercised the option. The debt comprises of one interest-only real estate loan of \$5,000 with a maturity date in July 2024 that requires monthly interest payments at 6%, and another interest-only real estate loan of \$2,000 with a maturity date in July 2023 that requires monthly interest payments at 10%.

The Green Solution

On September 1, 2020, the Company acquired (the “TGS Transaction”) a 100% ownership interest in TGS Global, LLC (“TGS Global”), TGS Colorado Management, LLC, The Green Solution LLC, Rocky Mountain Tillage, LLC, Infuzionz, LLC and Beacon Holdings, LLC (collectively, “TGS”). As of December 31, 2020, the Company had an accrual of \$48,202 in respect of the contingent consideration payable to the sellers of TGS. In April 2021 and September 2021, the Company issued 7,234,266 and 170,053 Milestone Shares to the Sellers in settlement of this contingent consideration.

The Company made principal payments of \$1,276 and \$8,776 on the TGS Closing Promissory Notes during the three and nine months ended September 30, 2021 respectively. There was no outstanding balance as of September 30, 2021.

CannAscend

On October 25, 2018, the Company, CannAscend Alternative, LLC (“CAA”), and CannAscend Alternative Logan, LLC (“CAA Logan”) entered into a Membership Interest Purchase Option Agreement (the “CannAscend Option Agreement”). CAA and CAA Logan are both Ohio-based limited liability companies that operate four dispensaries (collectively the “Target Companies”). The Company closed the acquisition on July 1, 2021.

The price paid by the Company for the CannAscend Option Agreement was approximately \$4,124 (“CannAscend Option Deposit”) and it was recorded as long-term deposits on the consolidated statement of financial position at December 31, 2020. Based on the Company’s exercise of the CannAscend Option, the Company paid a purchase price of \$14,150.

As part of the CannAscend Option Agreement, the Company had deposited money into an escrow account. As of December 31, 2020, the escrow deposit account had a balance of \$10,026 which was recorded as other non-current assets on the condensed interim consolidated statement of financial position. Funds from the escrow account were released upon the closure of this acquisition.

The following table summarizes the fair value of total consideration transferred and the fair value of each major class of consideration for the CannAscend Transaction:

Consideration transferred	
Cash consideration	\$10,026
CannAscend deposit	<u>4,124</u>
Total unadjusted purchase price	14,150
Less: Cash and cash equivalents acquired	<u>(973)</u>
Total purchase price, net of cash and cash equivalents acquired	<u>\$13,177</u>

Recognized amounts of identifiable assets acquired, and liabilities assumed, less cash assumed:

<u>Purchase price allocation</u>	
Assets acquired:	
Inventory	\$ 2,186
Prepaid expenses and other current assets	175
Property and equipment	8,787
Intangible assets	22,300
Accounts payable	(695)
Accrued expenses and other current liabilities	(1,695)
Notes and interest receivable	(12,358)
Deferred tax liabilities	(5,523)
Consideration transferred	<u>\$ 13,177</u>

The fair value of the acquired assets and liabilities is provisional pending receipt of the final valuations for these assets and liabilities.

Since the closing date of the CannAscend Transaction, \$7,686 of revenue and \$605 of net income of CannAscend have been included in the condensed interim consolidated statement of operations for the three and nine months ended September 30, 2021, respectively.

Corsa Verde

On May 4, 2021, the Company acquired Corsa Verde, LLC (“Corsa Verde”). The following table summarizes the fair value of total consideration transferred and the fair value of each major class of consideration for Corsa Verde:

<u>Consideration transferred</u>	
Closing Shares	\$1,500
Note receivable	2,769
Interest receivable	200
Deposits	125
Restricted cash	498
Total unadjusted purchase price	5,092
Less: Cash acquired	(27)
Total purchase price	<u>\$5,065</u>

Included within the consideration was a convertible promissory note (the “Convertible Note”) in the amount of \$1,500. This Convertible Note was converted into shares of Company’s common stock calculated by dividing the principal amount of the Convertible Note by the volume weighted average trading price of the Company common stock on the NEO Exchange for the 5 days preceding the closing date of the transactions contemplated by the Corsa Verde Purchase Agreement.

The preliminary purchase price allocation is as follows:

<u>Purchase price allocation</u>	
Assets acquired:	
Accounts receivable	\$ 181
Inventory	304
Property and equipment	1,250
Intangible assets	4,812
Accounts payable	(319)
Accrued expenses and other current liabilities	(5)
Deferred tax liabilities	(1,158)
Consideration transferred	<u>\$ 5,065</u>

Intangible assets consist of licenses which are determined to have a definite useful life of 10 years.

The fair value of the acquired assets and liabilities are provisional pending receipt of the final valuations for these assets.

Revenues of \$120 and \$178 and a net loss of \$288 and \$440 of Corsa Verde have been included in the condensed interim consolidated statement of operations for the three and nine months ended September 30, 2021, respectively.

Medicine Man

On November 1, 2021, Columbia Care acquired Medicine Man Denver (“Medicine Man”) for an upfront consideration of \$42,000, comprising \$8,400 in cash and \$33,600 in stock. The transaction terms also include a potential additional milestone payment in 2022 if certain performance targets are met. No amounts have been recorded with respect to this acquisition in the condensed interim consolidated financial statements as of September 30, 2021.

6. PROPERTY AND EQUIPMENT

Details of the Company’s property and equipment and related depreciation expense are summarized in the tables below:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Land and buildings	\$ 68,161	\$ 3,757
Furniture and fixtures	8,448	6,970
Equipment	32,674	22,955
Computers and software	2,542	1,986
Leasehold improvements	133,756	98,380
Construction in process	59,945	11,338
Total property and equipment, gross	305,526	145,386
Less: Accumulated depreciation	(46,796)	(30,986)
Total property and equipment, net	<u>\$ 258,730</u>	<u>\$ 114,400</u>

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Total depreciation expense for three and nine months ended	\$ 6,138	\$ 3,715	\$ 15,819	\$ 10,302
Included in:				
Costs of sales related to inventory production	\$ 3,559	\$ 2,297	9,250	6,187
Selling, general and administrative expenses	\$ 2,579	\$ 1,418	6,569	4,115

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Details of the Company’s accrued expenses and other current liabilities are summarized in the table below:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Accrued acquisition and settlement of pre-existing relationships	\$ 75,309	\$ —
Accrued expenses	24,679	28,152
Real estate purchase obligation	12,500	—
Payroll liabilities	10,504	8,758
Other current liabilities	7,982	5,950
Accrued interest	4,597	—
Accrued expenses and other current liabilities	<u>\$ 135,571</u>	<u>\$ 42,860</u>

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Details of the Company’s prepaid expenses and other current assets are summarized in the table below:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Tenant improvement receivable	\$ 18,419	\$ —
Prepaid expenses	15,838	5,245
Short term deposits	4,103	1,510
Prepaid taxes	119	41
Excise and sales tax receivable	749	238
Other current assets	3,318	4,396
Prepaid expenses and other current assets	<u>\$ 42,546</u>	<u>\$ 11,430</u>

9. OTHER NON-CURRENT ASSETS

Details of the Company's other non-current assets are summarized in the table below:

	September 30, 2021	December 31, 2020
Investment in real estate	\$ 41,629	\$ —
Long term deposits	5,434	9,271
Indemnification receivable	5,221	5,221
Investment in affiliates	1,214	1,446
Restricted cash	335	10,858
Notes receivable	2,226	15,832
Interest receivable	—	1,000
Other non-current assets	\$ 56,059	\$ 43,628

10. SHAREHOLDERS' EQUITY

In addition to the issuance of equity in connection with conversion of Convertible Notes mentioned in Note 4 and business acquisitions mentioned in Note 5, the Company had the following activity during the nine months ended September 30, 2021:

- Closed a public offering that consisted of 18,572,500 Common Shares at a price of \$8.05 (Canadian Dollars) per common share for aggregate proceeds of \$111,789 in January 2021.
- Sold, on a bought deal private placement basis, 3,220,000 Common Shares at a price of \$9.00 (Canadian Dollars) per share for aggregate gross proceeds of \$21,770 in February 2021.
- Granted 3,198,199 time-based restricted stock units and 655,093 performance-based restricted stock units during the nine months ended September 30, 2021.
- Issued 3,796,284 Common Shares upon vesting of RSU's. An additional 1,499,043 shares were sold to cover for taxes on the share-based compensation unit that were issued during the nine months ended September 30, 2021.
- Purchased real estate property in New York in April 2021 for \$29,129 comprising of cash consideration of \$15,687 and 2,545,857 Common Shares in the Company. The Company expects to acquire equipment at the same real estate property location in the last quarter of 2021 for an additional consideration of \$12,500. This additional consideration has been recorded within other non-current assets and accrued expenses and other current liabilities on the condensed interim consolidated statement of financial position. Upon the acquisition of the equipment, the Company will obtain control over the real estate property. Pending this, the entire purchase consideration has been recorded within other non-current assets on the condensed interim consolidated statement of financial position.

11. WARRANTS

As of September 30, 2021 and December 31, 2020, outstanding equity-classified warrants to purchase Common Shares consisted of the following:

Expiration	September 30, 2021		December 31, 2020	
	Number of Shares Issued and Exercisable	Exercise Price (Canadian Dollars)	Number of Shares Issued and Exercisable	Exercise Price (Canadian Dollars)
May 8, 2021	—	\$ 5.71	921,753	\$ 5.71
October 1, 2025	648,783	8.12	648,783	8.12
April 26, 2024	5,394,945	10.35	5,394,945	10.35
May 14, 2023	1,723,250	3.10	1,723,250	3.10
May 14, 2023	1,998,788	2.95	2,250,188	2.95
May 14, 2023	—	4.53	300,000	4.53
May 14, 2023	1,897,000	5.84	1,909,000	5.84
	<u>11,662,766</u>	\$ 7.15	<u>13,147,919</u>	\$ 6.91

Warrant activity for the nine months ended September 30, 2021 and 2020 are summarized in the table below:

	Number of Warrants	Weighted average exercise price (Canadian Dollars)
Balance at December 31, 2019	20,055,424	\$ 7.34
Issued	4,462,438	3.12
Exercised	(4,019,023)	2.25
Expired	(1,152,191)	5.71
Balance at September 30, 2020	<u>19,346,648</u>	<u>\$ 7.52</u>
Balance at December 31, 2020	13,147,919	\$ 6.91
Exercised	(1,485,153)	5.01
Balance at September 30, 2021	<u>11,662,766</u>	<u>\$ 7.15</u>

12. LOSS PER SHARE

Basic and diluted net loss per share attributable to the Company was calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net loss	\$ (44,370)	\$ (10,253)	\$ (92,190)	\$ (58,450)
Less: Net loss attributable to non-controlling interests	(1,474)	(3,194)	(2,368)	(5,975)
Net loss attributable to shareholders	<u>\$ (42,896)</u>	<u>\$ (7,059)</u>	<u>\$ (89,822)</u>	<u>\$ (52,475)</u>
Denominator:				
Weighted average shares outstanding - basic and diluted	325,416,684	235,682,767	311,446,922	223,461,261
Loss per share - basic and diluted	<u>\$ (0.13)</u>	<u>\$ (0.03)</u>	<u>\$ (0.29)</u>	<u>\$ (0.23)</u>

Certain share-based equity awards were excluded from the computation of dilutive loss per share because inclusion of these awards would have had an anti-dilutive effect.

13. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners, and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and senior management that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. Other than the accruals mentioned in this Note, the Company has not accrued any liabilities related to any pending claims potentially subject to indemnification arrangements in its condensed interim consolidated financial statements.

A former owner of the Company's Florida-licensed business was sued by a former purported joint venture partner, alleging various statutory and common law claims related to the terminated joint venture. The Company is not a party to this lawsuit, but, as part of its acquisition of the business, had agreed to indemnify the owner for litigation costs and any judgment rendered in the matter, in excess of \$750. On January 20, 2021, following an arbitration hearing, the arbitration panel issued a partial final award in the former joint venture partner's favor on three of the 11 claims asserted and awarded the former joint venture partner \$10,553 plus prejudgment interest from July 26, 2017 through the present, as well as reasonable attorneys' fees. On March 2, 2021, the Panel issued a Final Award, awarding the former joint venture partner a total of \$15,195, inclusive of prejudgment interest and attorneys' fees. The Company is financially responsible for payment of the Final Award, pursuant to its indemnification commitment to the former owner. Two subsidiaries of the Company, and certain

members of the Company’s management team were named in a separate lawsuit commenced by the same former joint venture partner alleging various claims related to the same terminated joint venture. The trial court dismissed a majority of the claims in the lawsuit. All parties to the arbitration and the additional lawsuit have agreed to amicably resolve the arbitration and the additional lawsuit. There are no admissions of liability. In furtherance of the resolution, as of September 30, 2021 and December 31, 2020, the Company had a total accrual of \$22,800 and \$15,195, respectively.

In separate legal matter, a subsidiary of the Company, and certain members of the Company’s management team are respondent parties in a confidential arbitration before the American Arbitration Association. The arbitration was initiated on October 24, 2019, by an investor (the “Claimant”) in a third-party entity, which, in turn, is an investor in a separate third-party entity for which certain members of the Company’s management team are managers and to which the Company provides operating services pursuant to a written agreement. Claimant asserted direct, derivative, and double derivative claims against the respondent parties. The arbitration follows from a prior case filed by the Claimant on November 30, 2018, in the New York Supreme Court, Commercial Division (the “New York Proceeding”) asserting similar claims as are at issue in the arbitration. In the New York Proceeding, the Claimant sought, among other remedies, preliminary injunctive relief to enjoin the Company’s RTO. On April 15, 2019, the New York Supreme Court, Commercial Division, finally denied Claimant’s request for temporary restraining orders and preliminary injunctive relief, as well as compelled the dispute to arbitration. The Appellate Division, First Department affirmed those orders. The Company’s subsidiary and the members of the Company’s management team who are parties to the case have asserted defenses in respect of the allegations in the arbitration. However, there can be no assurance that they will be successful in pursuing such defenses and if they are not successful in establishing such defenses that the direct or indirect losses will not be material. The hearing commenced in the arbitration on February 3, 2021 and concluded March 22, 2021, with closing arguments occurring on June 3, 2021. The parties and other interest holders in the third-party entities are attempting to amicably resolve the matter and have reached a preliminary agreement, with no admissions of liability, that is subject to approval by the Arbitrator. During the period ended September 30, 2021, the Company anticipatorily accrued \$68,000 for potential share issuances and cash payments for purposes of acquisition and settlement of pre-existing relationships, inclusive of prospective acquisition costs relating to the third-party entities and other litigation costs. There can be no assurances that the proceedings will be amicably resolved, whether the Arbitrator will approve any settlement, when any underlying acquisition would close, or whether the ultimate result will exceed or be less than the amount that has been accrued.

Additionally, the Company may be contingently liable with respect to other claims incidental to the ordinary course of its operations. In the opinion of management, and based on management’s consultation with legal counsel, the ultimate outcome of such other matters will not have a materially adverse effect on the Company. Accordingly, no provision has been made in these condensed interim consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise.

14. FAIR VALUE MEASUREMENTS

Financial Instruments

The following table presents the fair value of the Company’s financial instruments that are measured at fair value on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2021				
Derivative liability	\$ —	\$ —	\$ (13,321)	\$ (13,321)
Contingent consideration	—	—	(100,956)	(100,956)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (114,277)</u>	<u>\$ (114,277)</u>
December 31, 2020				
Derivative liability	\$ —	\$ —	\$ (17,109)	\$ (17,109)
Contingent consideration	—	—	(48,202)	(48,202)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (65,311)</u>	<u>\$ (65,311)</u>

During the periods included in these financial statements, there were no transfers of amounts between levels.

The following table summarizes the valuation techniques and key inputs used in the fair value measurement of level 3 financial instruments:

<u>Financial asset/financial liability</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Derivative liability	Market approach	Conversion Period	Increase or decrease in conversion period will result in an increase or decrease in fair value
Contingent Consideration	Discounted cash flow approach	Risk adjusted discount rate and forecasted EBITDA	Increase or decrease in risk adjusted discount rate and forecasted EBITDA will result in an increase or decrease in fair value

The carrying amounts of cash and restricted cash, accounts receivable, deposits and other current assets, accounts payable, accrued expenses, other current liabilities, current portion of long-term debt and lease liability as of September 30, 2021 and December 31, 2020 approximate their fair values because of the short-term nature of these items and are not included in the table above. The Company's notes receivable, other long term payables, long-term debt and lease liabilities approximate fair value due to the market rate of interest used on initial recognition.

In addition to the disclosures for assets and liabilities required to be measured at fair value at the balance sheet date, companies are required to disclose the estimated fair values of all financial instruments, even if they are not presented at their fair value on the consolidated balance sheet. The fair values of financial instruments are estimates based upon market conditions and perceived risks as of September 30, 2021 and December 31, 2020. These estimates require management's judgment and may not be indicative of the future fair values of the assets and liabilities.

Financial assets and liabilities for which the carrying values approximate their fair values include cash and cash equivalents, restricted cash, accounts receivable included within prepaid expenses and other assets, dividends payable and accrued liabilities and other payables. Generally, these assets and liabilities are short term in duration and their carrying value approximates fair value on the consolidated balance sheets.

15. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

	<u>Goodwill</u>	<u>Licenses</u>	<u>Trademarks</u>	<u>Customer Relationships</u>	<u>Total</u>
Cost					
As of December 31, 2020	\$ 137,759	\$ 68,193	\$ 33,043	\$ 3,286	\$ 242,281
Business acquisitions	168,535	134,991	29,791	16,175	349,492
Balance of September 30, 2021	<u>\$ 306,294</u>	<u>\$ 203,184</u>	<u>\$ 62,834</u>	<u>\$ 19,461</u>	<u>\$ 591,773</u>
	<u>Goodwill</u>	<u>Licenses</u>	<u>Trademarks</u>	<u>Customer Relationships</u>	<u>Total</u>
Accumulated Amortization					
As of December 31, 2020	\$ —	\$ (3,096)	\$ (1,028)	\$ (56)	\$ (4,180)
Amortization	—	(9,462)	(4,457)	(907)	(14,826)
Balance of September 30, 2021	<u>\$ —</u>	<u>\$ (12,558)</u>	<u>\$ (5,485)</u>	<u>\$ (963)</u>	<u>\$ (19,006)</u>
	<u>Goodwill</u>	<u>Licenses</u>	<u>Trademarks</u>	<u>Customer Relationships</u>	<u>Total</u>
Cost					
As of December 31, 2019	\$ —	16,235	\$ —	\$ —	\$ 16,235
Business acquisitions	137,759	66,777	27,475	50	94,302
Balance of September 30, 2020	<u>\$ 137,759</u>	<u>\$ 83,012</u>	<u>\$ 27,475</u>	<u>\$ 50</u>	<u>\$ 110,537</u>

	<u>Goodwill</u>	<u>Licenses</u>	<u>Trademarks</u>	<u>Customer Relationships</u>	<u>Total</u>
Accumulated Amortization					
As of December 31, 2019	\$ —	\$ (540)	\$ —	\$ —	\$ (540)
Amortization	—	(1,369)	(229)	(1)	(1,599)
Balance of September 30, 2020	<u>\$ —</u>	<u>\$ (1,909)</u>	<u>\$ (229)</u>	<u>\$ (1)</u>	<u>\$ (2,139)</u>

	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Amortization for the period included in selling, general and administrative expenses	\$ 8,899	\$ 1,057	\$ 14,826	\$ 1,599

16. ASSETS HELD FOR SALE

During the three months ended September 30, 2021, the Company revalued the assets that have been held for sale. This revaluation resulted in reducing the carrying value of an asset group to zero and recognizing net loss on disposal group of \$2,000 during the three months ended September 30, 2021.

17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses are summarized in the table below:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Salaries and benefits	\$27,518	\$17,876	\$ 76,163	\$51,853
Professional fees	5,666	4,958	16,731	12,234
Depreciation and amortization	11,718	2,575	22,204	5,813
Operating facilities costs	6,840	4,880	20,490	14,009
Operating office and general expenses	5,248	2,249	12,665	5,876
Advertising and promotion	4,169	1,303	10,421	4,172
Other fees and expenses	586	419	3,608	2,562
Total selling, general and administrative expenses	<u>\$61,745</u>	<u>\$34,260</u>	<u>\$162,282</u>	<u>\$96,519</u>

18. OTHER EXPENSE, NET

Other expense, net is summarized in the table below:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Acquisition and settlement of pre-existing relationships	\$ 75,308	\$ —	\$ 75,308	\$ —
Gain on remeasurement of contingent consideration	(23,582)	—	(23,582)	—
Impairment of disposal group	2,000	—	2,000	1,969
Change in fair value of the derivative liability	(4,847)	2,556	(6,760)	2,556
Loss on conversion of Convertible Notes	—	—	1,580	—
Other expense	55	440	69	604
Total other expense, net	<u>\$ 48,934</u>	<u>\$2,996</u>	<u>\$ 48,615</u>	<u>\$5,129</u>

19. NON-CONTROLLING INTERESTS

During the year ended December 31, 2020, Columbia Care International Holdco LLC, a consolidated subsidiary of the Company, issued membership interests of five percent to an unrelated party in consideration for \$5,509. In April 2021, the Company issued 783,805 common shares to the unrelated party to buyout their non-controlling interest in Columbia Care International Holdco LLC.

During the three months ended June 30, 2021, the Company acquired the outstanding non-controlling interests in Columbia Care Ohio LLC. Post this acquisition, Columbia Care Ohio LLC became a wholly owned subsidiary of the Company.

20. SUBSEQUENT EVENTS

The Company has evaluated all events and transactions that occurred after September 30, 2021 through the filing of these condensed interim consolidated financial statements. With the exception of the subsequent acquisition-related activity described in Note 5, no events have occurred that would require adjustment to the disclosures in these condensed interim consolidated financial statements.



TGS GLOBAL

COMBINED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

F-79

[Table of Contents](#)

**TGS GLOBAL
INDEX TO COMBINED FINANCIAL STATEMENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	F-81
COMBINED FINANCIAL STATEMENTS:	
Combined Balance Sheets	F-82
Combined Statements of Operations	F-83
Combined Statements of Changes in Members' Deficit	F-84
Combined Statements of Cash Flows	F-85 - F-86
Notes to the Combined Financial Statements	F-87 - F-104



INDEPENDENT AUDITOR'S REPORT

To the Members of TGS Global
Denver, Colorado

We have audited the accompanying combined financial statements of TGS Global (the "Company"), which comprise the combined balance sheets as of December 31, 2019 and 2018, and the related combined statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the combined financial statements.

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 accounting principles generally accepted in the United States of America; 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.

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. 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.

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. 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 of the combined financial statements.

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 combined financial position of TGS Global as of December 31, 2019 and 2018, and the results of its combined operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Los Angeles, California
June 1, 2020

Macias Gini & O'Connell LLP
2029 Century Park East, Suite 1500
Los Angeles, CA 90067

www.mgocpa.com

TGS GLOBAL
Combined Balance Sheets
December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,856,899	\$ 1,940,767
Accounts Receivables—Net	135,573	52,725
Due From Related Parties	—	481,199
Prepaid Expenses and Other Current Assets	1,602,286	1,783,330
Inventories—Net	10,487,737	6,632,374
Total Current Assets	14,082,495	10,890,395
Property and Equipment—Net	12,292,128	36,959,690
Finance Lease Right-of-Use Assets—Net	28,762,990	—
Operating Lease Right-of-Use Assets—Net	18,210,211	—
Intangible Assets	3,192,835	2,212,835
Deposits and Other Assets	2,654,489	3,911,939
Deferred Tax Assets	1,568,286	—
TOTAL ASSETS	\$ 80,763,434	\$ 53,974,859
LIABILITIES AND MEMBERS' DEFICIT		
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 10,774,807	\$ 8,235,874
Loyalty Program Liabilities	2,111,064	2,201,066
Finance Lease Liabilities—Current	717,027	418,989
Operating Lease Liabilities—Current	865,573	—
Deferred Gains—Current	356,725	405,040
Notes Payable—Current	25,817,701	740,331
Income Taxes Payable	10,747,425	6,127,863
Total Current Liabilities	51,390,322	18,129,163
Long-term Liabilities:		
Finance Lease Liabilities—Net of Current Portion	30,817,710	25,541,284
Operating Lease Liabilities—Net of Current Portion	18,171,118	—
Deferred Gains—Net of Current Portion	3,063,641	4,064,443
Notes Payable—Net of Current Portion	—	9,741,220
Deferred Tax Liabilities	—	476,769
Deferred Rent	—	429,131
TOTAL LIABILITIES	103,442,791	58,382,010
TOTAL MEMBERS' DEFICIT	(22,679,357)	(4,407,151)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	\$ 80,763,434	\$ 53,974,859

The accompanying notes are an integral part of these combined financial statements

TGS GLOBAL
Combined Statements of Operations
Years Ended December 31, 2019 and 2018

	2019	2018
Revenues, Net of Discounts	\$ 75,720,924	\$ 67,345,370
Cost of Goods Sold, Net	44,797,262	33,166,793
Gross Profit	<u>30,923,662</u>	<u>34,178,577</u>
Operating Expenses:		
General and Administrative	27,818,344	28,097,681
Selling and Marketing	1,603,627	2,760,957
Depreciation and amortization	2,676,076	2,678,411
Total Expenses	<u>32,098,047</u>	<u>33,537,049</u>
(Loss) Income from Operations	<u>(1,174,385)</u>	<u>641,528</u>
Other Income (Expense)		
Interest Expense—Net	(8,651,800)	(7,698,906)
Loss on Disposal of Property and Equipment	(132,878)	(2,799,059)
Forfeiture of Construction Deposits	(1,074,250)	—
Other Expense	(1,092,629)	—
Other Income	84,754	954,467
Total Other Expenses—Net	<u>(10,866,803)</u>	<u>(9,543,498)</u>
Loss Before Provision for Income Taxes	<u>(12,041,188)</u>	<u>(8,901,970)</u>
Provision for Income Taxes	4,399,287	6,604,632
Net Loss	<u><u>\$ (16,440,475)</u></u>	<u><u>\$ (15,506,602)</u></u>

The accompanying notes are an integral part of these combined financial statements

TGS GLOBAL
Combined Statements of Changes in Members' Deficit
Years Ended December 31, 2019 and 2018

BEGINNING BALANCE AT JANUARY 1, 2018	\$ 17,493,771
Net Loss	(15,506,602)
Members Distributions	(6,394,320)
ENDING BALANCE AT DECEMBER 31, 2018	<u>\$ (4,407,151)</u>
Adoption of ASC 842, Leases	715,161
Net Loss	(16,440,475)
Members Distributions	(2,546,892)
ENDING BALANCE AT DECEMBER 31, 2019	<u>\$ (22,679,357)</u>

The accompanying notes are an integral part of these combined financial statements

TGS GLOBAL
Combined Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (16,440,475)	\$ (15,506,602)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Deferred Rent	—	260,075
Depreciation and Amortization	5,445,664	5,162,885
Amortization of Operating Lease Right-of-Use Assets	1,664,570	—
Deferred Income Taxes	(476,769)	476,769
Deferred Tax Assets	(1,568,286)	—
Loss on Disposal of Property and Equipment	132,878	2,799,059
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(82,848)	176,425
Prepaid Expenses and Other Current Assets	12,972	(885,016)
Inventories	(3,855,363)	(1,627,494)
Deposits and Other Assets	1,257,450	(1,080,553)
Accounts Payable and Accrued Liabilities	2,084,081	982,792
Loyalty Program Liabilities	(90,002)	(159,764)
Deferred Gains	(333,956)	(237,821)
Operating Lease Liabilities	(1,099,149)	—
Income Taxes Payable	4,619,562	6,127,863
NET CASH USED IN OPERATING ACTIVITIES	(8,729,671)	(3,511,382)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(4,712,595)	(5,910,650)
Purchase of Intangible Asset	(980,000)	—
Proceeds from the Sale of Property and Equipment	—	20,296,099
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(5,692,595)	14,385,449
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal Repayments of Notes Payable	(5,878,850)	(6,472,104)
Proceeds from Issuance of Notes Payable	22,915,000	3,442,083
Payments of Finance Lease Liabilities	(632,059)	—
Distribution to Members	(2,546,892)	(6,394,320)
Proceeds from Related Parties	481,199	—
Repayments to Related Parties	—	(95,459)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	14,338,398	(9,519,800)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(83,868)	1,354,267
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,940,767	586,500
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,856,899	\$ 1,940,767

The accompanying notes are an integral part of these combined financial statements

TGS GLOBAL
Combined Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
CASH PAID DURING YEAR FOR:		
Interest	\$ 8,489,163	\$ 7,671,818
Taxes	\$ 1,824,779	\$ —
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of Assets from Capital Leases under ASC 840, Leases	\$ —	\$ 24,086,578
Acquisition of Right-of-Use Assets from Finance Leases under ASC 842, Leases	\$ 6,206,523	\$ —
Proceeds from Sale-leaseback Transactions Used to Pay Off Other Notes Payable	\$ 1,700,000	\$ 15,908,901
Proceeds from Issuance of Notes Payable Used to Pay Off Other Notes Payable	\$ —	\$ 9,025,841
Operating Lease Liabilities Recorded Upon Adoption of ASC 842, Leases	\$ 20,135,840	\$ —
Operating Lease Right-of-Use Assets Recorded Upon Adoption of ASC 842, Leases	\$ 19,874,781	\$ —
Accrued Capital Expenditures	\$ 454,852	\$ —

The accompanying notes are an integral part of these combined financial statements

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

1. NATURE OF OPERATIONS AND LIQUIDITY

(a) Business Description

TGS Global is comprised of the following companies: TGS Management, LLC, Beacon Holdings, LLC, and Beyond Worx Holdings, LLC (dissolved in 2019) (collectively known as “TGS Global” or the “Company”, and dba “The Green Solution”).

TGS Global was formed in October 2010 for the purpose of selling recreational and related cannabis products in the state of Colorado. In that regard, TGS Global owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the State of Colorado.

TGS’s dispensary model is driven by innovation and consumer relationships. Additionally, TGS Global works with regulators to help develop policies encouraging safe and responsible legislative progress. TGS Global’s mission is to maximize accessibility, education, responsibility, and market share in the cannabis sector.

(b) Liquidity and Capital Resources

The Company has incurred significant operating losses since year 2018 and expects to continue to incur losses and negative cash flows from operations for at least 12 months following the issuance of the combined financial statements. As of December 31, 2019, the Company had total cash and cash equivalents of \$1,856,899, negative working capital of \$37,307,827 and an accumulated members’ deficit of \$22,679,357.

As of December 31, 2019, the Company had a total debt, net of issuance costs of \$25,817,701. During the year ended December 31, 2019 and through the date of the auditor’s report, the Company raised approximately \$22.9 million through debt financing of which \$15 million was from Columbia Care, Inc. The \$15 million note from Columbia Care, Inc. will be converted into equity and all other notes payable will be paid off upon formal closing of the acquisition, see Note 13 – Subsequent Events for more information. The Company’s debt agreements contain various covenants, including certain restrictions on the Company’s business that could cause the Company to be at risk of defaults, such as restrictions on additional indebtedness, material adverse effect and cross default provisions. A failure to comply with covenants and other provisions of the Company’s debt instruments, including any failure to make a payment when required, would generally result in events of default under such instruments, which could permit acceleration of a substantial portion of such indebtedness. If such indebtedness is accelerated, it would generally also constitute an event of default under the Company’s other outstanding indebtedness, permitting acceleration of a substantial portion of such other outstanding indebtedness. At December 31, 2019, all the notes payables are classified as current due to the impending acquisition of the Company by Columbia Care, Inc. which is highly probable expected to be closed in 2020.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The accompanying combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and reflect the accounts and operations of the Company.

(b) Basis of Combination

Affiliates are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of affiliates are included in the combined financial statements from the date that control commences until the date that control ceases.

The combined financial statements include the accounts of TGS Management, LLC, Beacon Holdings, LLC, and Beyond Worx Holdings, LLC (dissolved in 2019). These companies are controlled by common owners and management. On January 2, 2019, the owners and management restructured the Company where Beyond Worx Holdings, LLC was dissolved and all its interest was transferred to TGS Management, LLC and Beacon Holdings, LLC.

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805 has provided specific guidance on common control transactions. When the parties involved were commonly controlled, the “pooling of interests” or “predecessor value” method of accounting must be used, where by the acquired assets and liabilities are recorded at their existing carrying values rather than at fair value and no goodwill is recorded in connection with the common control transaction. The transfer of entities interest from Beyond Worx Holdings, LLC to TGS Management, LLC and Beacon Holdings, LLC followed the predecessor value method.

The following are the Company’s subsidiaries that are included in these combined financial statements as of December 31, 2019 and 2018:

<u>Entities</u>	<u>State of Operations</u>
TGS Management, LLC	Colorado
Beacon Holdings, LLC	Colorado
Beyond Worx Holdings, LLC*	Colorado
TGS Global, LLC	Colorado
S-Type Armored, LLC*	Colorado
Dellock Digital, LLC	Colorado
High Rise Media, LLC	Colorado
Future Vision Brain Bank, LLC	Colorado
Rocky Mountain Tillage, LLC	Colorado
The Green Solution, LLC	Colorado
Infuzionz, LLC	Colorado
Speidell Real Estate Group, LLC	Colorado
22-Twenty Five Construction, LLC	Colorado

* Includes entities dissolved in 2019 and all interests were transferred to TGS Management, LLC and Beacon Holdings, LLC, respectively

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of Combination *(Continued)*

All significant intercompany balances and transactions have been eliminated in combination.

(b) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's combined 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.

(c) Cash and Cash Equivalents

Cash and Cash Equivalents include cash deposits in financial institutions and other deposits that are readily convertible to cash. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019 and 2018, the Company had balances in excess of insured limits totaling approximately \$990,613 and \$979,061, respectively. The Company has not experienced any losses in such accounts.

(d) Accounts Receivables 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. At December 31, 2019 and 2018, the Company recorded an allowance of doubtful accounts of \$11,880 and \$80,852, respectively.

(e) Inventories

Inventories consist of raw materials, work-in-process and finished goods, and are initially valued at cost and subsequently at the lower of cost and 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. The Company reviews its inventories for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value. At December 31, 2019 and 2018, the Company recorded inventory reserves of \$1,450,221 and \$675,893, respectively.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property and Equipment

Property and equipment is 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	40 Years
Equipment	5 Years
Furniture and Fixtures	5 Years
Leasehold Improvements	Remaining Life of Lease or Useful Life, Whichever Shorter
Vehicles	5 Years
Software	5 Years
Construction in Progress	Not Depreciated

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial statement 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 de-recognition 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.

(g) Intangible Assets

Intangible assets consist of purchased state marijuana licenses in the State of Colorado and are classified as indefinite lived assets. These assets 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. For the years ended December 31, 2019 and 2018, the Company did not recognize any impairment losses relatively to these assets. As of December 31, 2019 and 2018, intangible assets totaled \$3,192,835 and \$2,212,835, respectively.

(h) Impairment of Long-Lived Assets

The Company accounts for its long-lived assets such as property and equipment and intangible assets in accordance with FASB ASC Topic No. 360, "Accounting for the Impairment or Disposal of Long-lived Assets" ("ASC 360").

Management reviews long-lived assets for impairment whenever changes in events or circumstances indicate the assets may be impaired, but no less frequently than annually. Pursuant to ASC 360, an impairment loss is to be recorded when the net book value of an asset exceeds the undiscounted cash flows expected to be generated from the use of the asset. If an asset is determined to be impaired, the asset is written down to its realizable value, and the loss is recognized in the consolidated statement of operations and changes in member's deficit in the period when the determination is made. No impairment charges for long-lived assets have been recorded for the years ended December 31, 2019 and 2018.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leased Assets

In February 2016, the FASB issued ASU No. 2016-02 “Leases (Topic 842)” (“ASC 842”), which requires lessees to put most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. On January 1, 2019, the Company early adopted the standard and all related amendments, using the optional transition method (modified retrospective approach) applied to leases at the adoption date. Under the modified retrospective approach, comparative periods have not been restated and continue to be reported under the accounting standards in effect for those periods. Additionally, an adjustment was recorded to equity to account for the initial adoption of the standard. These liabilities were measured at present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019. The Company have finance leases which had been previously classified as “finance lease” under ASU No. 13 (Topic 840). Accounting for finance leases is substantially unchanged under ASC 842.

In the initial application of ASC 842, the Company elected the package of practical expedients permitted under the transition guidance allowing the Company to carry forward historical assessment:

- Whether the contracts are, or contain leases
- Lease classifications for any expired or existing leases
- Indirect costs for any existing leases

The Company did not elect the practical expedient allowing the use-of-hindsight which would require the Company to reassess the lease term of its leases based on all facts and circumstances through the effective date and did not elect the practical expedient pertaining to land easement as this is not applicable to the Company’s current contracts. The Company elected the post-transition practical expedient to not separate lease components from non-lease components for all leases. The Company also elected a policy of not recording lease on its combined balance sheets when the lease have a term of 12 months of less and the Company is not reasonably certain to elect an option to purchase the leased assets.

Upon adoption of ASC 842, right-of-use assets were adjusted for deferred rent and prepaid as of January 1, 2019. Lease expense is recognized on a straight-line basis over the expected lease term. The Company’s incremental borrowing rate is used in determining the present value of future payments at the commencement date of the lease, or for the adoption of ASC 842, at January 1, 2019. Balances related to operating leases are included in right-of-use assets and lease liabilities on the combined balance sheet.

All real estate leases are recorded on the combined balance sheet. Equipment and other non-real estate leases with an initial term of twelve months or less are not recorded on the balance sheet. Lease agreements for some locations provide for rent escalations and renewal options. Many leases include one or more options to renew the lease at the end of the initial term. The Company considered renewals in its right-of-use assets and lease liabilities. Certain real estate leases require payment for taxes, insurance and maintenance which are considered non-lease components. The Company accounts for real estate leases and the related fixed non-lease components together as a single component.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leased Assets (Continued)

The Company determines if an arrangement is a lease at inception. The Company must consider whether the contract conveys the right to control the use of an identified asset. Certain arrangements require significant judgment to determine if an asset is specified in the contract and if the Company directs how and for what purpose the asset is used during the term of the contract.

(j) Income Taxes

TGS Management, LLC is a limited liability company that has elected to be treated as a partnership for federal income tax purposes. Under federal law, the taxable income or loss of a limited liability company is allocated to its members. Accordingly, no provision has been made for federal income taxes.

Beacon Holdings, LLC, prior to January 1, 2018, was not subject to federal and state income taxes since it was operating as a Limited Liability Company and had elected to be taxed under Subchapter S of the Internal Revenue Code. Effective January 1, 2018, the Beacon Holdings, LLC elected to be taxed as a C corporation and, as a result, became subject to corporate federal and state income taxes.

(k) Revenue Recognition

For the years ended December 31, 2019 and 2018, the Company has adopted ASU 2014-09, "Revenue from Contracts with Customers" and all the related amendments, which are also codified into ASC 606, "Revenue from Contracts with Customers".

Through application of this 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 ASC 606, 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).

Revenues consist of consumer packaged goods and retail sales of cannabis, which are generally recognized at a point in time when control over goods have been transferred to the customer and is recorded net of sales discounts. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's policy. Sales discounts were not material during the years ended December 31, 2019 and 2018.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon acceptance by the customer.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Revenue Recognition (Continued)

The Company offers its customers loyalty points rewards program that allows its customers to earn discounts on future purchases. Any unused discounts are recorded as a liability and recorded as a reduction of revenue at the time a qualifying purchase is made. Revenue is recognized when points are redeemed. At December 31, 2019 and 2018, loyalty program liabilities were \$2,111,064 and \$2,201,066, respectively.

Based on the Company's assessment, the adoption of this new standard had no impact on the amounts recognized in its combined financial statements.

(l) Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the combined financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

There were no transfers between levels during the years ended December 31, 2019 and 2018.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Recent Accounting Pronouncements *(Continued)*

- (i) In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (“ASC 842”), which will replace ASC 840, “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. For private companies, the standard will be effective for annual periods beginning on or after December 15 2020, with earlier application permitted. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company has early adopted this standard as of January 1, 2019. Upon early adoption of ASC 842, the Company recorded right-of-use assets of \$19,874,781 and corresponding lease liabilities of \$20,135,840. See Note 5 for further detail information.
- (ii) In August 2018, the FASB issued ASU 2018-13, Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820). ASU 2018-13 adds, modifies, and removes certain fair value measurement disclosure requirements. For private companies, ASU 2018-13 is effective for annual beginning after December 15, 2019. The Company is currently evaluating the effect of adopting this ASU on the Company’s combined financial statements.
- (iii) In June 2016, the FASB issued ASC 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, an reasonable and supportable forecasts. Companies will now use forward-looking information to better form their credit loss estimates. ASU 2016-13 also requires enhanced disclosures to help financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of a company’s portfolio. For private companies, ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The Company does not believe that the impact of the new standard on its combined financial statements will be material.
- (iv) In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. For private companies, ASU 2019-12 is effective for annual periods beginning and after December 15, 2021. The Company is currently evaluating the effect of adopting this ASU on the Company’s combined financial statements

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

3. INVENTORIES

The Company's inventories include the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Raw Materials	\$ 1,447,634	\$ 696,781
Work-in-Process	4,877,889	2,821,098
Finished Goods	4,162,214	3,114,495
Total Inventories	<u>\$10,487,737</u>	<u>\$6,632,374</u>

4. PROPERTY AND EQUIPMENT

At December 31, 2019 and 2018, property and equipment consisted of:

	<u>2019</u>	<u>2018</u>
Land	\$ —	\$ 277,311
Buildings	23,850	1,345,998
Equipment	9,672,627	9,178,947
Furniture and Fixtures	1,463,770	761,464
Leasehold Improvements	10,317,841	7,225,502
Vehicles	271,782	190,490
Software	514,333	514,333
Capital Lease Assets	—	26,710,379
Construction in Progress	1,060,550	654,014
Total Property and Equipment, Gross	23,324,753	46,858,438
Less: Accumulated Depreciation	<u>(11,032,625)</u>	<u>(9,898,748)</u>
Property and Equipment, Net	<u>\$ 12,292,128</u>	<u>\$36,959,690</u>

Depreciation expense for the years ended December 31, 2019 and 2018 totaled \$2,895,495 and \$5,162,885, respectively, of which \$1,549,182 and \$2,484,475, respectively, is included in cost of goods sold.

For the year ended December 31, 2019, the Company closed two sale and leaseback transactions to sell its dispensaries at Santa Fe Trail and South Federal Boulevard to TRE PAS, LLC. Under the long-term agreement, the Company will lease back the dispensaries and continue to operate and manage it. As a result of the sale, the Company disposed of \$277,311 of land, \$1,322,148 of buildings and \$320,293 construction in progress. See Note 6 – Deferred Gains for further information regarding these two transactions.

Upon early adoption of ASC 842, \$26,710,379 capital lease assets with accumulated depreciation of \$1,603,743 were reclassified under finance lease right-of-use assets, net in the combined balance sheet.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

5. LEASES

Prior to the modified retrospective adoption of ASC 842 on January 1, 2019, the Company leased certain real estate in the State of Colorado and personal properties recorded under both operating and finance leases. The Company recognized rent expense for operating leases on a straight-line basis over the noncancelable lease term and recorded the difference between cash rent payments and recognition of rent expense as a deferred rent liability. Whenever any of the leases contained rent abatements and landlord or tenant incentives or allowances, the Company applied them as a straight-line rent expense over the lease term.

Upon early adoption of ASC 842, the Company applied the below accounting treatments to both its operating and finance leases.

Operating Lease Right-of-Use Assets and Liabilities

Operating lease right-of-use assets and liabilities commencing after January 1, 2019 are recognized at the commencement date based on the present value of the lease payments over the lease term. Information related to the Company's operating lease right-of-use assets and liabilities as of and for the year ended December 31, 2019 were as follows:

Operating Lease Right-of-Use Assets:	
Recognized upon early adoption of ASC 842 as of January 1, 2019	\$19,874,781
Amortization expense	(1,664,570)
Operating Lease Right-of-Use Assets, Net	<u>\$18,210,211</u>
Operating Lease Liabilities:	
Recognized upon early adoption of ASC 842 as of January 1, 2019	\$20,135,840
Cash paid for amounts included in the measurement of operating lease liabilities	(1,099,149)
	19,036,691
Operating lease liabilities—Current	(865,573)
Operating lease liabilities—Net of Current Portion	<u>\$18,171,118</u>
Supplemental Operating Lease Information:	
Operating lease costs*	\$ 4,487,564
Weighted-average remaining lease term in years	4.89
Weighted-average discount rate	15%

* Amortization expense included in operating lease costs was \$1,664,570, of which \$1,325,572 was included in cost of goods sold.

Finance Lease Right-of-Use Assets and Liabilities

Finance lease right-of-use assets and liabilities commencing after January 1, 2019 are recognized at the commencement date based on the present value of the lease payments over the lease term.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

5. LEASES (Continued)

Information related to the Company's finance lease right-of-use assets and liabilities as of and for the year ended December 31, 2019 were as follows:

Finance Lease Right-of-Use Assets:	
Reclassification of right-of-use assets upon early adoption of ASC 842 as of January 1, 2019	\$25,106,636
Right-of-Use assets obtained in exchanged for new finance lease liabilities	6,206,523
Amortization expense	(2,550,169)
Finance Lease Right-of-Use Assets, Net	<u>\$28,762,990</u>
Finance Lease Liabilities:	
Reclassification of finance lease liabilities upon early adoption of ASC 842	\$25,960,273
New finance lease liabilities commenced	6,206,523
Cash paid for amounts included in the measurement of finance lease liabilities	(632,059)
	31,534,737
Finance lease liabilities - Current	<u>(717,027)</u>
Finance lease liabilities - Net of Current Portion	<u>\$30,817,710</u>
Supplemental Finance Lease Information:	
Amortization expense included in operating expenses	\$ 1,329,763
Amortization expense included in cost of revenues	\$ 1,220,406
Interest on lease liabilities	\$ 4,658,432
Weighted-average remaining lease term in years	13.07
Weighted-average discount rate	15%

Maturities of operating and finance lease liabilities as of December 31, 2019 are expected to be as follows:

<u>Year Ending December 31,</u>	<u>Operating leases</u>	<u>Finance leases</u>	<u>Total</u>
2020	\$ 3,621,939	\$ 6,094,439	\$ 9,716,378
2021	3,591,390	5,821,683	9,413,073
2022	3,440,905	5,553,459	8,994,364
2023	3,389,866	5,720,248	9,110,114
2024	3,273,080	5,891,857	9,164,937
Thereafter	23,417,934	49,290,526	72,708,460
Total lease payments	40,735,114	78,372,212	119,107,326
Less: imputed interest	(21,698,423)	(46,837,475)	(68,535,898)
Total lease liabilities	19,036,691	31,534,737	50,571,428
Less: current portion	(865,573)	(717,027)	(1,582,600)
Long-term portion	<u>\$ 18,171,118</u>	<u>\$ 30,817,710</u>	<u>\$ 48,988,828</u>

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

6. DEFERRED GAINS

Transactions Prior to January 1, 2019

Under ASC 840, any resulting gains or losses from sale and leaseback transactions that are classified to be operating leases will generally be recognized immediately. However, in certain circumstances, the gain may be deferred. For sale and leaseback transactions that are classified to be capital leases, any resulting gains are recognized over the lease term or in the case of losses recognized immediately. During the year ended December 31, 2018, the Company entered into several sale and leaseback transactions and determined that certain transactions should be classified as capital leases as defined under ASC 840. All other sale and leaseback transactions were recorded as operating leases. The combined total proceeds for all operating and capital sale and leaseback transactions were \$36,205,000. At December 31, 2018, the Company recognized deferred gain and losses of \$4,469,483 and \$1,908,348, respectively.

As of December 31, 2018, the total deferred gains recorded for the sale and leaseback transactions were as follows:

Net gain from sale and leaseback transactions	\$2,798,957
Add losses immediately recognized	<u>1,908,348</u>
Deferred gains from sale and leaseback transactions	4,707,305
Deferred gains amortized and recognized during the year	<u>(237,822)</u>
Net deferred gains at the end of year	4,469,483
Less current portion of deferred gains	<u>(405,040)</u>
Deferred Gains, Net of Current Portion	<u>\$4,064,443</u>

Transactions After January 1, 2019

Upon transition to ASC 842 on January 1, 2019, the Company recorded an adjustment of \$715,161 to equity. The adjustment to equity was driven by unamortized deferred gains from the Company's operating sale and leaseback transactions under ASC 840. Gains on sale previously recorded under ASC 840 as capital sale and leaseback continued to be amortized over the remaining term of the lease.

Under ASC 842, related gains and losses for leases qualified for sale and leaseback transactions are recognized immediately. During the year ended December 31, 2019, the Company entered into two sale and leaseback transactions. Net losses recognized were \$132,878, and are included in the combined statements of operations for the year ended December 31, 2019. Finance lease right-of-use assets of \$1,789,734 and finance lease liabilities of \$1,789,734 were recognized upon execution of the transactions, respectively.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

6. DEFERRED GAINS (Continued)

As of December 31, 2019, the total deferred gain recorded for historical sale and leaseback transactions was as follows:

Deferred gain from sale and leaseback under ASC 840	\$4,469,483
Adjustment upon early adoption of ASC 842	<u>(715,161)</u>
Deferred gains at initial adoption	3,754,322
Deferred gains amortized and recognized during the Year	<u>(333,956)</u>
Net deferred gains at the end of year	3,420,366
Less current portion of deferred gains	<u>(356,725)</u>
Deferred Gains, Net of Current Portion	<u>\$3,063,641</u>

Deferred gains are amortized on a straight-line basis over the term of the lease as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ 356,725
2021	356,725
2022	356,725
2023	356,725
2024	356,725
Thereafter	1,636,741
	<u>\$3,420,366</u>

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

7. NOTES PAYABLE

At December 31, 2019 and 2018, notes payable consisted of the following:

	<u>2019</u>	<u>2018</u>
Secured promissory notes dated February 13, 2018, issued to refinance property acquisition loans, which originally mature on February 13, 2020 and extended to January 29, 2021, bearing interest at rates of 15% - 18% per annum.	\$ 9,413,434 *	\$ 9,256,099
Unsecured promissory note dated October 28, 2016, issued to obtain a working capital loan, which originally matured on October 28, 2019 and extended to February 2020, bearing a fixed interest charge and requires minimum monthly payments.	398,017	406,415
Secured promissory notes dated between January 1, 2016 to February 14, 2018, issued to obtain working capital loans, all of which mature through July 7, 2020, bearing interest at rates of 15% - 22% per annum.	30,000	819,037
Promissory notes dated August 1, 2019, issued to obtain a working capital loan, which mature on August 1, 2021, bearing a fixed interest rate at 15% per annum.	976,250	—
Secured promissory note dated November 5, 2019, issued to obtain working capital and meet repayment obligations during pending closing of acquisition period, which matures on May 5, 2021, bearing a fixed interest rate at 15% per annum	15,000,000	—
Total Notes Payable	25,817,701**	10,481,551
Less Current Portion of Notes Payable	(25,817,701)	(740,331)
Notes Payable, Net of Current Portion	<u>\$ —</u>	<u>\$ 9,741,220</u>

* On January 29, 2020, \$9.4 million promissory note is assumed by a third party through a membership interest acquisition of a related entity, TGS Illinois, LLC which majority-owned by the principal members of the Company. Please see further detail in Note 13 – Subsequent Events.

** In November 2019, Columbia Care, Inc. has entered into a definitive agreement to purchase 100% of the Company's interest in 2020. All notes payables are expected to be paid off in 2020 upon formal closing of the purchases.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

8. MEMBERS' DEFICIT

Beacon Holdings, LLC, TGS Management, LLC and Beyond Worx Holdings, LLC were formed as Colorado limited liability companies on April 18, 2014, October 31, 2011, and November 12, 2009, respectively. Allocations of profits and losses of Beacon Holdings, LLC, TGS Management, LLC and Beyond Worx Holdings, LLC for each fiscal year have been allocated among unitholders in proportion to their member units. No member has the right to transfer any or part of their membership interest without express written permission of a vote of members. As of December 31, 2019 and 2018, total members distributions amounted to \$2,546,892 and \$6,394,320, respectively.

On January 2, 2019, Beyond Worx Holdings, LLC was dissolved and its interest was transferred to TGS Management, LLC and Beacon Holdings, LLC, respectively.

9. RELATED PARTY TRANSACTIONS

(a) Due from Related Parties

On occasion, the Company advances funds to some of its related entities. At December 31, 2018, the Company had amounts due from TGS Illinois, LLC and TGS Nationals Holdings, LLC of \$481,199. The amounts due are non-interest bearing and due on demand. There is no amount due from related parties at December 31, 2019.

(b) Related party transactions

Total compensation for the four principal owners of the Company for the years ended December 31, 2019 and 2018 were \$715,276 and \$1,456,943, respectively, which were included in general and administrative expenses in the combined statements of operations.

10. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, 2019 and 2018, general and administrative expenses were comprised of the following:

	<u>2019</u>	<u>2018</u>
Salaries and Wages	\$16,499,970	\$18,049,725
Rent	3,255,554	2,388,904
Professional Fees	2,893,998	2,604,660
Utilities	1,018,657	749,745
Bank Charges	226,928	1,049,124
Contract Labor	88,441	928,504
Supplies	760,532	636,650
Insurance	489,043	474,316
Repairs and Maintenance	265,136	336,300
Other	2,320,085	879,753
	<u>\$27,818,344</u>	<u>\$28,097,681</u>

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

11. INCOME TAXES

The provision from income taxes for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Current:		
Federal	\$ 6,134,833	\$6,110,382
State	309,509	17,481
Total Current Tax Expense	6,444,342	6,127,863
Deferred:		
Federal	(1,622,685)	334,653
State	(422,370)	142,116
Total Deferred Tax Expense	(2,045,055)	476,769
Total Tax Provision	<u>\$ 4,399,287</u>	<u>\$6,604,632</u>

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liabilities as of December 31, 2019 and 2018 are set forth below:

	<u>2019</u>	<u>2018</u>
Deferred Tax Assets (Liabilities):		
Right-of-Use Assets and Lease Liabilities	\$ 89,924	\$ —
Property and Equipment and Intangible Assets	154,252	(603,504)
Reserves and Allowances	378,698	50,896
Deferred Revenue	872,192	—
Accrued Bonus	21,514	—
Other	51,706	75,839
Total Deferred Tax Assets (Liabilities)	<u>\$1,568,286</u>	<u>\$(476,769)</u>

As the Company operates in the cannabis industry, it is subject to the limits of U.S. IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under U.S. IRC Section 280E.

Federal tax laws impose significant restrictions on the utilization of net operating loss carryforwards in the event of a change in ownership of the Company, as defined by Internal Revenue Code Section 382 (Section 382). The Company does not believe a change in ownership, as defined by Section 382, has occurred but a formal study has not been completed. The Company has no net operating loss carryforwards for federal and Colorado income tax purposes.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

11. INCOME TAXES *(Continued)*

The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 199 (“FIN48”) as of January 1, 2018, which now codified primarily under ASC Topic No. 740. FIN48 requires companies to determine whether it is “most likely than not” that a tax position will be sustained upon examination by the appropriate taxing authorities before any tax benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, classification and interest and penalties related to uncertain tax positions.

Additionally, ASC 740-10 specifies that tax positions for which the timing of the ultimate resolution is uncertain should be recognized as long-term liabilities. The Company made no reclassifications between current taxes payable and long-term tax payable upon adoption of ASC 740-10. Our policy is to record interest related to uncertain tax positions as interest and any penalties as part of the income tax expense. As of December 31, 2019 and 2018, there were no unrecognized tax benefits recorded.

In assessing the realizability of deferred tax assets, the Company considers it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has not recorded a valuation allowance on its deferred tax asset balances in the current year, as it believes it is more likely than not that the full deferred tax asset balance will be realized.

12. COMMITMENTS AND CONTINGENCIES

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in other liabilities. Contingent liabilities 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 contingent liabilities for such contracts.

(a) 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 as of December 31, 2019, medical marijuana 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.

TGS GLOBAL
Notes to the Combined Financial Statements
Years Ended December 31, 2019 and 2018

12. 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. As of December 31, 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the Company's combined results of operations. 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.

13. SUBSEQUENT EVENTS

Management has evaluated significant events or transactions that have occurred since the combined balance sheet date and through June 1, 2020, the date the combined financial statements were available to be issued. The subsequent events noted are as follows:

(a) Acquisition by Columbia Care, Inc.

On November 5, 2019, Columbia Care, Inc. has entered into a definitive agreement to acquire 100% of TGS Global. As consideration for the acquisition, Columbia Care, Inc. will deliver approximately \$140 million through 33,222,900 shares in the form of common stocks and \$15 million in the form of a promissory note which will be converted into equity. In addition, Columbia Care, Inc. will be required to increase purchase consideration if certain financial targets are met. The transaction is expected to close in the third quarter of 2020.

(b) Assumption of Note Payable

On January 29, 2020, the principal members of the Company closed a membership interest acquisition with a third party, Jushi, Inc. for TGS Illinois, LLC, a related entity which majority-owned by the principal members. As part of the transaction, Jushi Inc. received membership interest of TGS Illinois, LLC from the principal members and assumed \$9.4 million promissory note plus any unpaid accrued interest on behalf of the Company. The principal members immediately contributed the assumption of the note payable to the Company.

(c) COVID – 19 Pandemic

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 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's business or results of operations at this time.



TGS GLOBAL

UNAUDITED COMBINED FINANCIAL STATEMENTS

**AS OF JUNE 30, 2020 AND
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

F-105

TGS GLOBAL
INDEX TO COMBINED FINANCIAL STATEMENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	F-107
COMBINED FINANCIAL STATEMENTS:	
Combined Balance Sheet	F-108
Combined Statement of Operations	F-109
Combined Statement of Changes in Members' Deficit	F-110
Combined Statement of Cash Flows	F-111
Notes to the Combined Financial Statements	F-112



Certified
Public
Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Members of TGS Global
Denver, Colorado

We have reviewed the accompanying combined financial statements of TGS Global (the "Company"), which comprise the combined balance sheet as of June 30, 2020, and the related combined statements of operations, changes in members' deficit, and cash flows for the six-month period then ended, and the related notes to the combined financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the combined financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of TGS Global and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP".

Los Angeles, California
May 18, 2021

Macias Gini & O'Connell LLP
700 South Flower St., Suite 800
Los Angeles, CA 90017

www.mgocpa.com

TGS GLOBAL
Combined Balance Sheet
June 30, 2020 (Unaudited)

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 3,132,888
Accounts Receivables	355,230
Prepaid Expenses and Other Current Assets	1,306,191
Inventories - Net	9,133,930
Total Current Assets	13,928,239
Property and Equipment - Net	12,254,302
Finance Lease Right-of-Use Assets - Net	26,909,292
Operating Lease Right-of-Use Assets - Net	18,090,790
Intangible Assets	3,192,835
Deposits and Other Assets	2,193,699
Deferred Tax Assets	1,568,286
TOTAL ASSETS	\$ 78,137,443
LIABILITIES AND MEMBERS' DEFICIT	
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 10,702,516
Loyalty Program Liabilities	2,384,825
Finance Lease Liabilities - Current	1,036,985
Operating Lease Liabilities - Current	989,846
Deferred Gains - Current	405,040
Notes Payable - Current	17,525,344
Income Taxes Payable	12,451,706
Total Current Liabilities	45,496,262
Finance Lease Liabilities - Net of Current Portion	30,402,141
Operating Lease Liabilities - Net of Current Portion	18,039,176
Deferred Gains - Net of Current Portion	2,841,152
TOTAL LIABILITIES	96,778,731
TOTAL MEMBERS' DEFICIT	(18,641,288)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	\$ 78,137,443

The accompanying notes are an integral part of these combined financial statements

TGS GLOBAL
Combined Statement of Operations
Six-Month Period Ended June 30, 2020 (Unaudited)

Revenues, Net of Discounts	\$42,050,812
Cost of Goods Sold	20,740,266
Gross Profit	<u>21,310,546</u>
Operating Expenses:	
General and Administrative	17,173,623
Selling and Marketing	855,096
Depreciation and amortization	1,867,140
Total Expenses	<u>19,895,859</u>
Income from Operations	1,414,687
Other Income (Expense)	
Interest Expense - Net	(2,694,532)
Loan Fee Amortization	(20,850)
Other Expense	<u>(253,006)</u>
Total Other Income (Expenses)	<u>(2,968,388)</u>
Loss Before Provision for Income Taxes	(1,553,701)
Provision for Income Taxes	3,789,281
Net Loss	<u>\$ (5,342,982)</u>

The accompanying notes are an integral part of these combined financial statements

TGS GLOBAL
Combined Statement of Changes in Members' Deficit
Six-Month Period Ended June 30, 2020

BEGINNING BALANCE AT JANUARY 1, 2020	\$(22,679,357)
Net Loss	(5,342,982)
Contributions by Members	9,438,464
Distributions to Members	(57,413)
ENDING BALANCE AT JUNE 30, 2020	<u>\$(18,641,288)</u>

The accompanying notes are an integral part of these combined financial statements

TGS GLOBAL
Combined Statement of Cash Flows
Six-Month Period Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	\$(5,342,982)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:	
Depreciation of Property and Equipment	1,517,852
Amortization of Operating Lease Right-of-Use Assets	557,418
Amortization of Finance Lease Right-of-Use Assets	1,853,698
Amortization of Deferred Gains	(174,174)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(219,657)
Prepaid Expenses and Other Current Assets	296,095
Inventories	1,353,807
Deposits and Other Assets	460,790
Accounts Payable and Accrued Liabilities	(72,291)
Loyalty Program Liabilities	273,761
Income Taxes Payable	1,704,281
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,208,598</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Property and Equipment	(1,480,026)
Purchase of Operating Lease Right-of-Use Assets	(437,997)
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,918,023)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal Repayments of Notes Payable	(396,736)
Proceeds from Issuance of Notes Payable	1,535,174
Payments of Finance Lease Liabilities	(95,611)
Distributions to Members	(57,413)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>985,414</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,275,989
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2019	1,856,899
CASH AND CASH EQUIVALENTS, JUNE 30, 2020	<u>\$ 3,132,888</u>
CASH PAID DURING THE SIX-MONTH PERIOD FOR:	
Interest	\$ 75,000
Taxes	<u>\$ 2,085,000</u>
NON-CASH FINANCING ACTIVITIES:	
Members Contributions of a Related Party Note Payable to the Company	<u>\$ 9,438,464</u>

The accompanying notes are an integral part of these combined financial statements

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

1. NATURE OF OPERATIONS

Business Description

TGS Global is comprised of the following companies: TGS Management, LLC, Beacon Holdings, LLC, and Beyond Worx Holdings, LLC (dissolved in 2019) (collectively known as “TGS Global” or the “Company”, and dba “The Green Solution”).

TGS Global was formed in October 2010 for the purpose of selling recreational and related cannabis products in the state of Colorado. In that regard, TGS Global owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the State of Colorado.

TGS’s dispensary model is driven by innovation and consumer relationships. Additionally, TGS Global works with regulators to help develop policies encouraging safe and responsible legislative progress. TGS Global’s mission is to maximize accessibility, education, responsibility, and market share in the cannabis sector.

COVID – 19 Pandemic

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 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’s combined business or results of operations at this time.

Liquidity and Capital Resources

At June 30, 2020, the Company has a working capital deficiency of \$31,568,023 and a members’ deficit of \$18,641,288. Furthermore, for the six-month period ended June 30, 2020, the Company has a net loss from operations of \$5,342,982. The Company’s management continues to finance its cash needs through contributions from its members and/or related parties. If management is unsuccessful in its efforts to generate profitable operations and/or continue to receive financial support, the Company may not be able to continue as a going concern. The ability of the Company to continue as a going concern and to meet its obligations will be dependent upon successful operations and cash flows. The accompanying combined financial statements do not reflect any adjustment that might result from the outcome of this uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and reflect the combined accounts and operations of the Company.

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Combination

Affiliates are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of affiliates are included in the combined financial statements from the date that control commences until the date that control ceases.

The combined financial statements include the accounts of TGS Management, LLC, Beacon Holdings, LLC, and Beyond Worx Holdings, LLC (dissolved in 2019). These companies are controlled by common owners and management. On January 2, 2019, the owners and management restructured the Company where Beyond Worx Holdings, LLC was dissolved and all its interest was transferred to TGS Management, LLC and Beacon Holdings, LLC.

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805 has provided specific guidance on common control transactions. When the parties involved were commonly controlled, the “pooling of interests” or “predecessor value” method of accounting must be used, where by the acquired assets and liabilities are recorded at their existing carrying values rather than at fair value and no goodwill is recorded in connection with the common control transaction. The transfer of entities interest from Beyond Worx Holdings, LLC to TGS Management, LLC and Beacon Holdings, LLC followed the predecessor value method.

The following are the Company’s subsidiaries that are included in these combined financial statements as of June 30, 2020:

<u>Entities</u>	<u>State of Operations</u>
TGS Management, LLC	Colorado
Beacon Holdings, LLC	Colorado
TGS Global, LLC	Colorado
Dellock Digital, LLC	Colorado
High Rise Media, LLC	Colorado
Future Vision Brain Bank, LLC	Colorado
Rocky Mountain Tillage, LLC	Colorado
The Green Solution, LLC	Colorado
Infuzionz, LLC	Colorado
Speidell Real Estate Group, LLC	Colorado
22-Twenty Five Construction, LLC	Colorado
420 On the Block, LLC	Colorado

All significant intercompany balances and transactions have been eliminated in combination.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company’s combined 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.

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and Cash Equivalents

Cash and Cash Equivalents include cash deposits in financial institutions and other deposits that are readily convertible to cash. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, the Company had balances in excess of insured limits totaling approximately \$2,586,404. The Company has not experienced any losses in such accounts.

Accounts Receivables 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. At June 30, 2020, the Company did not record an allowance for doubtful accounts.

Inventories

Inventories consist of raw materials, work-in-process and finished goods, and are initially valued at cost and subsequently at the lower of cost and 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. The Company reviews its inventories for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value. At June 30, 2020, the Company recorded inventory reserves of \$671,507.

Property and Equipment

Property and equipment is 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	40 Years
Equipment	5 Years
Furniture and Fixtures	5 Years
Leasehold Improvements	Remaining Life of Lease or Useful Life, Whichever Shorter
Vehicles	5 Years
Software	5 Years
Construction in Progress	Not Depreciated

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property and Equipment *(Continued)*

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial statement 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 de-recognition 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.

Intangible Assets

Intangible assets consist of purchased state marijuana licenses in the State of Colorado and are classified as indefinite lived assets. These assets 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. For the six-month period ended June 30, 2020, the Company did not recognize any impairment losses relatively to these assets. As of June, 30, 2020, intangible assets totaled \$3,192,835.

Impairment of Long-Lived Assets

The Company accounts for its long-lived assets such as property and equipment and intangible assets in accordance with FASB ASC Topic No. 360, "Accounting for the Impairment or Disposal of Long-lived Assets" ("ASC 360").

Management reviews long-lived assets for impairment whenever changes in events or circumstances indicate the assets may be impaired, but no less frequently than annually. Pursuant to ASC 360, an impairment loss is to be recorded when the net book value of an asset exceeds the undiscounted cash flows expected to be generated from the use of the asset. If an asset is determined to be impaired, the asset is written down to its realizable value, and the loss is recognized in the combined statement of operations and changes in member's deficit in the period when the determination is made. No impairment charges for long-lived assets have been recorded for the six-month period ended June 30, 2020.

Leased Assets

In February 2016, the FASB issued ASU No. 2016-02 "Leases (Topic 842)" ("ASC 842"), which requires lessees to put most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. On January 1, 2019, the Company early adopted the standard and all related amendments, using the optional transition method (modified retrospective approach) applied to leases at the adoption date. The Company have finance leases which had been previously classified as "finance lease" under ASU No. 13 (Topic 840). Accounting for finance leases is substantially unchanged under ASC 842.

In the initial application of ASC 842, the Company elected the package of practical expedients permitted under the transition guidance allowing the Company to carry forward historical assessment:

- Whether the contracts are, or contain leases
- Lease classifications for any expired or existing leases
- Indirect costs for any existing leases

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leased Assets *(Continued)*

The Company also elected a policy of not recording a lease on its combined balance sheets when the lease has a term of 12 months or less and the Company is not reasonably certain to elect an option to purchase the leased assets.

Upon adoption of ASC 842, right-of-use assets were adjusted for deferred rent and prepaid as of January 1, 2019. Lease expense is recognized on a straight-line basis over the expected lease term. The Company's incremental borrowing rate is used in determining the present value of future payments at the commencement date of the lease, or for the adoption of ASC 842, at January 1, 2019. Balances related to operating leases are included in right-of-use assets and lease liabilities on the combined balance sheet. Upon adoption of ASC 842, right-of-use assets were adjusted for deferred rent and prepaid as of January 1, 2019. Lease expense is recognized on a straight-line basis over the expected lease term. The Company's incremental borrowing rate is used in determining the present value of future payments at the commencement date of the lease, or for the adoption of ASC 842, at January 1, 2019. Balances related to operating leases are included in right-of-use assets and lease liabilities on the combined balance sheet.

All real estate leases are recorded on the combined balance sheet. Equipment and other non-real estate leases with an initial term of twelve months or less are not recorded on the balance sheet. Lease agreements for some locations provide for rent escalations and renewal options. Many leases include one or more options to renew the lease at the end of the initial term. The Company considered renewals in its right-of-use assets and lease liabilities. Certain real estate leases require payment for taxes, insurance and maintenance which are considered non-lease components. The Company accounts for real estate leases and the related fixed non-lease components together as a single component.

Revenue Recognition

The Company has adopted ASU 2014-09, "Revenue from Contracts with Customers" and all the related amendments in 2019, which are also codified into ASC 606, "Revenue from Contracts with Customers".

Through application of this 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 ASC 606, 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).

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition *(Continued)*

Revenues consist of consumer packaged goods and retail sales of cannabis, which are generally recognized at a point in time when control over goods have been transferred to the customer and is recorded net of sales discounts. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's policy. Wholesales discounts were not material during the six-month period ended June 30, 2020.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon acceptance by the customer.

The Company offers its customers loyalty points rewards program that allows its customers to earn discounts on future purchases. Loyalty points are earned when a qualifying purchase is made. Earned loyalty points are recorded as a reduction of revenue. Revenue is recognized when points are redeemed. At June 30, 2020, loyalty program liabilities were \$2,384,825. The reward points can be used in future purchases. When a customer attains each 100 points which worth \$5 credit, the customer can redeem the credits on his/her next in-store purchase. In addition, loyalty points not redeemed will expire automatically after six months from the date which were earned.

Income Taxes

TGS Management, LLC is a limited liability company that has elected to be treated as a partnership for federal income tax purposes. Under federal law, the taxable income or loss of a limited liability company is allocated to its members. Accordingly, no provision has been made for federal income taxes.

As the Company operates in the cannabis industry, it is subject to the limits of U.S. IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under U.S. IRC Section 280E.

Federal tax laws impose significant restrictions on the utilization of net operating loss carryforwards in the event of a change in ownership of the Company, as defined by Internal Revenue Code Section 382 (Section 382). The Company does not believe a change in ownership, as defined by Section 382, has occurred but a formal study has not been completed. The Company has no net operating loss carryforwards for federal and Colorado income tax purposes.

The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 199 (“FIN48”) as of January 1, 2018, which now codified primarily under ASC Topic No. 740. FIN48 requires companies to determine whether it is “most likely than not” that a tax position will be sustained upon examination by the appropriate taxing authorities before any tax benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, classification and interest and penalties related to uncertain tax positions.

Additionally, ASC 740-10 specifies that tax positions for which the timing of the ultimate resolution is uncertain should be recognized as long-term liabilities. The Company made no reclassifications between current taxes payable and long-term tax payable upon adoption of ASC 740-10. Our policy is to record interest related to uncertain tax positions as interest and any penalties as part of the income tax expense. As of June 30, 2020, there were no unrecognized tax benefits recorded.

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes (Continued)

In assessing the realizability of deferred tax assets, the Company considers it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has not recorded a valuation allowance on its deferred tax asset balances in the current year, as it believes it is more likely than not that the full deferred tax asset balance will be realized.

Beacon Holdings, LLC, prior to January 1, 2018, was not subject to federal and state income taxes since it was operating as a Limited Liability Company and had elected to be taxed under Subchapter S of the Internal Revenue Code. Effective January 1, 2018, the Beacon Holdings, LLC elected to be taxed as a C corporation and, as a result, became subject to corporate federal and state income taxes.

Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the combined financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable markets data for substantially the full term of the assets or liabilities.
- Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

There were no transfers between levels during the six-month period ended June 30, 2020.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASC 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, an reasonable and supportable forecasts. Companies will now use forward-looking information to better form their credit loss estimates. ASU 2016-13 also requires enhanced disclosures to help financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of a company's portfolio. For private companies, ASU 2016-13 is effective for annual periods

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Recent Accounting Pronouncements *(Continued)*

beginning after December 15, 2022. The Company does not believe that the impact of the new standard on its combined financial statements will be material.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. For private companies, ASU 2019-12 is effective for annual periods beginning and after December 15, 2021. The Company is currently evaluating the effect of adopting this ASU on its combined financial statements.

3. INVENTORIES

The Company's inventories include the following at June 30, 2020:

Raw Materials	\$1,127,464
Work-in-Process	4,098,552
Finished Goods	3,907,914
Total Inventories	<u>\$9,133,930</u>

4. PROPERTY AND EQUIPMENT

At June 30, 2020, property and equipment consisted of:

Buildings	\$ 23,850
Equipment	10,202,006
Furniture and Fixtures	1,675,310
Leasehold Improvements	11,019,155
Vehicles	286,283
Software	514,332
Construction in Progress	1,155,994
Total Property and Equipment	24,876,930
Less: Accumulated Depreciation	(12,622,628)
Property and Equipment, Net	<u>\$ 12,254,302</u>

Depreciation expense for the six-month period ended June 30, 2020, totaled \$1,517,852 of which \$719,827 is included in cost of goods sold.

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

5. LEASES

Information related to the Company's operating lease right-of-use assets and liabilities as of and for the six-month period ended June 30, 2020, were as follows:

Operating Lease Right-of-Use Assets:	
Beginning Balance as of January 1, 2020	\$18,210,211
Additions	437,997
Amortization expense	(557,418)
Operating Lease Right-of-Use Assets, Net	<u>\$18,090,790</u>
Operating Lease Liabilities:	
Beginning Balance as of January 1, 2020	\$19,036,691
Additions	431,177
Cash paid for amounts included in the measurement of operating lease liabilities	(438,846)
	19,029,022
Operating lease liabilities - Current	(989,846)
Operating lease liabilities - Net of Current Portion	<u>\$18,039,176</u>
Supplemental Operating Lease Information:	
Operating lease costs	\$ 2,043,118
Weighted-average remaining lease term in years	4.39
Weighted-average discount rate	15%

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

5. LEASES (Continued)

Information related to the Company's finance lease right-of-use assets and liabilities as of and for the six-month period ended June 30, 2020, were as follows:

Finance Lease Right-of-Use Assets:	
Beginning Balance as of January 1, 2020	\$28,762,990
Amortization expense	(1,853,698)
Finance Lease Right-of-Use Assets, Net	<u>\$26,909,292</u>
Finance Lease Liabilities:	
Beginning Balance as of January 1, 2020	\$31,534,737
Cash paid for amounts included in the measurement of finance lease liabilities	(95,611)
	31,439,126
Finance lease liabilities - Current	(1,036,985)
Finance lease liabilities - Net of Current Portion	<u>\$30,402,141</u>
Supplemental Finance Lease Information:	
Amortization expense included in operating expenses	\$ 1,018,100
Amortization expense included in cost of revenues	\$ 790,543
Interest on finance lease liabilities	\$ 2,495,886
Weighted-average remaining lease term in years	12.57
Weighted-average discount rate	15%

Maturities of operating and finance lease liabilities as of June 30, 2020, are expected to be as follows:

<u>Period Ending June 30,</u>	<u>Operating leases</u>	<u>Finance leases</u>	<u>Total</u>
2021	\$ 3,701,981	\$ 5,723,278	\$ 9,425,259
2022	3,618,250	5,696,377	9,314,627
2023	3,536,086	5,860,719	9,396,805
2024	3,488,427	5,805,306	9,293,733
2025	3,342,264	5,979,465	9,321,729
Thereafter	<u>21,646,817</u>	<u>46,570,646</u>	<u>68,217,463</u>
Total lease payments	39,333,825	75,635,791	114,969,616
Less: imputed interest	<u>(20,304,803)</u>	<u>(44,196,665)</u>	<u>(64,501,468)</u>
Total lease liabilities	19,029,022	31,439,126	50,468,148
Less: current portion	<u>(989,846)</u>	<u>(1,036,985)</u>	<u>(2,026,831)</u>
Long-term portion	<u>\$ 18,039,176</u>	<u>\$ 30,402,141</u>	<u>\$ 48,441,317</u>

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

6. DEFERRED GAINS

During 2019, the Company closed two sale and leaseback transactions to sell its dispensaries at Santa Fe Trail and South Federal Boulevard to The PAS, LLC. Under the Long-term agreement, the Company continues to operate and manage the dispensaries.

As of June 30, 2020, the total deferred gains are as follows:

Deferred gains from sale and leaseback transactions as of January 1, 2020	\$3,420,366
Deferred gains amortized and recognized during the six-month period ended June 30, 2020	<u>(174,174)</u>
Net deferred gains as of June 30, 2020	3,246,192
Less current portion of deferred gains	<u>(405,040)</u>
Deferred Gains, Net of Current Portion	<u>\$2,841,152</u>

Deferred gains are amortized on a straight-line basis over the term of the lease as follows:

Period Ending June 30,	Total
2021	\$ 356,725
2022	356,725
2023	356,725
2024	356,725
2025	356,725
Thereafter	1,462,567
	<u>\$3,246,192</u>

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

7. NOTES PAYABLE

At June 30, 2020, notes payable consisted of the following:

Promissory notes dated August 1, 2019, issued to obtain a working capital loan. Note matures on August 1, 2021, and bears a fixed interest rate at 15% per annum.	\$ 982,500
Secured promissory note dated November 5, 2019, issued to obtain working capital and meet repayment obligations. Note matures on May 5, 2021, and bears a fixed interest rate at 15% per annum.	16,542,844
Total Notes Payable	17,525,344
Less Current Portion of Notes Payable	(17,525,344)
Notes Payable, Net of Current Portion	\$ —

In November 2019, Columbia Care, Inc. entered into a definitive agreement to purchase 100% of the Company's interest in 2020. All notes payables were subsequently paid off in 2020 as part of the purchase consideration for acquisition by Columbia Care, Inc. See Note 13.

8. MEMBERS' DEFICIT

Beacon Holdings, LLC, TGS Management, LLC and Beyond Worx Holdings, LLC were formed as Colorado limited liability companies on April 18, 2014, October 31, 2011, and November 12, 2009, respectively. Allocations of profits and losses of Beacon Holdings, LLC, TGS Management, LLC and Beyond Worx Holdings, LLC for each fiscal year have been allocated among unitholders in proportion to their member units. No member has the right to transfer any or part of their membership interest without express written permission of a vote of members.

On January 2, 2019, Beyond Worx Holdings, LLC was dissolved and its interest was transferred to TGS Management, LLC and Beacon Holdings, LLC, respectively.

On January 29, 2020, the principal members of the Company closed a membership interest acquisition with a third party, Jushi, Inc. for TGS Illinois, LLC, a related entity which is majority-owned by the principal members. As part of the transaction, Jushi Inc. received a membership interest in of TGS Illinois, LLC from the principal members and assumed a \$9.4 million promissory note plus any unpaid accrued interest on behalf of the Company. The principal members immediately contributed the assumption of the note payable to the Company.

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

9. RELATED PARTY TRANSACTIONS

Total compensation for the four principal owners of the Company for the six-month ended June 30, 2020, were \$1,457,271. These amounts are included in general and administrative expenses in the combined statement of operations.

10. GENERAL AND ADMINISTRATIVE EXPENSES

For the six-month period ended June 30, 2020, general and administrative expenses were comprised of the following:

Salaries and Wages	\$12,853,292
Rent	2,463,207
Professional Fees	521,289
Utilities	585,710
Bank Charges	75,845
Contract Labor	93,546
Supplies	408,494
Insurance	165,813
Repairs and Maintenance	207,110
Other	(200,683)
	<u>\$17,173,623</u>

11. 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 as of June 30, 2020, medical marijuana 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. As of June 30, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the Company's combined results of operations. 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.

TGS GLOBAL
Notes to the Combined Financial Statements
Six-Month Period Ended June 30, 2020

12. INCOME TAXES

The provision from income taxes for the six-month period ended June 30, 2020, were as follows:

Current:	
Federal	\$3,692,157
State	97,123
Total Current Tax Expense	3,789,281
Deferred:	
Federal	—
State	—
Total Deferred Tax Expense	—
Total Tax Provision	<u>\$3,789,281</u>

13. SUBSEQUENT EVENTS

Management has evaluated significant events or transactions that have occurred since the combined balance sheet date and through May 18, 2021, the date the combined financial statements were available to be issued. The subsequent event noted is as follows:

Acquisition by Columbia Care, Inc.

On November 5, 2019, Columbia Care, Inc. entered into a definitive agreement to acquire 100% of TGS Global for an aggregate purchase price of \$143,581,000 consisting of; \$200,000 in cash consideration, \$8,170,000 in promissory notes, \$108,766,000 in equity purchase consideration, and contingent consideration of \$26,445. The equity purchase consideration consisted of 33,222,900 common shares, of which 32,955,987 were issued on September 1, 2020 and the remaining 266,913 issued during the fourth quarter of 2020. The promissory notes were issued with a debt discount of \$606,000, monthly interest payments at a rate of 9.0% per annum, principal payments of \$3,750,000, \$3,750,000 and \$1,276,000 that are due on January 1, 2021, April 1, 2021 and July 1, 2021, respectively.

Green Leaf Medical, LLC
Consolidated Financial Statements

As of and for the years ended
December 31, 2020 and 2019



[Table of Contents](#)

Green Leaf Medical, LLC
Table of Contents

	<u>Page(s)</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	F-128
CONSOLIDATED FINANCIAL STATEMENTS:	
<u>Consolidated Balance Sheets</u>	F-129
<u>Consolidated Statements of Income</u>	F-130
<u>Consolidated Statements of Changes in Members' Equity</u>	F-131
<u>Consolidated Statements of Cash Flows</u>	F-132 -F-133
<u>Notes to the Consolidated Financial Statements</u>	F-134 - F-159



Certified
Public
Accountants

Report of Independent Registered Public Accounting Firm

To the Members of
Green Leaf Medical, LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Green Leaf Medical, LLC as of December 31, 2020 and 2019, and the related consolidated statements of income, members' equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Green Leaf Medical, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to Green Leaf Medical, LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as Green Leaf Medical Inc.'s auditor since 2019.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP".

San Francisco, California
September 7, 2021

Macias Gini & O'Connell LLP
101 California Street, Suite 3910
San Francisco, CA 94111

www.mgocpa.com

Green Leaf Medical, LLC
Consolidated Balance Sheets
As of December 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 22,558,616	\$ 3,399,992
Accounts Receivable	5,401,689	699,550
Inventory	9,676,756	5,148,303
Prepaid Expenses and Other Current Assets	467,268	398,259
Total Current Assets	<u>38,104,329</u>	<u>9,646,104</u>
Property and Equipment, Net	52,748,939	38,630,550
Intangible Assets, Net	7,648,665	4,941,051
Goodwill	2,614,391	2,614,391
Operating Lease Right-of-Use Assets, Net	1,321,017	501,464
Security Deposits and Other Assets	1,474,798	406,250
Deferred Tax Assets	845,960	—
TOTAL ASSETS	<u>\$ 104,758,099</u>	<u>\$56,739,810</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 3,814,729	\$ 6,048,992
Income Taxes Payable	12,662,582	—
Customer Deposits	31,388	2,660,072
Current Portion of Notes Payable	2,652,146	973,485
Current Portion of Operating Lease Liabilities	106,723	33,973
Current Portion of Finance Lease Liabilities	33,296	7,950
Total Current Liabilities	19,300,864	9,724,472
Construction Finance Liability	35,952,247	13,549,621
Notes Payable, Net of Current Portion	6,848,444	2,559,821
Operating Lease Liabilities, Net of Current Portion	1,257,280	479,401
Finance Lease Liabilities, Net of Current Portion	411,589	217,865
TOTAL LIABILITIES	<u>63,770,424</u>	<u>26,531,180</u>
Subscription Receivable	—	(200,000)
Members' Capital	34,224,543	33,824,990
Retained Earnings (Accumulated Deficit)	4,039,335	(6,305,907)
Total Members' Equity Attributable to Green Leaf Medical, LLC.	38,263,878	27,319,083
Non-Controlling Interest	2,723,797	2,889,547
TOTAL MEMBERS' EQUITY	<u>40,987,675</u>	<u>30,208,630</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 104,758,099</u>	<u>\$56,739,810</u>

See accompanying notes to the consolidated financial statements.

Green Leaf Medical, LLC
Consolidated Statements of Income
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenues, Net	\$77,625,284	\$20,293,631
Cost of Goods Sold	31,164,746	9,914,211
Gross Profit	<u>46,460,538</u>	<u>10,379,420</u>
Operating Expenses:		
General and Administrative	11,568,697	4,891,972
Sales and Marketing	855,372	361,146
Depreciation and Amortization	785,876	505,077
Total Operating Expenses	<u>13,209,945</u>	<u>5,758,195</u>
Income from Operations	<u>33,250,593</u>	<u>4,621,225</u>
Other Expense:		
Interest Expense	7,987,043	1,439,277
Gain on Previously Held Equity Interests	—	(904,360)
Other Expense	30,371	214,741
Total Other Expense	<u>8,017,414</u>	<u>749,658</u>
Net Income Before Provision for Income Taxes	25,233,179	3,871,567
Provision for Income Taxes	11,816,622	—
Net Income	13,416,557	3,871,567
Net Income Attributable to Non-Controlling Interest	3,503,012	777,161
Net Income Attributable to Members' of the Company	<u>\$ 9,913,545</u>	<u>\$ 3,094,406</u>

See accompanying notes to the consolidated financial statements.

Green Leaf Medical, LLC
Consolidated Statements of Changes in Member's Equity
For the Years Ended December 31, 2020 and 2019

	Number of Units									Subscription Receivable	Members Capital	Retained Earnings (Accumulated Deficit)	Total Members' Equity Attributable to Green Leaf Medical, LLC	Non- controlling Interest
	Founder Units	Class A Investor Units	Class B Investor Units	Class C Investor Units	Class D Investor Units	Class E Investor Units	Class F Investor Units	Class G Investor Units	Partic- ipation Units					
BALANCE AS OF DECEMBER 31, 2018	<u>3,789,224</u>	<u>1,373,797</u>	<u>981,482</u>	<u>325,377</u>	<u>739,650</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>25,855</u>	<u>\$ (500,000)</u>	<u>\$ 22,896,111</u>	<u>\$ 472,076</u>	<u>\$ 22,868,187</u>	<u>\$ —</u>
Sale of Member Units	—	—	—	—	—	67,769	—	70,159	(1,430)	—	2,924,799	—	2,924,799	—
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—	74,880
Distribution to Members	—	—	—	—	—	—	—	—	—	—	—	(803,189)	(803,189)	(1,210,614)
Acquisition of Green Leaf Medical of Ohio III, LLC	—	—	—	—	—	—	—	—	—	—	—	—	—	2,308,000
Acquisition of Green Leaf Medical of Virginia, LLC Units	—	—	—	—	—	—	383,352	—	—	—	8,129,079	(8,054,199)	74,880	(74,880)
Acquisition of Wellness Institute of Maryland, LLC	—	—	—	—	—	—	—	—	—	—	—	(1,015,000)	(1,015,000)	1,015,000
Subscription Receivable Paid	—	—	—	—	—	—	—	—	—	500,000	—	—	500,000	—
Subscription Receivable	—	—	—	—	—	—	—	—	—	(200,000)	—	—	(200,000)	—
Redemption of Units	—	(10,000)	—	—	—	—	—	—	—	—	(150,000)	—	(150,000)	—
Share Based Compensation	—	—	—	—	—	—	—	—	—	—	25,000	—	25,000	—
Net Income	—	—	—	—	—	—	—	—	—	—	—	3,094,406	3,094,406	777,161
BALANCE AS OF DECEMBER 31, 2019	<u>3,789,224</u>	<u>1,363,797</u>	<u>981,482</u>	<u>325,377</u>	<u>739,650</u>	<u>67,769</u>	<u>383,352</u>	<u>70,159</u>	<u>24,425</u>	<u>\$ (200,000)</u>	<u>\$ 33,824,990</u>	<u>\$ (6,305,907)</u>	<u>\$ 27,319,083</u>	<u>\$ 2,889,547</u>
Sale of Member Units	—	—	—	—	—	—	—	10,753	—	—	237,513	—	237,513	—
Distribution to Members	—	—	—	—	—	—	—	—	—	—	—	(1,291,424)	(1,291,424)	(3,668,763)
Issuance of Warrants	—	—	—	—	—	—	—	—	—	—	—	1,723,121	1,723,121	—
Subscription Receivable Paid	—	—	—	—	—	—	—	—	—	200,000	—	—	200,000	—
Share Based Compensation	—	—	—	—	—	—	—	—	4,746	—	162,041	—	162,041	—
Net Income	—	—	—	—	—	—	—	—	—	—	—	9,913,545	9,913,545	3,503,012
BALANCE AS OF DECEMBER 31, 2020	<u>3,789,224</u>	<u>1,363,797</u>	<u>981,482</u>	<u>325,377</u>	<u>739,650</u>	<u>67,769</u>	<u>383,352</u>	<u>80,912</u>	<u>29,171</u>	<u>\$ —</u>	<u>\$ 34,224,543</u>	<u>\$ 4,039,335</u>	<u>\$ 38,263,878</u>	<u>\$ 2,723,797</u>

See accompanying notes to the consolidated financial statements.

Green Leaf Medical, LLC
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 13,416,557	\$ 3,871,567
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	2,315,262	1,132,215
Amortization of Debt Discount	809,743	287,349
Share-Based Compensation	162,041	25,000
Paid-in-kind Interest on Construction Finance Liability	1,975,991	1,244,873
Amortization of ROU Assets	898,495	80,317
Deferred Tax Assets	(845,960)	—
Gain on previously held equity interest on acquisition of Ohio III, LLC	—	(904,360)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(4,702,139)	337,926
Inventory	(4,528,453)	(2,895,291)
Prepaid Expenses and Other Current Assets	(69,009)	(122,292)
Security Deposit and Other Assets	(957,819)	(406,250)
Accounts Payable and Accrued Liabilities	1,937,747	(2,142,522)
Income Taxes Payable	12,662,582	—
Customer Deposits	(2,628,684)	2,660,072
Operating Lease Liabilities	(867,419)	(68,407)
NET CASH PROVIDED BY OPERATING ACTIVITIES	19,578,935	3,100,197
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(19,806,406)	(16,437,021)
Capitalized Interest from Construction	(17,708)	(245,588)
Asset Acquisition	(450,000)	—
Investment in Ohio III, LLC	—	(272,640)
Acquisition of Ohio III, LLC, net of cash and cash equivalents acquired	—	(1,048,361)
Acquisition of Wellness Institute of Maryland, LLC, Net of Cash and Cash Equivalents Acquired	—	(1,015,000)
Acquisition of SKD Realty, LLC , Net of Cash and Cash Equivalents Acquired	—	(482,867)
NET CASH USED IN INVESTING ACTIVITIES	(20,274,114)	(19,501,477)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of Equity for Cash	237,513	2,924,799
Change in Subscription Receivable	200,000	300,000
Redemption of Units	—	(150,000)
Distributions to Members	(4,960,187)	(2,013,803)
Contributions to Members	—	74,880
Principal Repayments of Finance Lease Liability	(14,043)	(2,958)
Proceeds from Construction Finance Liability	20,418,065	13,000,000
Payment of Construction Finance Liability, Net of Fees	—	(695,252)
Proceeds from Notes Payable, Net of \$557,000 Issuance Costs	5,442,114	—
Principal Repayments of Notes Payable	(1,469,659)	(695,666)
NET CASH PROVIDED BY FINANCING ACTIVITIES	19,853,803	12,742,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,158,624	(3,659,280)
Cash and Cash Equivalents, Beginning of Year	3,399,992	7,059,272
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 22,558,616	\$ 3,399,992

See accompanying notes to the consolidated financial statements.

Green Leaf Medical, LLC
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION:		
Cash Paid for Interest	\$ 5,201,309	306,502
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of Units in Exchange for equity in Green Leaf Medical of Virginia, LLC	\$ —	\$ 8,129,079
Obtaining a Right-of-Use Asset in Exchange for a Finance Lease Liability	\$ 233,113	\$ 228,773
Obtaining a Right-of-Use Asset in Exchange for an Operating Lease Liability	\$ 761,663	\$ 556,682
Property and Equipment Acquired in Exchange for Accounts Payable	\$ 221,377	\$ 4,393,387
Loan Issued for the Purchase of Dispensary License	\$ 2,916,777	\$ —
Equipment Acquired Through Issuance of Notes Payable	\$ —	\$ 88,999
Issuance of Warrants	\$ 1,723,121	\$ —

See accompanying notes to the consolidated financial statements.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

1. NATURE OF OPERATIONS

Green Leaf Medical, LLC (“Green Leaf” or the “Company”) is a medical cannabis company formed in April 2014. The Company is a multi-state operator of medical cannabis facilities with cultivation, extraction, and retail licenses in Maryland, Pennsylvania, Virginia, and Ohio.

The Company was incorporated in the State of Maryland. The principal address of the Company is 267 Kentlands Boulevard, Suite 1070, Gaithersburg, Maryland 20878.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and reflect the accounts and operations of the Company and those of the Company’s subsidiaries in which the Company has a controlling financial interest.

All intercompany transactions and balances have been eliminated in consolidation. In the opinion of management, all adjustments considered necessary for a fair presentation of the consolidated financial position of the Company as of December 31, 2020 and 2019, the consolidated results of income and cash flows for the years then ended have been included. In accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 810, “Consolidation (“ASC 810””, the Company consolidates any variable interest entity (“VIE”), of which the Company is the primary beneficiary.

Basis of Measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are measured at fair value.

COVID-19

In March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus, COVID-19. The pandemic is having an unprecedented impact on the U.S. economy as federal, state and local governments react to this public health crisis, which has created significant uncertainties. During the current reporting period, aspects of the Company’s business were affected by the COVID-

19 pandemic, with the Company’s offices, medical cannabis facilities and retail locations operating within local rules and regulations. While the ultimate severity of the outbreak and its impact on the economic environment is uncertain, the Company is monitoring this closely. In the event that the Company were to experience widespread transmission of the virus at one or more of the Company’s medical cannabis facilities or retail locations, the Company could suffer reputational harm or other potential liability. Further, the Company’s business operations may be materially and adversely affected if a significant number of the Company’s employees are impacted by the virus.

Functional Currency

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

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Basis of Consolidation***

These consolidated financial statements as of and for the years ended December 31, 2020 and 2019 include the accounts of the Company, its wholly-owned subsidiaries and entities over which the Company has control as defined in ASC 810. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account.

The following are the Company's consolidated entities that are included in these Consolidated Financial Statements as of and for the years ended December 31, 2020 and 2019:

Entity	Ownership	
	2020	2019
Green Leaf Medical, LLC	Parent	Parent
Green Leaf Extracts, LLC	100%	100%
Green Leaf Medical of Virginia, LLC	100%	100%
Green Leaf Management, LLC	100%	100%
Green Leaf Medicals, LLC	100%	100%
Green Leaf Medical of Ohio III, LLC	99.99%	99.99%
Green Leaf Medical of Ohio II, LLC	51% via Ohio III	51% via Ohio III
SKD Reality, LLC	100%	100%
Wellness Institute of Maryland, LLC	N/A, VIE	N/A, VIE
Green Leaf Medical of West Virginia, LLC	80%	80%
Sugarloaf Enterprises, LLC	100%	N/A
Time for Healing, LLC	100%	N/A
Head Honchos, LLC	100%	N/A

Consolidation of Variable Interest Entities ("VIE")

ASC 810 requires a variable interest holder to consolidate a VIE if that party has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. To determine whether or not a variable interest the Company holds could potentially be significant to the VIE, the Company considers both qualitative and quantitative factors regarding the nature, size and form of the Company's involvement with the VIE. The equity method of accounting is applied to entities in which the Company is not the primary beneficiary or the entity is not a VIE and the Company does not have effective control, but can exercise influence over the entity with respect to its operations and major decisions. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity; however, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling voting interests. The Company does not consolidate a VIE in which it does not have a majority ownership interest and is not considered the primary beneficiary. The Company has determined that it is the primary beneficiary of a VIE. The Company evaluates its relationships with all the VIE's on an ongoing basis to reassess if it continues to be the primary beneficiary.

Wellness Institute of Maryland, LLC ("WIM") is a VIE of the Company because the Company has power to direct the activities of WIM that most significantly impact WIM's economic performance, as well as the Company has the obligation to absorb losses of WIM that could potentially be significant to WIM or the right to receive benefits from WIM that could potentially be significant to WIM.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of and for the years ended December 31, 2020 and 2019, the balances of WIM consisted of the following:

	<u>2020</u>	<u>2019</u>
Current Assets	\$ 1,351,388	\$ 1,011,330
Non-Current Assets	1,046,920	1,006,180
Total Assets	\$ 2,398,308	\$ 2,017,510
Current Liabilities	\$ 1,035,280	\$ 349,114
Non-Current Liabilities	992,912	1,228,637
Total Liabilities	2,028,192	1,577,751
Non-Controlling Interest	\$ 370,116	\$ 439,759
Total	\$ 2,398,308	\$ 2,017,510
Revenues	\$ 14,074,847	\$ 5,534,190
Net Income Attributable to Non-Controlling Interest	\$ 2,706,119	\$ 634,540

The net change in WIM was as follows for the year ended December 31, 2020:

Balance as of December 31, 2019	\$ 439,759
Net Income	2,706,119
Cash Distributions to Members'	(2,775,762)
Balance as of December 31, 2020	\$ 370,116

Non-Controlling Interest

Non-controlling interest represents equity interests of consolidated subsidiaries not owned by Green Leaf Medical LLC. NCI may be initially measured at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. The Company elected to measure each non-controlling interest at its proportionate share of the recognized amounts of the acquiree's identifiable net assets. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income or loss is recognized directly in equity. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of total net revenue and expenses in the reporting periods. The Company regularly evaluates significant estimates and assumptions related to the consolidation or non-consolidation of variable interest entities, estimated useful lives, depreciation of property and equipment, amortization of intangible assets, revenue recognition, allowances for doubtful accounts, sales returns, inventory valuation, stock-based compensation expense, business combinations, goodwill and purchased intangible asset valuations, reporting units, fair value of financial instruments, deferred income tax asset valuation allowances, incremental borrowing rates, lease terms applicable to lease contracts, litigation, going concern and other loss contingencies. These estimates and assumptions are based on current facts, historical experience and various other factors that the Company believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. The actual results the Company experiences may differ materially and adversely from these estimates. To the extent there are material differences between the estimates and actual results, the Company's future results of operations.

Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions, cash held at retail locations, and other deposits that are readily convertible into cash.

Accounts Receivable

The Company reviews all outstanding accounts receivable for collectability on a quarterly basis. An allowance for doubtful accounts is recorded for any amounts deemed uncollectible. The Company does not accrue interest receivable on past due accounts receivable. As of December 31, 2020 and 2019, the Company did not have any recorded amounts for allowances for uncollectible receivables.

The Company provides credit in the normal course of business to customers located throughout the U.S. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information.

Inventory

Inventory is comprised of raw materials, finished goods and work-in-process such as pre-harvested cannabis plants and by-products to be extracted. The costs of growing cannabis, including but not limited to labor, utilities, nutrition and supplies, are capitalized into inventory. All direct and indirect costs related to inventory are capitalized when incurred, and subsequently recorded as cost of goods sold in the Consolidated Statement of Income upon sale. Raw materials and work-in-process is stated at the lower of cost or net realizable value, determined using the weighted average cost. Finished goods inventory is stated at the lower of cost or net realizable value, with cost being determined on the first-in, first-out ("FIFO") method of accounting. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. The Company periodically reviews physical inventory for excess, obsolete, and potentially impaired items and reserves. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. Packaging and supplies are initially valued at cost. The reserve estimate for excess and obsolete inventory is based on expected future use. The reserve estimates have historically been consistent with actual experience as evidenced by actual sale or disposal of the goods. As of December 31, 2020 and 2019, the Company determined that no reserve was necessary. Shipping and handling costs are recorded as a component of costs of goods sold.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis over the lesser of the estimated useful life of the asset or the expected lease term using the following terms:

Land	Not Depreciated
Building	15 - 40 Years
Furniture and Fixtures	10 Years
Finance Lease Assets	Shorter of Lease Term or Economic Life
Right-of-Use Assets	10 - 20 Years
Leasehold Improvements	Shorter of Lease Term or Economic Life
Machinery and Equipment	10 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 statement of income in the year the asset is derecognized.

The Company capitalizes interest on debt financing invested in projects under construction. Upon the asset becoming available for use, capitalized interest costs, as a portion of the total cost of the asset, are depreciated over the estimated useful life of the related asset.

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any.

The estimated useful lives, residual values and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. As of December 31, 2020 and 2019, the Company did not recognize any impairment losses. 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.

Cannabis processing licenses, cannabis dispensary licenses and trademarks are recorded at their acquisition date fair value and are amortized on a straight-line basis over a period of 15 years, 15 years and 5 years, respectively.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill is measured as the excess of consideration transferred and the net of the acquisition date fair value of assets acquired, and liabilities assumed in a business acquisition. In accordance with ASC 350, "Intangibles—Goodwill and Other", goodwill and other intangible assets with indefinite lives are no longer subject to amortization. The Company reviews the goodwill and other intangible assets allocated to each of the Company's reporting units for impairment on an annual basis as of year-end or whenever events or changes in circumstances indicate carrying amount it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The carrying amount of each reporting unit is determined based upon the assignment of the Company's assets and liabilities, including existing goodwill, to the identified reporting units. Where an acquisition benefits only one reporting unit, the Company allocates, as of the acquisition date, all goodwill for that acquisition to the reporting unit that will benefit. The Company determines goodwill impairment in accordance with Accounting Standards Update ("ASU") 2017-04 (Topic 35), "Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment", which measures the impairment of goodwill by comparing a reporting unit's carrying amount to the estimated fair value of the reporting unit. If the carrying amount of a reporting unit is in excess of its fair value, the Company recognizes an impairment charge equal to the amount in excess. No impairment loss was recognized for the years ended December 31, 2020 and 2019.

Impairment of Long-Lived Assets

For purposes of the impairment test, long-lived assets such as property and equipment and definite-lived intangible assets are grouped with other assets and liabilities at the lowest level for which identifiable independent cash flows are available ("asset group"). The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In order to determine if assets have been impaired, the impairment test is a two-step approach wherein the recoverability test is performed first to determine whether the long-lived asset is recoverable. The recoverability test (Step 1) compares the carrying amount of the asset to the sum of its future undiscounted cash flows using entity-specific assumptions generated through the asset's use and eventual disposition. If the carrying amount of the asset is less than the cash flows, the asset is recoverable and an impairment is not recorded. If the carrying amount of the asset is greater than the cash flows, the asset is not recoverable and an impairment loss calculation (Step 2) is required. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying value of the asset group. Fair value can be determined using a market approach, income approach or cost approach. The cash flow projection and fair value represents management's best estimate, using appropriate and customary assumptions, projections and methodologies, at the date of evaluation. The reversal of impairment losses is prohibited. No impairment loss was recognized for the years ended December 31, 2020 and 2019.

Leased Assets

Leases are recognized in accordance with ASU 2016-02, "Leases (Topic 842)" ("ASC 842"), in which the Company elected the package of practical expedients provided by ASC 842, which forgoes reassessment of the following upon adoption of the new standard: (1) whether contracts contain leases for any expired or existing contracts, (2) the lease classification for any expired or existing leases, and (3) initial direct costs for any existing or expired leases. In addition, the Company elected an accounting policy to exclude from the consolidated balance sheets the right-of-use assets and lease liabilities related to short-term leases, which are those leases with a lease term of twelve months or less that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company applies judgment in determining whether a contract contains a lease and if a lease is classified as an operating lease or a finance lease. The Company applies judgement in determining the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. All relevant factors that create an economic incentive for it to exercise either the renewal or termination are considered. The Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. In adoption of ASC 842, the Company applied the practical expedient which applies hindsight in determining the lease term and assessing impairment of right-of-use assets by using its actual knowledge or current expectation as of the effective date. The Company also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether the Company can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right of-use asset. Lessees are required to record a right-of-use asset and a lease liability for all leases with a term greater than twelve months. Lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected remaining lease term. The incremental borrowing rate is determined using estimates which are based on the information available at commencement date and determines the present value of lease payments if the implicit rate is unavailable.

Sale and leaseback transactions are assessed to determine whether a sale has occurred under ASC 606. If a sale is determined not to have occurred, the underlying “sold” assets are not derecognized and a financing liability is established in the amount of cash received. At such time that the lease expires, the assets are then derecognized along with the financing liability, with a gain recognized on disposal for the difference between the two amounts, if any. On the date of adoption, the Company recognized right-of-use assets and lease liabilities on its consolidated balance sheets, which reflect the present value of the Company’s current minimum lease payments over the lease terms, which include options that are reasonably certain to be exercised, discounted using the Company’s incremental borrowing rate. Refer to “Note 9—Leases” for further discussion.

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 and included in the Consolidated Statements of Income. 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 Income immediately as a gain on acquisition.

The Company allocates the total cost of the acquisition to the underlying net assets based on their respective estimated fair values. As part of this allocation process, the Company identifies and attributes values and estimated lives to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding multiple, highly subjective variables, including those with respect to future cash flows, discount rates, asset lives, and the use of different valuation models, and therefore require considerable judgment. The Company’s estimates and assumptions are based, in part, on the availability of listed market prices or other transparent market data. These determinations affect the amount of amortization expense recognized in future periods. The Company bases its fair value estimates on assumptions it believes to be reasonable but are inherently uncertain.

Asset Acquisitions

Acquisitions of assets and liabilities that do not meet the definition of a business as described in ASC 805, *Business Combinations*, are recorded as asset acquisitions. All costs, including acquisition costs, are included in the consideration of an asset acquisition. Consideration is allocated to the fair value of net assets acquired such that goodwill is not recognized.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is recognized by the Company in accordance with ASU 2014-09, “*Revenue from Contracts with Customers (Topic 606)*” (“ASU 2014-09”), using the modified retrospective approach, which provides a method for recording revenue at adoption using the effective date as its date of initial application. 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 ASU 2014-09, 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).

Revenues consist of wholesale and retail sales of cannabis, which are generally recognized at a point in time when control over the goods have been transferred to the customer and is recorded net of sales discounts. 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.

Cultivation and Wholesale

The Company recognizes revenue from the sale of cannabis for a fixed price upon the shipment of cannabis goods as the Company has transferred to the buyer the significant risks and rewards of ownership of the goods and the Company does not retain either continuing material involvement to the degree usually associated with ownership nor effective control over the goods sold and the amount of revenue can be measured reliably and collectible and the costs incurred in respect of the transaction is reliably measured. Excise taxes due upon sale are recorded as a component of cost of goods sold in the accompanying Consolidated Statements of Income.

Dispensary Revenue

The Company recognizes revenue from the sale of cannabis for a fixed price upon delivery of goods to customers at the point of sale since at this time performance obligations are satisfied. Fees collected related to taxes that are required to be remitted to regulatory authorities are recorded as liabilities and are not included as a component of revenues.

Customer Deposits

The Company records as customer deposit liabilities any amounts that are collected from customers prior to the satisfaction of the performance obligations. As of December 31, 2020 and 2019, deposits related to customer payments, which is included in the customer deposits liabilities on the Consolidated Balance Sheets, amounted to \$31,338 and \$2,660,072, respectively.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Customer Loyalty Program

The Company began a customer loyalty rewards program in 2020 that allows members to earn discounts on future purchases. Unused discounts earned by loyalty rewards program members are included in accrued liabilities and recorded as a sales discount at the time a qualifying purchase is made. The value of points accrued as of December 31, 2020 was approximately \$132,390. Currently, unused points do not expire in most cases.

Revenues are disaggregated for the years ended December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Cultivation and Wholesale	\$ 62,380,956	\$14,714,965
Dispensary	26,265,272	7,516,471
Other	142,816	30,419
Intercompany sales	<u>(11,163,760)</u>	<u>(1,968,224)</u>
	<u>\$ 77,625,284</u>	<u>\$20,293,631</u>

Share-Based Compensation

The Company applies the provisions of ASC Subtopic 718-10, "Compensation-Stock Compensation" ("ASC 718"), for accounting for equity instruments exchanged for employee services. Under the provisions of this standard, share-based compensation expense is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense on a straight-line basis over the employee's requisite service period (generally the vesting period of the equity grant). Changes in these inputs and assumptions can materially affect the measurement of the estimated fair value of award and related share-based compensation expense.

Warrants

The Company classified its warrants as either liability or equity instruments in accordance with ASC 480, "Distinguishing Liabilities from Equity" (ASC 480) and ASC 815, "Derivatives and Hedging" (ASC 815), depending on the specific terms of the warrant agreement. The fair value of all warrants issued are determined by using the probability weighted expected return method valuation technique and were assigned based on the relative fair value of financial instruments issued, debt and the warrants.

Income Taxes

Effective January 1, 2020, the Company elected to change its income tax status from a partnership entity to a C-Corporation. This would result in the Company incurring income taxes rather than as a pass-through entity to its members. Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized directly in equity. The Company recognizes interest, fines and penalties as a component of income tax expense.

Current Tax

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Tax

Income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax basis of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are recognized to the extent that the Company believe that these assets are more likely than not to be realized. In making such a determination, all available positive and negative evidence are considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If it is determined that the Company would be able to realize deferred tax assets in the future in excess of their net recorded amount, an adjustment to the deferred tax asset valuation allowance is recorded, which would reduce the provision for income taxes.

Uncertain tax positions are recorded in accordance with ASC 740, "Income Taxes" ("ASC 740"), on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Financial Instruments

Fair Value

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has not elected the fair value option for any eligible financial instruments. There have been no transfers between fair value levels during the years ended December 31, 2020 and 2019.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments are measured at amortized cost or at fair value. Financial instruments measured at amortized cost consist of accounts payable and accrued liabilities, and customer deposits wherein the carrying value approximates fair value due to its short-term nature. Other financial instruments measured at amortized cost include notes payable and other long-term liabilities wherein the carrying value at the effective interest rate approximates fair value as the interest rate for notes payable approximate a market rate for similar instruments offered to the Company.

Concentration of Business and Credit Risk

The Company maintains cash with various U.S. banks and credit unions with balances in excess of the Federal Deposit Insurance Corporation and National Credit Union Share Insurance Fund limits, respectively. The failure of a bank or credit union where the Company has significant deposits could result in a loss of a portion of such cash balances in excess of the insured limit, which could materially and adversely affect the Company's business, financial condition and results of operations. As of December 31, 2020, the aggregate bank balances in excess of the insured limit was \$16,004,406. Additionally, cash on hand or held in the Company's vaults is not subject to Federal or state and local government insurance protections.

The Company provides credit in the normal course of business to customers located throughout the Northeastern U.S. As of and for the year ended December 31, 2020, one customer comprised 14% and 6% of accounts receivable and revenues, respectively. There were no customers that comprised more than 10% of the Company's revenue or accounts receivable as of and for the year ended December 31, 2019.

Recently Adopted Accounting Standards

In August 2018, the FASB issued ASU 2018-13, "*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*" ("ASU 2018-13"), which removes, modifies and adds certain disclosure requirements in Topic 820 "Fair Value Measurement". Per ASU 2018-13 certain disclosures are eliminated which relate to transfers and the valuations process, modifies disclosures for investments that are valued based on net asset value, clarifies the measurement uncertainty disclosure, and requires additional disclosures for Level 3 fair value measurements. ASU 2018-13 must be applied prospectively and is effective in fiscal years beginning after December 15, 2019. The Company adopted the new standard on January 1, 2020. The adoption of the standard did not have a material impact on the Company's Consolidated Financial Statements.

In August 2020, the FASB issued ASU No. 2020-06, "*Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*" ("ASU 2020-06"), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. Among other changes, ASU 2020-06 removes from U.S. GAAP the liability and equity separation model for convertible instruments with a cash conversion feature, and as a result, after adoption, entities will no longer separately present in equity an embedded conversion feature for such debt. Similarly, the embedded conversion feature will no longer be amortized into income as interest expense over the life of the instrument. Instead, entities will account for a convertible debt instrument wholly as debt unless (1) a convertible instrument contains features that require bifurcation as a derivative under ASC Topic 815, Derivatives and Hedging, or (2) a convertible debt instrument was issued at a substantial premium. Among other potential impacts, this change is expected to reduce reported interest expense, increase reported net income, and result in a reclassification of certain conversion feature balance sheet amounts from stockholders' equity to liabilities as it relates to the Company's convertible senior notes. Additionally, ASU 2020-06 requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share (EPS), which is consistent with the Company's accounting treatment under the current standard. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted for fiscal years beginning after December 15, 2020, and can be adopted on either a fully retrospective or modified retrospective basis. The Company early adopted the new standard on January 1, 2020. The adoption of the standard did not have a material impact on the Company's Consolidated Financial Statements.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-13, “*Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*” (“ASU 2016-13”), which replaces the incurred loss model with a current expected credit loss (“CECL”) model and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. Under the new standard, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. The Company is not required to track the changes in credit risk. The guidance must be adopted using a modified retrospective transition method through a cumulative-effect adjustment to retained earnings in the period of adoption. The Company is currently evaluating the adoption date and impact, if any, adoption will have on its consolidated financial position and consolidated results of operations

FASB ASU No. 2019-12, “Simplifying the Accounting for Income Taxes”– Issued in December 2019, ASU 2019-12 eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company is currently evaluating the adoption date and impact, if any, adoption will have on its consolidated financial position and consolidated results of operations.

FASB ASU 2020-01, “Investments—Equity Securities (Topic 321)”, “Investments—Equity Method and Joint Ventures (Topic 323)”, and “Derivatives and Hedging (Topic 815)” – Issued in January 2020, ASU 2020-01 is intended to clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. ASU 2020-01 is effective for the Company beginning January 1, 2021. The Company is currently evaluating the adoption date and impact, if any, adoption will have on its consolidated financial position and consolidated results of operations.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

3. ACQUISITIONS

Business Combinations

The Company did not have any business combinations completed during the year ended December 31, 2020. A summary of business combinations completed during the year ended December 31, 2019 is as follows:

	Green Leaf Medical of Ohio III, LLC	Wellness Institute of Maryland, LLC	SKD Reality, LLC	Total
Cash	\$ 176,639	\$ —	\$ 74,133	\$ 250,772
Accounts Receivable	—	1,460	—	1,460
Inventory	161,415	348,163	25,897	535,475
Prepaid Expenses	78,599	20,000	33,860	132,459
Right-of-Use Assets	—	—	510,093	510,093
Property and Equipment	870,756	90,912	133,787	1,095,455
Dispensary License	1,500,000	800,000	—	2,300,000
Trademarks	70,000	35,000	—	105,000
Accounts Payable and Accrued Liabilities	(31,325)	(420,375)	(72,539)	(524,239)
Finance Lease Liability	(228,773)	—	—	(228,773)
Lease Liabilities	—	—	(510,093)	(510,093)
Total Identifiable Net Assets	2,597,311	875,160	195,138	3,667,609
Goodwill (1)	2,112,689	139,840	361,862	2,614,391
Total Consideration	\$ 4,710,000	\$ 1,015,000	\$ 557,000	\$6,282,000
Cash	\$ 1,225,000	\$ 1,015,000	\$ 557,000	\$2,797,000
Previously held equity interests	1,177,000	—	—	1,177,000
Noncontrolling interests	2,308,000	—	—	2,308,000
Total Consideration	\$ 4,710,000	\$ 1,015,000	\$ 557,000	\$6,282,000
Pro Forma Revenues (2)	\$ 2,513,164	\$ 5,737,309	\$ 32,321	\$8,282,794
Pro Forma Net Income (Loss) (2)	\$ 505,449	\$ 673,799	\$ (49,398)	\$1,129,850

(1) Goodwill arising from acquisitions represent expected synergies, future income and growth, and other intangibles that do not qualify for separate recognition.

(2) If the acquisition had been completed on January 1, 2019 for the acquisitions, the Company estimates it would have recorded increases in revenues and net income (loss) shown in the pro forma amounts noted above.

Ohio II and Ohio III—On July 2, 2019, the Company entered into a Membership Interest Purchase Agreement (“MIPA”) with a third-party where the Company purchased 50.99% of the outstanding membership interest of Green Leaf Medical of Ohio III, LLC (“GLMOIII”) for a purchase price of \$1,225,000 in cash. The Company initially acquired a 49% interest in GLMOIII for \$272,640 and recognized a gain on previously held equity interests in GLMOIII of \$904,360 in the consolidated statements of income. The gain was calculated as the difference between the fair value of the previously held equity interests of approximately \$1.2 million and the carrying value. The fair value of the previously held equity interests was based on the consideration paid for the additional interest relative to previously held interest. As a result of the membership interest purchase, the Company owns 99.99% of the membership interest in Ohio III. GMOIII holds 51% of the membership interest in its controlled subsidiary, Green Leaf Medical of Ohio II, LLC, a medical cannabis dispensary.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

3. ACQUISITIONS (Continued)

Wellness Institute of Maryland, LLC - Wellness Institute of Maryland, LLC (“WIM”) is a medical cannabis dispensary incorporated in the state of Maryland on February 3, 2015. On January 31, 2019, The Company and a third-party (the “Seller”) entered into a MIPA where the Company would purchase all of the outstanding interests in WIM from the Seller effective on January 31, 2022, subject to certain conditions, at a purchase consideration of \$1,015,000. The \$1,000,000 consideration is held in escrow, but in the event the purchase option is not exercised by the Company, the escrow payment will be received by the Seller. Contemporaneously, the Company and WIM entered into a management service agreement (the “MSA”). The MSA provides the Company with management and funding responsibility over WIM in exchange for a monthly management fee of \$25,000 for the first 36 months and \$70,000 thereafter. The Company is also entitled to incentive payments of 12% of gross sales in excess of \$875,000. Additionally, the members of WIM are entitled to distributions of \$46,000 monthly and tax related distributions, and are included in distributions to non-controlling interests. As a result of the MSA, WIM became a VIE and the Company became the primary beneficiary of WIM, and was consolidated in the Company’s financial statements. During April 2021, the Company exercised its purchase option for all of the outstanding interests in WIM (see “*Note 14 – Subsequent Events*”).

SKD Realty, LLC - On January 31, 2019, the Company acquired 100% of the equity interests of SKD Realty, LLC (“SKD”) for \$557,000. SKD manages a commercial real estate facility located in Fredrick, Maryland, provides marketing consulting services and is a cannabis accessory retailer. WIM is an affiliated company to SKD, which sublets certain real property facilities from SKD which is used to operate WIM’s cannabis dispensary business in Frederick, Maryland. Upon acquisition of SKD, the Company assumed SKD’s lease with a third-party which was determined to be at fair value.

Asset Acquisitions

In addition to the business combinations described above, the Company had acquisitions during 2020 that did not meet the definition of a business in accordance with ASC 805, *Business Combinations*, and were therefore accounted for as asset acquisitions. Operating results of the acquired entities are included in the accompanying consolidated statements of income, changes in members’ equity, and cash flows for periods subsequent to the acquisition date.

The following table summarizes the allocation of consideration exchanged for the estimated fair value of tangible and intangible assets acquired and liabilities assumed:

	Sugarloaf Enterprises LLC	Time for Healing, LLC	Total
Right-of-Use Assets	\$ 715,074	\$ —	\$ 715,074
Dispensary License	3,256,048	—	3,256,048
Security Deposit and Other Assets	10,729	100,000	110,729
Lease Liability	(715,074)	—	(715,074)
Total Net Assets Acquired	\$3,266,777	\$ 100,000	\$3,366,777
Cash	\$ 350,000	\$ 100,000	\$ 450,000
Notes payable, net of discount	2,916,777	—	2,916,777
Total Consideration	\$3,266,777	\$ 100,000	\$3,366,777

Sugarloaf Enterprises LLC - On January 30, 2020, the Company entered into a membership interest purchase agreement with the members of Sugarloaf Enterprises LLC to acquire 100% of its ownership interests. The acquisition closed on March 25, 2020. The Purchase Agreement provided for a total consideration of \$350,000 in cash and \$3,150,000 in a promissory note payment, less a debt discount of \$233,233, at the close. The promissory note has a term of four-years with an interest rate of 6% (see note 10 – *Notes Payable*).

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

3. ACQUISITIONS (Continued)

Time for Healing, LLC - On April 6, 2020, the Company entered into a membership interest purchase agreement with the members of Time for Healing, LLC ("Healing") to acquire 100% of its ownership interests. The membership interest purchase agreement provided for a \$100,000 payment at the close, with a conditional payment of \$600,000 subject to Healing obtaining a dispensary license and regulatory approval of the transfer of the membership interests in Healing. On April 20, 2020, the transaction was completed with \$100,000 paid to the sellers of Healing and 50% of the contingent payment or \$300,000, was put into escrow (see note 13 – *Contingencies*).

4. INVENTORY

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

	<u>2020</u>	<u>2019</u>
Work-in-Process	\$3,285,420	\$ 157,713
Finished Goods	6,391,336	4,990,590
Total Inventory	<u>\$9,676,756</u>	<u>\$5,148,303</u>

5. PROPERTY AND EQUIPMENT

As of December 31, 2020 and 2019, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Land and Building	\$47,102,103	\$23,400,299
Finance Lease Right-of-Use Assets	461,886	228,773
Furniture and Fixtures	67,325	67,325
Leasehold Improvements	3,514,002	3,101,996
Vehicles	643,728	182,988
Machinery and Equipment	3,223,793	2,068,551
Assets Under Construction	773,179	10,840,867
Total Property and Equipment, Gross	55,786,016	39,890,799
Less: Accumulated Depreciation	(3,037,077)	(1,260,249)
Total Property and Equipment, Net	<u>\$52,748,939</u>	<u>\$38,630,550</u>

Assets under construction represent construction in progress related to both cultivation and dispensary facilities not yet completed or otherwise not ready for use.

For the year ended December 31, 2020, depreciation expense of \$1,766,828 was recorded, of which \$1,543,940 is included in cost of goods sold. For the year ended December 31, 2019, depreciation expense of \$827,213 was recorded, of which \$652,905 is included in cost of goods sold.

For the years ended December 31, 2020 and 2019, the Company capitalized interest of \$17,708 and \$245,588, respectively.

During the years ended December 31, 2020 and 2019, the Company entered into a sale agreements with third-parties for real property for gross proceeds of \$11,740,000 and \$13,000,000, respectively, and subsequently leased it back. The terms of the sale agreements and subsequent leasebacks did not meet the criteria for a sale and therefore was retained in the Company's property and equipment. See further discussion of the transaction in Note 9.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

6. INTANGIBLE ASSETS

In 2018, the Company purchased a processing license from an unrelated third party. The Company paid \$3,575,000 for the processing license, of which \$1,000,000 was paid in cash and \$2,575,000 in the form of issued promissory notes (see “*Note 10—Notes Payable*”).

In 2019, the Company acquired certain identifiable intangible assets in connection with business combinations. See Note 3.

In 2020, the Company acquired a dispensary license for \$3,266,777, net of discounts \$233,223, of which \$350,000 was paid in cash and the balance in a note (see “*Note 10 – Notes Payable*”). Also in 2020, the Company acquired a dispensary license being developed with a \$100,000 payment at the close, and a conditional payment of \$600,000 subject to certain regulatory requirements (see “*Note 13 – Commitments and Contingencies*”). 50% or \$300,000 of the conditional payment was placed into escrow.

As of December 31, 2020 and 2019, intangible assets consist of the following:

	2020	2019
Processing License	\$2,889,206	\$2,889,206
Dispensary Licenses	5,556,048	2,300,000
Trademarks	105,000	105,000
Total Intangible Assets Subject to Amortization	8,550,254	5,294,206
Less Accumulated Amortization	(901,589)	(353,155)
Intangible Assents, Net	<u>\$7,648,665</u>	<u>\$4,941,051</u>

For the years ended December 31, 2020 and 2019, the Company recognized \$548,434 and \$305,002, respectively, of amortization expense.

The following is the future amortization of intangible assets as of December 31, 2020:

Year Ending December 31,	Processing License	Dispensary Licenses	Trademarks	Total
2021	\$ 192,614	\$ 370,430	\$ 21,000	\$ 584,044
2022	192,614	370,430	21,000	584,044
2023	192,614	370,430	21,000	584,044
2024	192,614	370,430	7,583	570,627
2025	192,614	370,430	—	563,044
Thereafter	1,492,675	3,270,188	—	4,762,863
Total Future Amortization	<u>\$ 2,455,744</u>	<u>\$ 5,122,338</u>	<u>\$ 70,583</u>	<u>\$7,648,665</u>

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

7. GOODWILL

As of December 31, 2020 and 2019, goodwill was \$2,614,391 and \$2,614,391, respectively and the carrying amounts of goodwill were associated to each of the following acquisitions as follows:

	<u>2020</u>	<u>2019</u>
Green Leaf Medical of Ohio II, LLC	\$2,112,689	\$2,112,689
Wellness Institute of Maryland, LLC	139,840	139,840
SKD Reality, LLC	361,862	361,862
	<u>\$2,614,391</u>	<u>\$2,614,391</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As of December 31, 2020 and 2019, accounts payable and accrued liabilities consisted of:

	<u>2020</u>	<u>2019</u>
Accounts Payable	\$1,611,565	\$5,725,160
Accrued Payroll Liabilities	1,120,515	262,495
Other Accrued Liabilities	1,082,649	61,337
Total Accounts Payable and Accrued Liabilities	<u>\$3,814,729</u>	<u>\$6,048,992</u>

9. LEASES

Under ASC 842, the Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and accrued obligations under operating lease (current and non-current) liabilities in the consolidated balance sheets. Finance lease ROU assets are included in property and equipment, net and accrued obligations under finance lease (current and noncurrent) liabilities in the consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets are classified as a finance lease or an operating lease. A finance lease is a lease in which 1) ownership of the property transfers to the lessee by the end of the lease term; 2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise; 3) the lease is for a major part of the remaining economic life of the underlying asset; 4) The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already included in the lease payments equals or exceeds substantially all of the fair value; or 5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. The Company classifies a lease as an operating lease when it does not meet any one of these criteria.

ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The Company has lease extension terms at its properties that have either been extended or are likely to be extended. The terms used to calculate the ROU assets for these properties include the renewal options that the Company is reasonably certain to exercise.

The Company leases land, buildings, equipment and other capital assets which it plans to use for corporate purposes and the production and sale of cannabis products. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet and are expensed in the consolidated statement of income on the straight-line basis over the lease term.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

9. LEASES (Continued)

The below are the details of the lease cost and other disclosures regarding the Company's leases as of December 31, 2020 and 2019:

	2020	2019
Finance Lease Cost		
Amortization of Finance Lease Right-of-Use Assets	\$ 36,830	\$ 12,479
Interest on Lease Liabilities	42,629	15,083
Operating Lease Cost	260,154	144,338
Total Lease Expenses	\$339,613	\$171,900
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Financing Cash Flows from Finance Lease, Net of \$42,629 Paid for Interest	\$ 14,043	\$ 2,958
Operating Cash Flows from Operating Leases, Net of \$5,748 Related to Interest	\$215,058	\$ 68,407
Non-Cash Additions to Right-of-Use Assets and Lease Liabilities:		
Recognition of Right-of-Use Assets for Finance Lease	\$233,113	\$228,773
Recognition of Right-of-Use Assets for Operating Leases	\$761,663	\$556,682
Weighted-Average Remaining Lease Term (Years) - Finance Leases	7.80	8.76
Weighted-Average Remaining Lease Term (Years) - Operating Leases	10.00	9.40
Weighted-Average Discount Rate - Finance Leases	13.25%	13.97%
Weighted-Average Discount Rate - Operating Leases	13.25%	13.25%

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Company utilizes its secured borrowing rate. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Company's lease agreements do not contain significant residual value guarantees, restrictions or covenants. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Future lease payments under non-cancelable operating leases and finance leases as of December 31, 2020 are as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2021	\$ 266,207	\$ 90,293
2022	259,563	92,708
2023	237,805	95,734
2024	194,854	82,687
2025	200,201	84,961
2026 and Thereafter	1,239,330	280,839
Total Future Minimum Lease Payments	2,397,960	727,222
Less: Interest	(1,033,957)	(282,337)
Present Value of Lease Liabilities	1,364,003	444,885
Less: Current Portion of Lease Liabilities	(106,723)	(33,296)
Lease Liabilities, Net of Current Portion	\$ 1,257,280	\$ 411,589

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

9. LEASES (Continued)

Sale and Leaseback Transactions

During the year ended December 31, 2019, the Company sold and subsequently leased back a property in a transaction with a third party for total sales price of \$13,000,000 (the "PA SLB"). The Company determined that this sale did not qualify for sale-leaseback treatment under ASC 842 due to prohibited forms of continuing involvement in the assets sold by the Company. Accordingly, the "sold" assets remain within land and building, as appropriate, for the duration of the lease and a construction finance liability equal to the amount of proceeds received was recorded as a construction finance liability on the consolidated balance sheets. The discount rate used for the construction finance liability was 13.97%. The lease term is 15 years. Upon lease termination, the sale will be recognized by removing the remaining carrying values of the assets and construction finance liability with any difference recognized as a gain. During the year ended December 31, 2019, interest expense for the construction finance liability was \$1,244,873, of which \$695,252 was paid in cash.

During the year ended December 31, 2020, the Company modified the above lease to provide for tenant improvement reimbursements on an undeveloped portion of the real property of up to \$30,000,000 less a 1% fee and extended the lease term five years in exchange for additional monthly payments. The Company determined the tenant improvement reimbursements and associated lease payments qualified for separate recognition from the original leased property (the "PA Incremental SLB"). The PA Incremental SLB did not qualify for sale leaseback treatment under ASC 842 due to prohibited forms of continuing involvement in the assets sold by the Company. Accordingly, the "sold" assets remain within building and assets under construction, as appropriate, for the duration of lease and a construction finance liability equal to the amount of proceeds received was recorded as a construction finance liability on the consolidated balance sheets. The five-year extension of the PA SLB was recognized as a modification of the original terms with the related discount rate modified accordingly for balance of the term. As of December 31, 2020, the discount rate used for the PA SLB and the PA Incremental SLB was 14.65% and 15.44%, respectively. During the year ended December 31, 2020, the interest expense for the aggregate PA SLB and PA Incremental SLB construction finance liabilities were \$3,905,770, of which \$1,693,223 was paid in cash. During the year ended December 31, 2020, the Company was reimbursed \$755,722.

During the year ended December 31, 2020, the Company sold one property and subsequently leased back a property in a transaction with a third party for a total sales price of \$11,740,000 (the "VA SLB"). Additionally, the lease included tenant improvement allowances of \$8,010,000 less a 1% management fee which was fully utilized during 2020. The Company determined that this sale did not qualify for sale leaseback accounting as the resulting lease was a finance lease under ASC 842 and thus did not meet the criteria for transfer of control under ASC 606. Accordingly, the asset remained on the Company's Consolidated Balance Sheets as of December 31, 2020 at its cost basis and the Company recorded a financing liability for the amount of consideration received. The financing liability is included in construction finance liability on the Consolidated Balance Sheets. The discount rate used for the VA SLB construction finance liability as of December 31, 2020 was 14.28%, and the lease term is 15.25 years. During the year ended December 31, 2020 the interest expense for the VA SLB construction finance liability was \$2,436,751, of which \$1,831,236 was paid in cash.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

9. LEASES (Continued)

Future minimum payments under the construction finance liability is as follows:

<u>Year Ending December 31,</u>	
2021	\$ 8,411,657
2022	8,861,347
2023	9,151,569
2024	9,451,380
2025	9,761,096
Thereafter	193,306,758
Total Future Minimum Payments	<u>238,943,807</u>
Less: Interest	<u>(174,047,282)</u>
Present Value of Construction Finance Liability	64,896,525
Less: Tenant Improvement Receivable	<u>(28,944,278)</u>
Net Construction Finance Liability	35,952,247
Less: Current Portion of Construction Finance Liability Principal	—
Construction Finance Liability, Net of Current Portion	<u>\$ 35,952,247</u>

For the years ending December 31, 2021 through December 31, 2025, interest is expected to exceed the monthly cash payments such that the balance of the interest will be treated as paid-in-kind. At the end of the lease term, the final payment is the transfer of the underlying asset to the landlord where its expected net book value will equal the remaining principal balance of the construction finance liability.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

10. NOTES PAYABLE

As of December 31, 2020 and 2019, the Company's notes payable consisted of:

	<u>2020</u>	<u>2019</u>
Promissory note issued in January 2018 for the purchase of a processing license, which matures in April 2021 and bears no interest, with principal payments based upon the lesser 5% of gross revenue of the Company or the remaining balance and bears no interest (discount is based on imputed interest rate of 13.25%) and secured by the underlying asset.	\$ 695,483	\$ 1,557,443
Promissory note issued in March 2018 for the purchase of real property, which matures in April 2038 and bears interest at a rate of 4.0% per annum with monthly payments of principal and interest of \$19,255 (discount is based on imputed interest rate of 13.25%) and secured by the underlying asset.	3,410,682	3,503,426
Promissory notes issued in March and August 2020, which matures in March 2023 and bears interest at a rate of 13.18% per annum with monthly payments of principal and interest of \$100,000 beginning on March 31, 2021, secured by the Company's membership interests, and subject to certain financial covenants, including liquidity, consolidated total leverage ratio, and consolidated fixed charge coverage ratio. The Company was in compliance with the financial covenants as of December 31, 2020. Issuance costs were \$557,886.	6,000,000	—
Promissory note dated April 2020 for the deferred payments on a dispensary license which mature on April 2024 and bears interest at a rate of 6.0% per annum with monthly payments of principal and interest of \$73,977 and secured by the underlying asset.	2,680,865	—
Promissory notes issued in November 2019 for the purchase of automobiles, which mature November 2023 and bears interest at a rate of 11.13% per annum with monthly payments of principal and interest and secured of \$2,295 by the underlying assets.	40,640	86,460
Total Notes Payable	12,827,670	5,147,329
Less: Unamortized Discount	(3,327,080)	(1,614,023)
Less: Current Portion of Notes Payable	(2,652,146)	(973,485)
Notes Payable, Net of Current Portion	<u>\$ 6,848,444</u>	<u>\$ 2,559,821</u>

The following is the expected future principal payments of the notes payable as of December 31, 2020:

<u>Year Ending December 31,</u>	<u>Payments</u>
2021	\$ 2,652,146
2022	2,108,038
2023	4,661,152
2024	405,984
2025	113,240
Thereafter	2,887,110
Total Future Debt Payments	<u>\$12,827,670</u>

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

11. MEMBERS' EQUITY

Authorized Units

The Company is authorized to issue up to 10,000,000 member units which is subdivided into 3,900,000 Founder Units, 6,000,000 Member Units of classes that are determined by the Company and 200,000 Participation Units. Founder Unit and Member Unit holders are entitled to one vote per unit. Participation Unit holders are not entitled to any votes but are entitled to their share of profits and losses as defined in the Company's operating agreement. Member Units are further divided by Class from A through G. Certain actions of the Company require the approval of the majority of the Class A through C Unit holders including, authorization of a new class or series of member units; redemption of more than 5% of the outstanding member units; and increase the number of the Company's board seats above seven. Upon a liquidation event, Member Units are generally entitled to their pro-rata portion of total equity instruments then outstanding to reduce the holders invested capital to zero and any remaining is shared pro rata share among the member units holders. Other than what is described above, each class of units generally has the same terms and rights.

Issued Units

At inception, the Company issued 3,789,224 Founder Units and received proceeds totaling \$100,000.

From inception through December 31, 2016, the Company sold and issued 1,373,797 Class A Investor Units and received aggregate proceeds of \$1,620,524 for purposes of raising capital in connection with the Company's application for a license to grow medical cannabis in Maryland. During 2019, the Company redeemed 10,000 Class A Investor Units for \$150,000.

During the years ended December 31, 2016 and 2017, the Company raised \$7,017,589 of capital through the sale and issuance of 981,482 Class B Investor Units.

The Company sold and issued 290,833 and 34,544 Class C Investor Units during the years ended December 31, 2017 and 2018, respectively, and raised a total of \$2,999,992 for general business purposes, acquisitions and facility costs through the sale and issuance of such Class C Investor Units.

In July 2018, the Company raised \$11,086,801 of capital through the sale and issuance of 739,650 Class D Investor Units.

In January 2019, the Company raised \$1,375,000 of capital through the sale and issuance of 67,769 Class E Investor Units less \$100,000 subscription receivable.

In May 2019, the Company issued 383,352 of Class F Investor Units in the amount of \$8,129,079 to VPP, LLC to acquire the remaining 40% interest to own all the outstanding interest in Green Leaf Medical of Virginia, LLC. The amount in excess of the previously recorded noncontrolling interest was recorded as a reduction of equity on the consolidated statement of changes in members' equity.

In September 2019, the Company raised \$1,549,799 of capital through the sale and issuance of 70,159 Class G Investor Units less \$100,000 subscription receivable.

During 2020, the Company raised \$237,517 of capital through the sale and issuance of 10,753 of Class G Investor Units.

In March and August 2020, the Company issued an aggregate of 94,823 warrants in connection with notes issued contemporaneously. The warrants have a term of 15 years, an aggregate exercise price of \$2,362,500 and are subject to certain standard anti-dilution provisions. The warrants were recorded at fair value at its issuance date.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

11. MEMBERS' EQUITY (Continued)

Below are the assumptions used in the fair value determination at the issuance of warrants on March 27, 2020 and August 14, 2020:

	March 27, 2020	August 14, 2020
Weighted-Average Risk-Free Annual Interest Rate	0.30%	0.20%
Weighted-Average Expected Annual Dividend Yield	0.0%	0.0%
Weighted-Average Expected Stock Price Volatility	77.2%	89.8%
Weighted-Average Expected Life in Years	3.00	3.00

Non-Controlling Interest

During the years ended December 31, 2020 and 2019, the Company recorded income attributable to non-controlling interest of \$3,503,012 and \$777,161, respectively. During the year ended December 31, 2020, non-controlling members made contributions in the amount of nil, and distributions of \$3,668,763. During the year ended December 31, 2019, non-controlling members made contributions in the amount of \$74,880 related to Green Leaf Medical of Virginia, LLC and distributions of \$1,210,614. As part of the business combination of Green Leaf Medical of Ohio III, the equity interests not held by the Company were recognized at fair value of \$2,308,000. As part of the business combination of Wellness Institute of Maryland, LLC, the equity interest not held by the Company were recognized at fair value of \$1,015,000. The Company acquired the noncontrolling interest of Green Leaf Medical of Virginia, LLC with the issuance of 4.99% of the Company's units with an aggregate fair value of \$8,129,079.

Share-Based Compensation

During the year ended December 31, 2020, the Company issued 4,746 Participant Units. The Participation Units vested immediately. The Participation Units were valued using the fair value of the Company's common units in the period they were issued which was \$22.09 per unit. For the years ended December 31, 2020 and 2019, the Company recognized share based compensation related to these Participation Units in the amount of \$162,041 and \$25,000, respectively.

12. PROVISION FOR INCOME TAXES AND DEFERRED INCOME TAXES

Effective January 1, 2020, the Company elected to change its income tax status from a partnership entity to a C-Corporation. This resulted in the Company incurring income taxes as opposed to being treated as a pass-through entity to its members. The change in income tax status resulted in net deferred tax assets of \$262,848 as of January 1, 2020. As the Company operates in the legal cannabis industry, the Company is subject to the limits of the Internal Revenue Code (the "IRC") Section 280E for U.S. federal, Maryland, Pennsylvania, Virginia and Ohio state income tax purposes 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.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

12. PROVISION FOR INCOME TAXES AND DEFERRED INCOME TAXES (Continued)

Provision for income taxes consists of the following for the year ended December 31, 2020:

Current:	
Federal	\$ 8,772,673
State	3,889,910
Total Current Tax Expense	12,662,582
Deferred:	
Federal	(619,813)
State	(226,147)
Total Deferred Tax Expense	(845,960)
Total Provision for Income Taxes	<u>\$11,816,622</u>

As of December 31, 2020, the unrecognized temporary differences of the Company that give rise to the significant portions of the Company's deferred tax assets and liabilities were as follows:

Deferred Tax Assets:	
Accrued Liabilities	\$ 75,825
Leases	9,808,574
Total Deferred Tax Assets	9,884,399
Deferred Tax Liabilities:	
481a Adjustment	(1,197,449)
Fixed Assets & Intangibles	(7,840,990)
Net Deferred Tax Assets (Liabilities)	<u>\$ 845,960</u>

The reconciliation between the effective tax rate on income from operations and the statutory tax rate is as follows:

Computed Expected Tax Expense	\$ 5,298,968
Changes in Income Taxes Resulting From:	
State Taxes (Net of Federal Tax Benefits):	3,663,763
Passthrough Items	(559,647)
Section 280E Non-Deductible	3,629,370
Depreciable Assets Basis Adjustments	(215,831)
Total Provision for Income Taxes	<u>\$11,816,622</u>

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

13. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of these regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of December 31, 2020, marijuana 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.

Acquisitions and Investments

On April 6, 2020, the Company entered into a membership interest purchase agreement ("Purchase Agreement") with the members of Time for Healing, LLC ("Healing") to acquire 100% of its ownership interests. The Purchase Agreement provided for a \$100,000 payment at the close, with a conditional payment of \$600,000 subject to Healing obtaining a dispensary license and regulatory approval of the transfer of the membership interests in Healing. On April 20, 2020, the transaction was completed with \$100,000 paid to the sellers of Healing and 50% of the contingent payment or \$300,000, was put into escrow. The amounts put in escrow were included in security deposits and other assets on the consolidated balance sheets. To date, the dispensary license has not been obtained.

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of 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 operations.

As of December 31, 2020, there are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party to the Company or has a material interest adverse to the Company's interest.

14. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through September 7, 2021, which is the date these consolidated financial statements were issued.

Sale of Green Cannabis Care of West Virginia, LLC

On April 21, 2021, the Company sold its 80% interest in Cannabis Care of West Virginia, LLC (formerly known as Green Leaf Medical of West Virginia, LLC) ("Cannabis Care") to Cannabis Care's noncontrolling interest holder in exchange for \$100,000 in cash.

Repayments of Notes Payable

During April 2021, \$6,000,000 of notes payable, initially borrowed in March 2020 and August of 2020, were fully repaid.

During April 2021, the balance of the note payable related to a 2020 asset acquisition was fully repaid.

During April 2021, the balance of the note payable issued in January 2018 was fully repaid.

Acquisition of WIM Equity

During April 2021, the Company exercised its option to acquire all the outstanding equity of WIM for \$1,000,000 which was previously held in escrow.

Green Leaf Medical, LLC
Notes to the Consolidated Financial Statements

14. SUBSEQUENT EVENTS (Continued)

Acquisition by Columbia Care Inc.

On December 22, 2020, Columbia Care Inc. and the Company entered into an “Agreement and Plan of Merger” whereby Columbia Care, Inc. and related entities will acquire the Company. On June 11, 2021, Columbia Care, Inc. closed on the acquisition with the Company, and certain subsidiaries of the Company were spun-off and not included in the acquisition.

Lease Agreements

During March 2021 and June, 2021, the Company entered into two new lease agreements for real property. The terms of the lease agreements were aggregate monthly lease payments of \$22,800 to \$27,189 per month with a term of 10 years and two five-year renewal options.

Green Leaf Medical, LLC
Unaudited Condensed Consolidated Financial Statements

As of and for the three-month period ended
March 31, 2021

F-160

[Table of Contents](#)

Green Leaf Medical, LLC
Contents

	<u>Page(s)</u>
INTERIM CONDENSESD CONSOLIDATED FINANCIAL STATEMENTS:	
Interim Condensed Consolidated Balance Sheet	F-162
Interim Condensed Consolidated Statement of Income	F-163
Interim Condensed Consolidated Statement of Members' Equity	F-164
Interim Condensed Consolidated Statement of Cash Flows	F-165 - F-166
Notes to the Interim Condensed Consolidated Financial Statements	F-167 - F-176

Green Leaf Medical, LLC
Interim Condensed Consolidated Balance Sheets
As of March 31, 2021 (Unaudited)

Current Assets:	
Cash and Cash Equivalents	\$ 31,886,126
Accounts Receivable, Net	3,702,988
Inventory	10,295,379
Prepaid Expenses and Other Current Assets	860,010
Total Current Assets	<u>46,744,503</u>
Property and Equipment, Net	52,666,129
Intangible Assets, Net	7,502,662
Goodwill	2,614,391
Operating Lease Right-of-Use Assets	1,366,945
Deferred Tax Assets	1,279,225
Security Deposits and Other Assets	1,495,236
TOTAL ASSETS	\$ <u>113,669,091</u>
LIABILITIES AND MEMBERS' EQUITY	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 3,096,292
Income Taxes Payable	17,926,317
Customer Deposits	17,407
Current Portion of Notes Payable	2,451,208
Current Portion of Operating Lease Liabilities	134,193
Current Portion of Finance Lease Liabilities	31,807
Total Current Liabilities	<u>23,657,224</u>
Construction Finance Liabilities, Net of Current Portion	36,702,475
Notes Payable, Net of Current Portion	6,739,917
Operating Lease Liabilities, Net of Current Portion	1,277,143
Finance Lease Liability, Net of Current Portion	406,126
TOTAL LIABILITIES	<u>68,782,885</u>
Members' Capital	34,224,543
Retained Earnings	7,934,827
Total Members' Equity Attributable to Green Leaf Medical, LLC.	42,159,370
Non-Controlling Interest	2,726,836
TOTAL MEMBERS' EQUITY	<u>44,886,206</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ <u>113,669,091</u>

See accompanying notes to the interim condensed consolidated financial statements.

Green Leaf Medical, LLC
Interim Condensed Consolidated Statements of Income
For the Three-Month Period Ended March 31, 2021 (Unaudited)

Revenues, Net	\$ 28,553,478
Cost of Goods Sold	10,393,373
Gross Profit	<u>18,160,105</u>
Operating Expenses:	
General and Administrative	4,406,264
Sales and Marketing	221,448
Depreciation and Amortization	394,510
Total Operating Expenses	<u>5,022,222</u>
Income from Operations	13,137,883
Interest Expense	<u>3,017,055</u>
Net Income Before Provision for Income Taxes	10,120,828
Provision for Income Taxes	<u>4,830,470</u>
Net Income	5,290,358
Net Income Attributable to Non-Controlling Interest	1,394,866
Net Income Attributable to Members' of the Company	<u>\$ 3,895,492</u>

See accompanying notes to the interim condensed consolidated financial statements.

Green Leaf Medical, LLC
Interim Condensed Consolidated Statements of Member's Equity
Three Month Period Ended March 31, 2021 (Unaudited)

	Number of Units									Members Capital	Retained Earnings	Total Members' Equity Attributable to Green Leaf Medical, LLC	Non- controlling Interest	Total Members' Equity
	Common Units	Class A Units	Class B Units	Class C Units	Class D Units	Class E Units	Class F Units	Class G Units	Partic- ipation Units					
BALANCE AS OF JANUARY 1, 2021	<u>3,789,224</u>	<u>1,363,797</u>	<u>981,482</u>	<u>325,377</u>	<u>739,650</u>	<u>67,769</u>	<u>383,352</u>	<u>80,912</u>	<u>29,171</u>	<u>\$34,224,543</u>	<u>\$4,039,335</u>	<u>\$ 38,263,878</u>	<u>\$ 2,723,797</u>	<u>\$40,987,675</u>
Distribution to Members	—	—	—	—	—	—	—	—	—	—	—	—	(1,391,827)	(1,391,827)
Net Income	—	—	—	—	—	—	—	—	—	—	3,895,492	3,895,492	1,394,866	5,290,358
BALANCE AS OF MARCH 31, 2021	<u>3,789,224</u>	<u>1,363,797</u>	<u>981,482</u>	<u>325,377</u>	<u>739,650</u>	<u>67,769</u>	<u>383,352</u>	<u>80,912</u>	<u>29,171</u>	<u>\$34,224,543</u>	<u>\$7,934,827</u>	<u>\$ 42,159,370</u>	<u>\$ 2,726,836</u>	<u>\$44,886,206</u>

See accompanying notes to the interim condensed consolidated financial statements.

Green Leaf Medical, LLC
Interim Condensed Consolidated Statements of Cash Flows
For the Three-Month Period Ended March 31, 2021 (Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	\$ 5,290,358
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:	
Depreciation and Amortization	692,889
Amortization of Debt Discount	314,714
Paid-in-kind Interest on Construction Finance Liability	750,228
Amortization of ROU Assets	(92,517)
Deferred Tax Expense	(433,265)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	1,698,701
Inventory	(618,623)
Prepaid Expenses and Other Current Assets	(392,742)
Security Deposit	(20,438)
Accounts Payable and Accrued Liabilities	(1,005,338)
Income Taxes Payable	5,263,735
Customer Deposits	(13,981)
Operating Lease Liabilities	93,922
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>11,527,642</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Property and Equipment	(126,720)
Capitalized Interest from Construction	(50,454)
NET CASH USED IN INVESTING ACTIVITIES	<u>(177,174)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Distributions	(1,391,827)
Principal Repayments of Finance Lease Liability	(6,952)
Principal Repayments of Notes Payable	(624,179)
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,022,958)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,327,510
Cash and Cash Equivalents, Beginning of Year	22,558,616
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 31,886,126</u>

See accompanying notes to the interim condensed consolidated financial statements.

Green Leaf Medical, LLC
Interim Condensed Consolidated Statements of Cash Flows
For the Three-Month Period Ended March 31, 2021 (Unaudited)

SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION:

Cash Paid for Interest \$1,952,112

NON-CASH INVESTING AND FINANCING ACTIVITIES:

Obtaining a Right-of-Use Asset in Exchange for an Operating Lease Liability \$ 46,589

Property and Equipment Acquired in Exchange for Accounts Payable \$ 286,902

See accompanying notes to the interim condensed consolidated financial statements.

Green Leaf Medical, LLC
Notes to the Interim Condensed Consolidated Financial Statements

1. NATURE OF OPERATIONS

Green Leaf Medical, LLC (“Green Leaf” or the “Company”) is a medical cannabis company formed in April 2014. The Company is a multi-state operator of medical cannabis facilities with cultivation, extraction, and retail licenses in Maryland, Pennsylvania, Virginia, and Ohio.

The Company was incorporated in the State of Maryland. The principal address of the Company is 267 Kentlands Boulevard, Suite 1070, Gaithersburg, Maryland 20878.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and reflect the accounts and operations of the Company and those of the Company’s subsidiaries in which the Company has a controlling financial interest.

All intercompany transactions and balances have been eliminated in consolidation. In the opinion of management, all adjustments considered necessary for a fair presentation of the consolidated financial position of the Company as of March 31, 2021, and the consolidated results of income and cash flows for the three-month period ended March 31, 2021 have been included. In accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 810, “Consolidation (“ASC 810”)”, the Company consolidates any variable interest entity (“VIE”), of which the Company is the primary beneficiary.

The accompanying unaudited interim condensed consolidated financial statements do not include all of the information required for full annual financial statements. Accordingly, certain information, footnotes and disclosures normally included in the annual financial statements, prepared in accordance with GAAP, have been condensed or omitted in accordance with SEC rules and regulations within Article 10 of Regulation S-X. The financial data presented herein should be read in conjunction with the audited consolidated financial statements year ended December 31, 2020.

Basis of Measurement

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are measured at fair value.

COVID-19

In March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus, COVID-19. The pandemic is having an unprecedented impact on the U.S. economy as federal, state, and local governments react to this public health crisis, which has created significant uncertainties. During the current reporting period, aspects of the Company’s business were affected by the COVID-19 pandemic, with the Company’s offices, medical cannabis facilities and retail locations operating within local rules and regulations. While the ultimate severity of the outbreak and its impact on the economic environment is uncertain, the Company is monitoring this closely. In the event that the Company were to experience widespread transmission of the virus at one or more of the Company’s medical cannabis facilities or retail locations, the Company could suffer reputational harm or other potential liability. Further, the Company’s business operations may be materially and adversely affected if a significant number of the Company’s employees are impacted by the virus.

Functional Currency

The Company and its subsidiaries’ functional currency, as determined by management, is the United States (“U.S.”) dollar. These interim condensed consolidated financial statements are presented in U.S. dollars.

Green Leaf Medical, LLC
Notes to the Interim Condensed Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Consolidation

These interim condensed consolidated financial statements as of and for the three-month period ended March 31, 2021 include the accounts of the Company, its wholly-owned subsidiaries and entities over which the Company has control as defined in ASC 810. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account.

Consolidation of Variable Interest Entities (“VIE”)

Wellness Institute of Maryland, LLC (“WIM”) is a VIE of the Company because the Company has the power to direct the activities of WIM that most significantly impact WIM’s economic performance, as well as the Company has the obligation to absorb losses of WIM that could potentially be significant to WIM or the right to receive benefits from WIM that could potentially be significant to WIM.

As of and for the three-month period ended March 31, 2021, the balances of WIM consisted of the following:

Current Assets	\$1,428,624
Non-Current Assets	1,082,900
Total Assets	\$2,511,524
Current Liabilities	\$ 924,852
Non-Current Liabilities	1,195,513
Total Liabilities	\$2,120,365
Non-Controlling Interest	\$ 391,159
Revenues	\$4,834,716
Net Income Attributable to Non-Controlling Interest	\$1,011,072

The net change in WIM are as follows for the three-month period ended March 31, 2021:

Balance as of December 31, 2020	\$ 370,116
Net Income	1,011,072
Cash Distributions to Members’	(990,029)
Balance as of March 31, 2021	\$ 391,159

Green Leaf Medical, LLC
Notes to the Interim Condensed Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Customer Loyalty Program

The Company maintains customer loyalty rewards program that allows members to earn discounts on future purchases. Unused discounts earned by loyalty rewards program members are included in accrued liabilities and recorded as a sales discount at the time a qualifying purchase is made. The value of points accrued as of March 31, 2021 was approximately \$151,607, which is recorded under accrued liabilities on the balance sheet. Currently, unused points do not expire in most cases.

Revenues are disaggregated for the three-month period ended March 31, 2021 as follows:

Cultivation and Wholesale	\$21,369,238
Dispensary	12,909,805
Other	64,615
Intercompany sales	(5,790,180)
	<u>\$28,553,478</u>

Concentration of Business and Credit Risk

The Company maintains cash with various U.S. banks and credit unions with balances in excess of the Federal Deposit Insurance Corporation and National Credit Union Share Insurance Fund limits, respectively. The failure of a bank or credit union where the Company has significant deposits could result in a loss of a portion of such cash balances in excess of the insured limit, which could materially and adversely affect the Company's business, financial condition and results of operations.

The Company provides credit in the normal course of business to customers located throughout the Northeastern U.S. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information. For the three-month period ended March 31, 2021, there were no customers that comprised more than 10% of the Company's revenue or accounts receivable.

Recently Adopted Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, "*Financial Instruments*

- *Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*" ("ASU 2016-13"), which replaces the incurred loss model with a current expected credit loss ("CECL") model and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. Under the new standard, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. The Company is not required to track the changes in credit risk. The guidance must be adopted using a modified retrospective transition method through a cumulative-effect adjustment to retained earnings in the period of adoption. The Company adopted ASU 2016-13 on January 1, 2020. The adoption of the standard did not have a material impact on the Company's Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-13, "*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*" ("ASU 2018-13"), which removes, modifies, and adds certain disclosure requirements in Topic 820 "Fair Value Measurement". Per ASU 2018-13 certain disclosures are eliminated which relate to transfers and the valuations process, modifies disclosures for investments that are valued based on net asset value, clarifies the measurement uncertainty disclosure, and requires additional disclosures for Level 3 fair value measurements. ASU 2018-13 must be applied prospectively and is effective in fiscal years beginning after December 15, 2019. The Company adopted the new standard on January 1, 2020. The adoption of the standard did not have a material impact on the Company's Consolidated Financial Statements.

Green Leaf Medical, LLC
Notes to the Interim Condensed Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In August 2020, the FASB issued ASU No. 2020-06, “Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity” (“ASU 2020-06”), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity’s own equity. Among other changes, ASU 2020-06 removes from U.S. GAAP the liability and equity separation model for convertible instruments with a cash conversion feature, and as a result, after adoption, entities will no longer separately present in equity an embedded conversion feature for such debt. Similarly, the embedded conversion feature will no longer be amortized into income as interest expense over the life of the instrument. Instead, entities will account for a convertible debt instrument wholly as debt unless (1) a convertible instrument contains features that require bifurcation as a derivative under ASC Topic 815, Derivatives and Hedging, or (2) a convertible debt instrument was issued at a substantial premium. Among other potential impacts, this change is expected to reduce reported interest expense, increase reported net income, and result in a reclassification of certain conversion feature balance sheet amounts from stockholders’ equity to liabilities as it relates to the Company’s convertible senior notes. Additionally, ASU 2020-06 requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share (EPS), which is consistent with the Company’s accounting treatment under the current standard. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted for fiscal years beginning after December 15, 2020 and can be adopted on either a fully retrospective or modified retrospective basis. The Company early adopted the new standard on January 1, 2020. The adoption of the standard did not have a material impact on the Company’s Consolidated Financial Statements.

Recently Issued Accounting Standards

FASB ASU No. 2019-12, “Simplifying the Accounting for Income Taxes”— Issued in December 2019, ASU 2019-12 eliminates certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company is currently evaluating the adoption date and impact, if any, adoption will have on its financial position and results of operations.

FASB ASU 2020-01, “Investments—Equity Securities (Topic 321)”, “Investments—Equity Method and Joint Ventures (Topic 323)”, and “Derivatives and Hedging (Topic 815)” – Issued in January 2020, ASU 2020-01 is intended to clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. ASU 2020-01 is effective for the Company beginning January 1, 2021. The Company is currently evaluating the adoption date and impact, if any, adoption will have on its financial position and results of operations.

3. INVENTORY

As of March 31, 2021, inventory consisted of the following:

Work-in-Process	\$ 3,293,860
Finished Goods	7,001,519
Total Inventory	<u>\$10,295,379</u>

Green Leaf Medical, LLC
Notes to the Interim Condensed Consolidated Financial Statements

4. PROPERTY AND EQUIPMENT

As of March 31, 2021, property and equipment consisted of the following:

Land & Building	\$47,066,464
Finance Lease Right-of-Use Assets	461,886
Furniture & Fixtures	72,536
Leasehold Improvements	3,677,378
Vehicles	689,197
Machinery & Equipment	3,223,793
Assets Under Construction	1,058,837
Total Property and Equipment, Gross	56,250,091
Less: Accumulated Depreciation	(3,583,962)
Total Property and Equipment, Net	<u>\$52,666,129</u>

For the three-month period ended March 31, 2021, depreciation expense of \$546,885 was recorded, of which \$248,506 is included in cost of goods sold.

For the three-month period ended March 31, 2021, the Company capitalized interest of \$50,454.

5. INTANGIBLE ASSETS

As of March 31, 2021, intangible assets consist of the following:

Processing License	\$ 2,889,206
Dispensary Licenses	5,556,048
Trademarks	105,000
Total Intangible Assets	\$ 8,550,254
Less Accumulated Amortization	(1,047,592)
Intangible Assets, Net	<u>\$ 7,502,662</u>

For the three-month period ended March 31, 2021, the Company recognized \$146,004 of amortization expense.

6. GOODWILL

As of March 31, 2021, goodwill was \$2,614,391 and the carrying amounts of goodwill were associated to each of the acquisitions as follows:

Green Leaf Medical of Ohio II, LLC	\$2,112,689
Wellness Institute of Maryland, LLC	139,840
SKD Realty, LLC	361,862
	<u>\$2,614,391</u>

Green Leaf Medical, LLC
Notes to the Interim Condensed Consolidated Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As of March 31, 2021, accounts payable and accrued liabilities consisted of:

Accounts Payable	\$1,056,762
Accrued Liabilities	2,039,530
Total Accounts Payable and Accrued Liabilities	<u>\$3,096,292</u>

8. LEASES

The below are the details of the lease cost and other disclosures regarding the Company's leases as of March 31, 2021:

	March 31, 2021
Finance Lease Cost	
Amortization of Finance Lease Right-of-Use Assets	\$ 14,871
Interest on Lease Liabilities	14,651
Operating Lease Cost	75,655
Total Lease Expenses	<u>\$ 105,177</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Financing Cash Flows from Finance Lease	\$ 6,952
Operating Cash Flows from Operating Leases	\$ 93,922
Non-Cash Additions to Right-of-Use Assets and Lease Liabilities:	
Recognition of Right-of-Use Assets for Finance Lease	\$ —
Recognition of Right-of-Use Assets for Operating Leases	\$ 46,589
Weighted-Average Remaining Lease Term (Years)—Finance Leases	7.58
Weighted-Average Remaining Lease Term (Years)—Operating Leases	9.90
Weighted-Average Discount Rate—Finance Leases	13.25%
Weighted-Average Discount Rate—Operating Leases	13.25%

Future lease payments under non-cancelable operating leases and finance leases are as follows:

<u>Fiscal Year Ending</u>	<u>Operating Leases</u>	<u>Finance Lease</u>
March 31, 2022	\$ 303,426	\$ 90,891
March 31, 2023	258,154	93,333
March 31, 2024	228,630	92,591
March 31, 2025	204,572	83,248
March 31, 2026	209,951	85,551
March 31, 2027 and Thereafter	1,245,930	260,007
Total Future Minimum Lease Payments	2,450,662	705,620
Less: Interest	(1,039,326)	(267,686)
Present Value of Lease Liability	<u>\$ 1,411,336</u>	<u>\$ 437,934</u>
Less: Current Portion of Lease Liability	(134,193)	(31,807)
Lease Liability, Net of Current Portion	<u>\$ 1,277,143</u>	<u>\$ 406,126</u>

Green Leaf Medical, LLC
Notes to the Interim Condensed Consolidated Financial Statements

8. LEASES (Continued)

Sale and Leaseback Transactions

On May 20, 2019, the Company sold and subsequently leased back a property in a transaction with a third party for total sales price of \$13,000,000 (the "PA SLB"). During the three-month period ended March 31, 2021, interest expense for the PA SLB construction finance liability was \$506,918, of which \$424,673 was paid in cash.

On July 20, 2020, the Company modified the above lease to provide for tenant improvement reimbursements on an undeveloped portion of the real property of up to \$30,000,000 less a 1% fee and extended the lease term five years in exchange for additional monthly payments. The Company determined the tenant improvement reimbursements and associated lease payments qualified for separate recognition from the original leased property (the "PA Incremental SLB"). During the three-month period ended March 31, 2021, the interest expense for the PA Incremental SLB construction finance liabilities were \$1,205,883, of which \$860,646 was paid in cash. During the three-month period ended March 31, 2021, the Company was reimbursed \$235,205.

On January 15, 2020, the Company sold one property and subsequently leased back a property in a transaction with a third party (the "VA SLB"). During the three-month period ended March 31, 2021 the interest expense for the VA SLB construction finance liability was \$750,228, of which \$666,983 was paid in cash.

Future minimum payments under the construction finance liability are as follows:

<u>Year Ending</u>	
March 31, 2022	\$ 8,649,842
March 31, 2023	8,933,076
March 31, 2024	9,225,668
March 31, 2025	9,527,926
March 31, 2026	9,840,172
March 31, 2027 and Thereafter	190,814,823
Total Future Minimum Payments	236,991,506
Less: Debt Discount	(336,190)
Less: Interest	(171,243,768)
Present Value of Construction Finance Liability	65,411,548
Less: Tenant Improvement Receivable	(28,709,073)
Net Construction Finance Liability	36,702,475
Less: Current Portion of Construction Finance Liability Principal	—
Construction Finance Liability, Net of Current Portion	\$ 36,702,475

For the years ending December 31, 2022 through December 31, 2026, interest will exceed the monthly cash payments such that the balance of the interest will be paid-in-kind. At the end of the lease term, the final payment is the transfer of the underlying asset to the landlord where its expected net book value will equal the remaining principal balance of the construction finance liability.

Green Leaf Medical, LLC
Notes to the Interim Condensed Consolidated Financial Statements

9. NOTES PAYABLE

As of March 31, 2021, the Company's notes payable consisted of:

Promissory note issued in January 2018 for the purchase of an intangible asset, which matures in April 2021 and bears no interest, with principal payments based upon the lesser 5% of gross revenue of the Company or the remaining balance and bears no interest (discount is based on imputed interest rate of 13.25%) and secured by the underlying asset.	\$ 381,954
Promissory note issued in March 2018 for the purchase of real property, which matures in April 2038 and bears interest at a rate of 4.0% per annum with monthly payments of principal and interest (discount is based on imputed interest rate of 13.25%) and secured by the underlying asset.	3,386,912
Promissory notes issued in March and August 2020, which matures in March 2023 and bears interest at a rate of 13.18% per annum with monthly payments of principal and interest and secured by the Company's membership interests.	5,900,000
Promissory note dated April 2020 for the deferred payments on an asset acquisition which mature on April 2024 and bears interest at a rate of 6.0% per annum with monthly payments of principal and interest and secured by the underlying asset.	2,497,002
Promissory notes issued in November 2019 for the purchase of automobiles, which mature November 2023 and bears interest at a rate of 11.13% per annum with monthly payments of principal and interest and secured by the underlying assets.	37,622
Total Notes Payable	12,203,490
Less: Unamortized Discount	(3,012,365)
Less: Current Portion of Notes Payable	(2,451,208)
Notes Payable, Net of Current Portion	<u>\$ 6,739,917</u>

The following is the expected future principal payments of the notes payable as of March 31, 2021:

Year Ending March 31,	Scheduled Payments
2022	\$ 2,451,208
2023	2,131,686
2024	4,460,857
2025	187,277
2026	114,376
Thereafter	2,858,086
Total Future Debt Payments	<u>\$12,203,490</u>

Green Leaf Medical, LLC
Notes to the Interim Condensed Consolidated Financial Statements

10. MEMBERS' EQUITY

Non-Controlling Interest

During the three-month period ended March 31, 2021, the Company recorded income attributable to non-controlling interest of \$1,394,866. During the three-month period ended March 31, 2021, non-controlling members made contributions in the amount of nil, and distributions of \$1,391,827.

11. PROVISION FOR INCOME TAXES AND DEFERRED INCOME TAXES

The Company has computed its provision for income taxes under the discrete method which treats the year-to-date period as if it were the annual period and determines the income tax expense or benefit on that basis. The discrete method is applied when application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. The Company believes that, at this time, the use of this discrete method is more appropriate than the annual effective tax rate method as the estimated annual effective tax rate method is not reliable due to the high degree of uncertainty in estimating annual pre-tax income due to the early growth stage of the business.

The reconciliation between the effective tax rate on income from operations and the statutory tax rate is as follows:

Computed Expected Tax Expense	\$2,125,374
Changes in Income Taxes Resulting From:	
State Taxes (Net of Federal Tax Benefits):	1,483,906
Passthrough Items	(212,326)
Section 280E Non-Deductible	<u>1,433,516</u>
Total Provision for Income Taxes	<u>\$4,830,470</u>

12. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of these regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of March 31, 2021, marijuana 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.

Acquisitions and Investments

On April 6, 2020, the Company entered into a membership interest purchase agreement ("Purchase Agreement") with the members of Time for Healing, LLC ("Healing") to acquire 100% of its ownership interests. The Purchase Agreement provided for a \$100,000 payment at the close, with a conditional payment of \$600,000 subject to Healing obtaining a dispensary license and regulatory approval of the transfer of the membership interests in Healing. On April 20, 2020, the transaction was completed with \$100,000 paid to the sellers of Healing and 50% of the contingent payment or \$300,000, was put into escrow. The amounts put in escrow were included in security deposits and other assets on the consolidated balance sheet. To date, the dispensary license has not been obtained.

Green Leaf Medical, LLC
Notes to the Interim Condensed Consolidated Financial Statements

12. COMMITMENTS AND CONTINGENCIES (Continued)

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of March 31, 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 operations.

As of March 31, 2021, there are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party to the Company or has a material interest adverse to the Company's interest.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 8, 2021, which is the date these condensed consolidated financial statements were issued.

Sale of Green Cannabis Care of West Virginia, LLC

On April 21, 2021, the Company sold its 80% interest in Cannabis Care of West Virginia, LLC (formerly known as Green Leaf Medical of West Virginia, LLC) ("Cannabis Care") to Cannabis Care's noncontrolling interest holder in exchange for \$100,000 in cash.

Acquisition by Columbia Care Inc.

On December 22, 2020, Columbia Care Inc. and the Company entered into an "Agreement and Plan of Merger" whereby Columbia Care, Inc. and related entities will acquire the Company. On June 11, 2021, Columbia Care, Inc. closed on the acquisition with the Company, and certain subsidiaries of the Company were spun-off and not included in the acquisition.

Repayments of Notes Payable

During April 2021, \$6,000,000 of notes payable, initially borrowed in March and August of 2020, were fully repaid.

During April 2021, the balance of the note payable related to a 2020 asset acquisition was fully repaid.

Lease Agreements

During August, 2021 and November, 2021, the Company commenced payments on two new leases for real property. The terms of the lease agreements were aggregate monthly lease payments of \$22,800 to \$27,189 per month with a term of 10 years and two five-year renewal options.

Acquisition of WIM Equity

During April 2021, the Company exercised its option to acquire all the outstanding equity of WIM for \$1,000,000 which was previously held in escrow.

COLUMBIA CARE, INC., TGS AND GREEN LEAF ACQUISITIONS
INTRODUCTION TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

The following unaudited pro forma condensed combined statements of operations present information about Columbia Care, Inc.'s (the "Company") historical consolidated statements of operations after giving effect to the TGS acquisition as further described in Note 1 and the Green Leaf acquisition as further described in Note 2 (collectively, the "Acquisitions")

The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2021 give effect to the TGS and Green Leaf acquisitions as if they had occurred on January 1, 2020. The unaudited pro forma condensed combined financial information is derived from and should be read in conjunction with:

- The Company's historical unaudited condensed consolidated statement of operations and comprehensive loss for the nine months ended September 30, 2021 included in this Form 10 filing. This statement includes the results of TGS for the nine months ended September 30, 2021 (as the TGS acquisition closed in 2020). This statement also includes the results of Green Leaf from June 11, 2021 through September 30, 2021;
- Green Leaf's historical interim condensed consolidated statement of operations for the period ended March 31, 2021, included in this Form 10 filing; and
- Green Leaf's historical interim condensed consolidated statement of operations for the period ended April 1, 2021 through June 10, 2021 included as a separate column in the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2021.

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2020 give effect to the TGS and Green Leaf acquisitions as if they had occurred on January 1, 2020. The unaudited pro forma condensed combined financial information is derived from and should be read in conjunction with:

- The Company's historical audited consolidated statement of operations and comprehensive loss for the year ended December 31, 2020, included in this Form 10 filing. This statement includes the results of TGS for the period September 1, 2020 through December 31, 2020. This statement does not include the results of Green Leaf (as Green Leaf was acquired in 2021);
- Green Leaf's historical audited consolidated statement of income for the year ended December 31, 2020, included in this Form 10 filing;
- TGS's historical combined statement of operations for the period ended June 30, 2020, included in this Form 10 filing; and
- TGS's historical combined statement of operations for the period ended July 1, 2020 through August 31, 2020, included as a separate column in the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2020.

The pro forma condensed combined statements of operations do not necessarily reflect what the combined company's results of operations would have been had the acquisition occurred on the date indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The Acquisitions were accounted for as business combinations using the acquisition method of accounting under the provisions of Accounting Standards Codification 805, Business Combinations ("ASC 805"), with the Company representing the accounting acquirer. The following unaudited pro forma condensed combined financial information primarily gives effect to:

- Application of the acquisition method of accounting in connection with the Acquisitions; and
- Transaction costs incurred in connection with the Acquisitions.

The unaudited pro forma statements of operations contain adjustments that are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes to the information presented in the unaudited pro forma statements of operations. The assumptions underlying the pro forma adjustments are described in greater detail in the accompanying notes to the unaudited pro forma statements of operations.

COLUMBIA CARE, INC., TGS AND GREEN LEAF ACQUISITIONS
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

	Columbia Care, Inc. (1)	Pre -acquisition Green Leaf (January 1, 2021 - June 10, 2021)				
	Nine months ended September 30, 2021	Three months ended March 31, 2021	April 1 to June 10, 2021	Pro-forma adjustments		Pro-forma combined
Revenues, net of discounts	\$ 320,804	\$ 28,553	\$ 23,373	\$ (2,902)	(a)	\$ 365,951
	—	—	—	(3,877)	(h)	—
Cost of sales	(184,042)	(10,393)	(8,416)	2,902	(a)	(197,440)
	—	—	—	2,509	(h)	—
Gross profit	136,762	18,160	14,957	(1,368)		168,511
Operating expenses:						
Selling, general and administrative	162,282	5,022	2,899	7,681	(b)	—
	—	—	—	(1,067)	(h)	—
	—	—	—	(830)	(c)	175,987
Total operating expenses	162,282	5,022	2,899	5,784		175,987
Loss from operations	(25,520)	13,138	12,058	(7,152)		(7,476)
Other expense:						
Interest (expense) income on leases, net	(3,831)	—	—	—		(3,831)
Interest (expense) income, net	(14,855)	(3,017)	(152)	—		(18,024)
Other (expense) income, net	(48,615)	—	(2,449)	—		(51,064)
Total other expense	(67,301)	(3,017)	(2,601)	—		(72,919)
Loss before provision for income taxes	(92,821)	10,121	9,457	(7,152)		(80,395)
Income tax benefit (expense)	631	(4,831)	(3,600)	1,825	(d)	(5,975)
Net loss and comprehensive loss	(92,190)	5,290	5,857	(5,327)		(86,370)
Net loss attributable to non-controlling interests	(2,368)	1,395	—	(1,395)	(e)	(2,368)
Net loss attributable to shareholders	\$ (89,822)	\$ 3,895	\$ 5,857	\$ (3,932)		\$ (84,002)
Weighted-average number of shares used in earnings per share - basic and diluted	311,446,922			41,415,126	(f)	352,862,048
Earnings attributable to shares (basic and diluted)	\$ (0.29)					\$ (0.24)

(1) Represents Columbia Care, Inc.'s condensed consolidated statement of operations and comprehensive loss for the nine months ended September 30, 2021. These numbers include the results for TGS Global, LLC for the nine months ended September 30, 2021 (as this acquisition closed in 2020). These numbers also include the results for Green Leaf from June 11, 2021 through September 30, 2021.

COLUMBIA CARE, INC., TGS AND GREEN LEAF ACQUISITIONS
PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

	Columbia Care, Inc. (1)	Green Leaf	Pre-acquisition TGS (January 1, 2020 - August 31, 2020)		Pro-forma Adjustments		Pro-forma combined
	Year ended December 31, 2020		Six months ended June 30, 2020	July 1 - August 31, 2020	Pro-forma Adjustments		Pro-forma combined
Revenues, net of discounts	\$ 179,503	\$ 77,625	\$ 42,051	\$ 20,422	\$ (4,476)	(a)	\$ 310,687
	—	—	—	—	(4,438)	(h)	—
Cost of sales related to inventory production	(117,360)	(31,165)	(20,740)	(15,990)	4,476	(a)	—
	—	—	—	—	3,064	(h)	(177,715)
Gross profit	62,143	46,460	21,311	4,432	(1,374)		132,972
Operating expenses:							
Selling, general and administrative	142,355	13,209	19,896	58	21,943	(b)	194,962
	—	—	—	—	(1,583)	(h)	—
	—	—	—	—	(916)	(c)	—
Total operating expenses	(142,355)	(13,209)	(19,896)	(58)	(19,444)		(194,962)
(Loss) Income from operations	(80,212)	33,251	1,415	4,374	(20,818)		(61,990)
Other expense:							
Change in fair value of derivative liability	(11,745)	—	—	—	—		(11,745)
Interest expense, net	(6,336)	(7,987)	(2,694)	(1,185)	(486)	(g)	(18,688)
Other expense, net	(37,553)	(30)	(274)	(1,297)	—		(39,154)
Total other expense	(55,634)	(8,017)	(2,968)	(2,482)	(486)		(69,587)
(Loss) Income before provision for income taxes	(135,846)	25,234	(1,553)	1,892	(21,304)		(131,577)
Income tax benefit (expense)	16,197	(11,817)	(3,789)	(1,749)	5,433	(d)	4,275
Net (loss) income and comprehensive (loss) income	(119,649)	13,417	(5,342)	143	(15,871)		(127,302)
Net (loss) income attributable to non-controlling interests	(23,862)	3,503	—	—	(3,503)	(e)	(23,862)
Net loss attributable to shareholders	\$ (95,787)	\$ 9,914	\$ (5,342)	\$ 143	\$ (12,368)		\$ (103,440)
Weighted-average number of shares used in earnings per share - basic and diluted	232,576,117				74,550,538	(f)	307,126,655
Earnings attributable to shares (basic and diluted)	\$ (0.41)						\$ (0.34)

(1) Represents Columbia Care, Inc.'s condensed consolidated statement of operations and comprehensive loss for the year ended December 31, 2020. This statement consolidates TGS for the period September 1, 2020 through December 31, 2020. This statement does not include income and comprehensive income as a result of the Green Leaf Acquisition (as Green Leaf was acquired in 2021).

COLUMBIA CARE, INC., TGS AND GREEN LEAF ACQUISITIONS
NOTES TO UNAUDITED PRO FORMA
CONDENSED COMBINED STATEMENTS OF OPERATIONS

Note 1 — Description of the TGS Transaction

On September 1, 2020, the Company acquired a 100% ownership interest in TGS Global, LLC, TGS Colorado Management, LLC, and Beacon Holdings, LLC (collectively, “TGS” or the “TGS transaction”).

TGS was formed in October 2010 for the purpose of selling medicinal and recreational cannabis products in the state of Colorado. TGS owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the state of Colorado. The Company executed the TGS Transaction in order to continue to grow revenues; expand its cultivation facilities, manufacturing facilities and dispensaries; and enter the Colorado market.

The aggregate purchase price for the TGS Transaction, being \$143,581 consisted of \$200 in cash consideration, \$8,170 in promissory notes (“TGS Closing Promissory Notes”), \$108,766 in equity purchase consideration (“Closing Shares”), and contingent consideration of \$26,445. Equity purchase consideration comprised 33,222,900 Common Shares of which 32,955,987 were issued on September 1, 2020 and the remaining 266,913 Common Shares were issued during the fourth quarter of 2020. The TGS Closing Promissory Notes were issued with a debt discount of \$606 and require monthly interest payments at a rate of 9.0% per annum. The TGS Closing Promissory Notes require principal payments of \$3,750, \$3,750 and \$1,276 and are due on January 1, 2021, April 1, 2021 and July 1, 2021, respectively.

The following table summarizes the fair value of total consideration transferred and the fair value of each major class of consideration for TGS:

Consideration transferred	
Cash consideration	\$ 200
Closing promissory notes	8,170
Closing Shares	108,766
Milestone Shares after closing (contingent consideration)	26,445
Total unadjusted purchase price	143,581
Less: Cash and cash equivalents acquired	(3,203)
Total purchase price, net of cash and cash equivalents acquired	<u>\$140,378</u>

Recognized amounts of identifiable assts acquired and liabilities assumed, less cash assumed:

Purchase price allocation	
Assets acquired:	
Accounts receivable	\$ 367
Inventory	10,700
Prepaid expenses and other current assets	796
Property and equipment	11,838
Right of use assets	81,206
Long-term deposits	2,174
Goodwill	114,467
Intangible assets	70,267
Accounts payable	(5,204)
Accrued expenses and other current liabilities	(15,408)
Note payable	(16,855)
Lease liabilities	(95,954)
Deferred tax liabilities	(18,016)
Consideration transferred	<u>\$140,378</u>

The purchase price allocations for the TGS Transaction reflects various fair value estimates and analyses relating to the determination of fair values of certain tangible and intangible assets acquired and residual goodwill. The contingent consideration was estimated considering certain metrics for the year ended December 31, 2020, subject to the terms and conditions set forth in the Membership Interest Purchase Agreement entered into by the Company in connection with the TGS Transaction. The Sellers would receive common shares of the Company upon achievement of aforementioned targets no later than ten business days following the date on which the TGS’s audited consolidated financial statements for the year ending December 31, 2020 are issued. The fair value of the contingent consideration was estimated by an independent valuation firm, based upon management’s projections of revenue and EBITDA margin, by applying a probability weighted expected return method analysis. This fair value measurement was based on significant inputs that

are not observable in the market, and represent a level 3 fair value measurement, including those relating to discount factors and probabilities of achievement of the related milestones. A 15% discount was applied, to derive a discounted probability-adjusted earnout of \$28,133. The Company then applied a discount for lack of marketability rate of 6% for a net fair value of contingent consideration of \$26,445. An estimated range of outcomes has been deemed indeterminable by the Company.

The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data and management's estimates, prepared by an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value.

For leases acquired, the Company measured the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The Company measured the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The goodwill arising from the TGS Transaction consists of expected synergies from combining operations of the Company and TGS, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill will be deductible for tax purposes.

The TGS' state licenses, trade name and wholesale customers represented identifiable intangible assets acquired in the amounts of \$41,602, \$28,632 and \$33, respectively, which were determined to have definite useful lives of 10, 10 and 5 years, each respectively.

In conjunction with the TGS Transaction, the Company expensed \$916 of acquisition-related costs, which have been included in selling, general and administrative expenses on the Company's consolidated statement of operations and comprehensive loss.

Since the closing date of the TGS Transaction, the Company's consolidated statement of operations and comprehensive loss for the year ended December 31, 2020 includes \$38,166 of revenue and \$11,937 of net income of TGS, respectively.

Note 2 — Description of the Green Leaf Transaction

On June 11, 2021, the Company acquired a 100% ownership interest in Green Leaf Medical, LLC. On July 7, 2021, the Company acquired a residual 49% ownership interest (constituting 949,379 Common Shares) in Green Leaf Medical of Ohio II, LLC. These acquisitions are collectively referred to as "Green Leaf" or "the Green Leaf Transaction" in the unaudited pro forma condensed combined statements of operations.

Green Leaf was formed in April 2014 for the purpose of selling medicinal and recreational cannabis products in the states of Maryland, Pennsylvania, Ohio, and Virginia. Green Leaf owns and operates vertically integrated cultivation facilities, manufacturing facilities and retail dispensaries in the states of Maryland, Pennsylvania, Ohio, and Virginia. The Company executed the Green Leaf Transaction in order to continue to grow revenues; expand its cultivation facilities, manufacturing facilities and dispensaries; and enter, or expand in the Maryland, Pennsylvania, Ohio, and Virginia markets.

The following table summarizes the fair value of total consideration transferred and the fair value of each major class of consideration for Green Leaf:

Consideration transferred	
Closing Shares	\$125,729
Cash consideration	62,796
Deferred stock payments	125,230
Total unadjusted purchase price	313,755
Working capital adjustment	(2,011)
Total adjusted purchase price	311,744
Less: Cash acquired	(30,779)
Total purchase price	\$280,965

Equity purchase consideration comprised 44,735,854 Common Shares, net of working capital adjustments. The contingent consideration, payable in Common Shares of the Company, was estimated considering certain metrics as of the June 11, 2021 acquisition date, subject to the terms and conditions set forth in the Agreement and Plan of Merger entered into by the Company in connection with the Green Leaf Transaction. The fair value of the contingent consideration was estimated using a probability weighted expected return method. This fair value measurement was based on significant inputs that are not observable in the market, and represent a level 3 fair value measurement, including those relating to discount factors and probabilities of achievement of the related milestones. Discounts of 22.75% and 37.95% were applied to the August 15, 2022 and 2023 earn out cash flows, respectively, to derive an aggregate discounted probability-adjusted earn out. The Company then applied a discount for lack of marketability rate of 14% to arrive at the net fair value of contingent consideration. An estimated range of outcomes has been deemed indeterminable by the Company.

The following table shows the recognized amounts of identifiable assets acquired and liabilities assumed, less cash and cash equivalents acquired:

Purchase price allocation	
Assets acquired:	
Accounts receivable	\$ 4,660
Inventory	13,659
Prepaid expenses and other current assets	31,687
Property and equipment	52,070
Right of use assets	1,876
Goodwill	164,004
Intangible assets	142,858
Accounts payable	(4,080)
Accrued expenses and other current liabilities	(22,597)
Note payable	(2,344)
Lease liabilities	(1,876)
Deferred tax liability	(36,791)
Other long-term liabilities	(62,161)
Consideration transferred	<u>\$280,965</u>

The unaudited pro forma condensed combined financial information includes various assumptions, including those related to the preliminary purchase price allocation of the assets acquired and liabilities assumed of Green Leaf based on management's best estimates of fair value. The final purchase price allocation may vary based on final appraisals, valuations and analyses of the fair value of the acquired assets and assumed liabilities. Accordingly, the pro forma adjustments are preliminary and have been made solely for illustrative purposes.

The fair value of the acquired assets and liabilities are provisional pending receipt of the final valuations for those assets and liabilities.

The purchase price allocations for the Green Leaf Transaction reflect various fair value estimates and analyses relating to the determination of fair values of certain tangible and intangible assets and liabilities acquired and residual goodwill. The purchase price allocations for the Green Leaf Transaction reflect various fair value estimates and analyses, which are subject to change within the respective measurement periods. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired during the measurement periods. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's condensed interim consolidated financial statements, and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected.

The Company determined the estimated fair value of the acquired working capital, and identifiable intangible assets and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data and management's estimates, prepared by an independent valuation firm. The estimated fair value of acquired working capital was determined to approximate carrying value.

For leases acquired, the Company measured the lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The Company measured the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The goodwill arising from the Green Leaf Transaction consists of expected synergies from combining operations of the Company and Green Leaf, and intangible assets not qualifying for separate recognition such as formulations, proprietary technologies and acquired know-how. None of the goodwill is deductible for tax purposes.

Green Leaf's state licenses, trade name and wholesale customers represented identifiable intangible assets acquired in the amounts of \$98,698, \$27,985 and \$16,175, respectively, which were determined to have definite useful lives of 10, 5 and 7 years respectively.

Note 3 — Basis of Pro Forma Presentation

The statements of operations of the Company, TGS and Green Leaf were prepared in accordance with U.S. generally accepted accounting principles. The unaudited pro-forma condensed combined statements of operation reflect the estimated effects of the TGS transaction and the Green Leaf transaction as if they had been completed on January 1, 2020.

The Acquisitions were accounted for as a business combination using the acquisition method of accounting under the provisions of ASC 805, with the Company representing the accounting acquirer. The pro forma adjustments are preliminary and are based upon available information and certain assumptions, which management believes are reasonable under the circumstances. Actual results may differ

materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information. Under ASC 805, generally all assets acquired, and liabilities assumed are recorded at their acquisition date fair value. For purposes of the pro forma information presented herein, the fair value of Green Leaf's identifiable tangible and intangible assets acquired, and liabilities assumed are based on preliminary estimates of fair values. The excess of the Transaction Consideration over the fair value of identified tangible and intangible assets acquired and liabilities assumed will be recognized as goodwill. The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of SEC Regulation S-X. The unaudited pro forma condensed combined financial information includes unaudited pro forma adjustments that are (i) directly attributable to the transaction, (ii) factually supportable and (iii) in respect of the unaudited pro forma condensed combined statements of income, expected to have a continuing impact on the consolidated results. The unaudited pro forma statements of operations do not give effect to any cost savings, operating synergies or revenue synergies that may result from the transaction or the costs to achieve any synergies.

Note 4 — Pro forma adjustments

The pro forma adjustments are based on assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined statements of operations:

- (a) Reflects the elimination of intercompany revenue and cost of sales related to the Green Leaf Transaction. The profit on these intercompany transactions is not material.
- (b) Reflects the net increase in intangible asset amortization expense of:
 - a. \$4,687 resulting from the TGS Transaction for the year ended December 31, 2020, based on the purchase price allocations and weighted average useful lives for acquired state licenses, trade names and wholesale customers of 10, 10 and 5 years, respectively, in accordance with the Company's accounting policy and
 - b. \$7,681 and \$17,256, resulting from the Green Leaf Transaction for the nine months ended September 30, 2021 and the year ended December 31, 2020, based on the purchase price allocations and weighted average useful lives for acquired state licenses, trade names and wholesale customers of 10, 5 and 7 years, respectively, in accordance with the Company's accounting policy.
- (c) Reflects transaction costs incurred in course of the Acquisitions. These costs will not affect the Company's income statement beyond 12 months after the acquisition date.
- (d) Reflects the income tax effect of pro forma adjustments, as appropriate, using an estimated blended federal and state statutory tax rate of 25.5%.
- (e) As further described in Note 2, the Company acquired all the non-controlling interests. As such, income is attributable to non-controlling interests is reversed as a pro forma adjustment.
- (f) Represents the net increase in the weighted-average number of shares used in the calculation of earnings per share - basic and diluted as a result of the Acquisitions.
- (g) Reflects the net increase in interest expense on the TGS Closing promissory notes of \$8,776 based on the assumption that the acquisition occurred as of January 1, 2020, and the TGS Closing promissory notes were repaid within 10 months of acquisition, which is in line with the terms of the notes.
- (h) Reflects adjustments as a result of spin off of certain subsidiaries that were not acquired by Columbia Care, Inc.

AGREEMENT AND PLAN OF MERGER

by and among

COLUMBIA CARE INC.

COLUMBIA CARE LLC,

VICI ACQUISITION LLC,

VICI ACQUISITION II LLC

GREEN LEAF MEDICAL, LLC,

and

**SHAREHOLDER REPRESENTATIVE SERVICES LLC,
AS THE SECURITYHOLDER REPRESENTATIVE**

December 21, 2020

TABLE OF CONTENTS

	Page
SECTION 1 THE MERGERS AND OTHER TRANSACTIONS	2
1.1 Certain Definitions	2
1.2 The Mergers	17
1.3 Closing	17
1.4 Effective Time	18
1.5 Certificate of Organization and Operating Agreement	18
1.6 Managers and Officers	18
1.7 Merger Consideration	19
1.8 Effect of the Mergers	22
1.9 Company Warrants	23
1.10 Payments by the Buyer and Parent	23
1.11 Surrender and Payment	24
1.12 Milestone Shares	25
1.13 Fractional Shares	28
1.14 Further Actions	28
1.15 Tax Withholding	29
SECTION 2 REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY	29
2.1 Organization; Good Standing; Power	29
2.2 Capitalization; Subsidiaries	30
2.3 Authorization; Execution & Enforceability; No Breach	31
2.4 Financial Statements	32
2.5 Absence of Undisclosed Liabilities	32
2.6 Absence of Changes	33
2.7 Assets	34
2.8 Tax Matters	34
2.9 Contracts	36
2.10 Intellectual Property Rights	39
2.11 Litigation	40

TABLE OF CONTENTS
(continued)

	Page
2.12 Labor Matters.	40
2.13 Employee Benefits	42
2.14 Compliance with Laws; Permits	43
2.15 Real Property	45
2.16 Environmental Matters	47
2.17 Affiliate Transactions	48
2.18 Insurance	49
2.19 Brokers	49
2.20 Accounts Receivable	49
2.21 Bank Accounts	49
2.22 Inventory	49
2.23 Compliance with Privacy and Security Laws	50
2.24 Full Disclosure	51
SECTION 3 REPRESENTATIONS AND WARRANTIES OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II	51
3.1 Organization; Authority	51
3.2 Binding Effect	51
3.3 No Breach; Consents	52
3.4 Actions and Proceedings	52
3.5 No Prior Operations of Merger Sub I or Merger Sub II	52
3.6 Brokers	52
3.7 Reporting Issuer; Compliance with Laws and Exchange Filings	52
3.8 Parent Shares; Capitalization	53
3.9 Public Filings	53
3.10 Directors and Officers	53
3.11 Resale Restrictions	53
3.12 Litigation	54
3.13 Compliance with Laws; Permits	54
3.14 Improper Payments	54

TABLE OF CONTENTS
(continued)

	Page
SECTION 4 COVENANTS OF THE PARTIES	54
4.1 Conduct of the Business	54
4.2 Access	57
4.3 Unitholder Approval	57
4.4 Efforts; Cooperation	57
4.5 Nonsolicitation	59
4.6 Confidentiality	59
4.7 Employee Compensation Amendment	59
4.8 Public Disclosure	59
4.9 Resignation of Officers and Managers	60
4.10 D&O Insurance	60
4.11 Supplementation of Company Disclosure Schedule; Notification of Certain Matters	60
4.12 Termination of 401(k) Plans	61
4.13 Other Benefits Matters	61
4.14 Board Representation	62
4.15 Voting Support Agreement	62
4.16 Certain Deliveries	62
4.17 Green Leaf Medical of Ohio	62
SECTION 5 TAX COVENANTS	63
5.1 Allocation of Taxes for a Straddle Period	63
5.2 Tax Returns for Straddle Periods and Pre-Closing Periods	64
5.3 Other Tax Return Matters	64
5.4 Cooperation on Tax Matters	64
5.5 Transfer Charges	65
5.6 Refunds and Tax Benefits	65
5.7 Tax Treatment	66
SECTION 6 CONDITIONS TO EACH PARTY'S OBLIGATION TO CLOSE	66
6.1 Unitholder Approval	66
6.2 Exchange Approval	66

TABLE OF CONTENTS
(continued)

	Page
6.3 Legal Proceedings	66
6.4 Regulatory Approval	66
6.5 Antitrust	66
SECTION 7 CONDITIONS TO THE OBLIGATION OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II TO CLOSE	67
7.1 Representations and Warranties	67
7.2 Covenants	67
7.3 No Material Adverse Effect	67
7.4 Certification	67
7.5 Secretary Certificate	67
7.6 Escrow Agreement	68
7.7 Required Consents	68
7.8 Certificates	68
7.9 Resignation of the Company Managers and Officers	68
7.10 Termination of 401(k) Plan	68
7.11 Non-Competition Agreements	68
7.12 Founder Employment Agreements	68
7.13 Termination of Affiliate Transactions	68
7.14 FIRPTA	68
7.15 Lock-Up and Joinder Agreements	69
7.16 No Company Debt or Liens	69
7.17 Maryland Sugarloaf	69
7.18 Domain Names	69
7.19 Retained Cash	69
7.20 GL-Ohio	69
SECTION 8 CONDITIONS TO COMPANY'S OBLIGATION TO CLOSE	69
8.1 Representations and Warranties	69
8.2 Covenants	69
8.3 Certification	70
8.4 Paying Agent Agreement	70

TABLE OF CONTENTS
(continued)

	Page
8.5 Escrow Agreement	70
8.6 Voting Agreement.	70
8.7 Consents and Approvals	70
8.8 Closing Consideration	70
8.9 Founder Employment Agreements	70
8.10 Secretary Certificate	70
8.11 Reporting Issuer Lists	70
SECTION 9 INDEMNIFICATION	71
9.1 Reserved	71
9.2 Obligation of the Securityholders to Indemnify	71
9.3 Obligation of the Buyer and Parent to Indemnify	72
9.4 Notice and Opportunity to Defend	72
9.5 Limitations on Indemnification; Other Remedies	73
SECTION 10 TERMINATION	76
10.1 Termination	76
10.2 Effect of Termination	78
SECTION 11 MISCELLANEOUS	78
11.1 Notices	78
11.2 Entire Agreement; Amendment; Waiver	80
11.3 Governing Law; Venue; Waiver of Jury Trial	80
11.4 Specific Performance and Other Remedies	82
11.5 No Waiver	82
11.6 Binding Effect	82
11.7 Construction	82
11.8 Counterparts; Delivery	83
11.9 Exhibits and Schedules	83
11.10 Headings	83
11.11 Expenses	83
11.12 Severability	83
11.13 No Strict Construction	83
11.14 Securityholder Representative	84

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this “**Agreement**”) dated as of December 21, 2020 (the “**Agreement Date**”) is by and among COLUMBIA CARE INC., a company continued under the laws of the Province of British Columbia (the “**Parent**”), COLUMBIA CARE LLC, a Delaware limited liability company and wholly-owned subsidiary of Parent (the “**Buyer**”), VICI ACQUISITION LLC, a Delaware limited liability company and newly-formed, wholly-owned subsidiary of the Buyer (“**Merger Sub I**”), VICI ACQUISITION II LLC, a Delaware limited liability company and newly-formed, wholly-owned subsidiary of the Buyer (“**Merger Sub II**”), GREEN LEAF MEDICAL, LLC, a Maryland limited liability company (the “**Company**”), and SHAREHOLDER REPRESENTATIVE SERVICES LLC, a Colorado limited liability company, solely in its capacity as the representative of the Securityholders (the “**Securityholder Representative**”, together with the Company, the Parent, the Buyer, and Merger Sub I and Merger Sub II, the “**Parties**”).

RECITALS

A. The Parent, the Buyer, Merger Sub I, Merger Sub II and the Company intend to effectuate (i) a merger (the “**First Merger**”) of Merger Sub I with and into the Company in accordance with this Agreement, the Maryland Limited Liability Company Act (the “**MD LLC Act**”) and the Delaware Limited Liability Company Act (the “**DE LLC Act**”), with the Company to be the surviving company of the First Merger and a wholly-owned subsidiary of the Buyer, and, as part of the same overall transaction, (ii) a merger (the “**Second Merger**”) and, together with the First Merger, the “**Mergers**”) of the surviving company of the First Merger with and into Merger Sub II, with Merger Sub II to be the surviving company of the Second Merger.

B. Each of the Parties intends that (i) for U.S. federal income tax purposes, the Mergers, taken together, constitute an integrated plan described in Revenue Ruling 2001-46, 2001-2 C.B. 321, (ii) the Mergers, taken together, will qualify as a “reorganization” within the meaning of Section 368(a) of the Code and the Treasury Regulations promulgated thereunder to which each of the Buyer and the Company are to be parties under Section 368(b) of the Code, and (iii) this Agreement is to be, and is hereby adopted as, a “plan of reorganization” within the meaning of Section 368 of the Code and the Treasury Regulations promulgated thereunder.

C. The Board of Managers of the Company (the “**Company Board**”) has unanimously (i) determined that the Mergers are fair to and in the best interests of, the Unitholders, (ii) adopted and approved this Agreement, the Mergers and the other Transactions, and (iii) resolved to recommend that the Unitholders adopt and approve this Agreement, the Mergers and the other Transactions.

D. The respective boards of directors and managers of each of the Parent, the Buyer, Merger Sub I and Merger Sub II have determined that the Mergers are in the best interests of their respective companies and equityholders, and have adopted and approved this Agreement, the Mergers and the other Transactions.

E. To induce the Parent, the Buyer, Merger Sub I and Merger Sub II to enter into this Agreement, each of the Founders (defined below) has agreed to execute and deliver a Non-Competition Agreement to Buyer at closing, each substantially in the form attached hereto as **Exhibit A** (the “**Non-Competition Agreements**”).

NOW THEREFORE, in consideration of the covenants, promises and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

SECTION 1

THE MERGERS AND OTHER TRANSACTIONS

1.1 Certain Definitions. For purposes of this Agreement:

“**Accounts Receivable**” means all receivables (including notes, book debts and other amounts due or accrued, whether billed or unbilled), arising from or related to or in respect of the Business, whether or not in the Ordinary Course of Business, together with any unpaid financing charges accrued thereon and the benefit of all security for such accounts receivable, notes and debts, including all receivables reflected or which will be reflected in the Recent Balance Sheet.

“**Action**” means any action, suit or claim, legal, administrative or arbitration proceeding, or investigation.

“**Adjustment Escrow Amount**” means an amount equal to \$2,000,000 less the absolute value of the estimated Net Working Capital Deficiency set forth in the Estimated Closing Working Capital Statement (if any).

“**Adjustment Escrow Cash**” means an amount in cash equal to 75% of the Adjustment Escrow Amount.

“**Adjustment Escrow Fund**” means the Adjustment Escrow Cash (together with any interest and other income earned thereon) and the Adjustment Escrow Shares.

“**Adjustment Escrow Shares**” means a number of Parent Common Shares equal to the quotient of (i) 25% of the Adjustment Escrow Amount divided by (ii) the Closing Parent Share Price.

“**Affiliate**” means, with respect to the Person to which it refers, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such Person.

“**Agreement**” has the meaning given in the preamble.

“**Agreement Date**” has the meaning given in the preamble.

“**Allocation Certificate**” has the meaning given in **Section 1.7(a)**.

“**Ancillary Agreements**” means the Escrow Agreement, the Paying Agent Agreement, the Letters of Transmittal, the Lock-Up and Joinder Agreements, the Articles of Merger and all other documents, instruments and certificates entered into pursuant hereto or in furtherance of the Transactions.

“**Antitrust Laws**” means all Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade, and the rules and regulations promulgated thereunder, including the HSR Act.

“**Articles of Merger**” has the meaning given in [Section 1.3](#).

“**Base Closing Cash Purchase Price**” means an amount equal to \$45,000,000.

“**Basket**” has the meaning given in [Section 9.5\(c\)](#).

“**Business**” means the business conducted by the Company and/or its Subsidiaries on the Agreement Date, including the cultivation and sale of cannabis.

“**Business Day**” means Monday through Friday, but excluding federal and state holidays in Boston, Massachusetts.

“**Business IP**” shall mean the Owned IP and all other Intellectual Property Rights used by the Company and its Subsidiaries, including Licensed Intellectual Property.

“**Buyer**” has the meaning given in the preamble.

“**Buyer Indemnitees**” has the meaning given in [Section 9.2](#).

“**CARES Act**” means the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136).

“**Cash**” means the consolidated cash, cash equivalents, marketable securities and short term investments held by the Company and its Subsidiaries, computed as of the applicable date and in accordance with GAAP. Cash shall (i) be calculated net of issued but uncleared checks and drafts, (ii) include checks and drafts deposited for the account of the Company and its Subsidiaries, including deposits in transit, and (iii) be calculated net of overdrawn accounts. Cash may be a positive or negative amount.

“**Certificates of Merger**” has the meaning given in [Section 1.3](#).

“**Change in Control Agreement**” means any Contract or Employee Benefit Plan pursuant to which a Change in Control Payment may become payable.

“**Change in Control Payment**” means any new or increased commission, severance, bonus, increased vesting or benefit accruals, or other payment of any kind payable by the Company or any of the Subsidiaries to management or other Employees that is triggered (in whole or in part) by or upon the consummation of the Transactions, in each case plus the employer’s portion of any applicable employment or payroll Taxes with respect to such amount

and regardless of whether such commission, obligation, severance, bonus or other payment is due, paid or payable prior to, on or after the Closing. For the avoidance of doubt, “Change in Control Payment” shall exclude any amounts included as a “Transaction Expense” for purposes of this Agreement.

“**Change Notice**” has the meaning given in **Section 1.7(b)(i)**.

“**Class A Units**” means the Class A Units of the Company.

“**Class B Units**” means the Class B Units of the Company.

“**Class C Units**” means the Class C Units of the Company.

“**Class D Units**” means the Class D Units of the Company.

“**Class E Units**” means the Class E Units of the Company.

“**Class F Units**” means the Class F Units of the Company.

“**Class G Units**” means the Class G Units of the Company.

“**Closing**” has the meaning given in **Section 1.3**.

“**Closing Balance Sheet**” means an unaudited, consolidated balance sheet of the Company and the Subsidiaries as of 11:59 PM Eastern Time on the day immediately preceding the Closing Date and prepared in accordance with GAAP consistent with past practices (except for the absence of footnotes).

“**Closing Cash**” means the amount of Cash as of 11:59 PM Eastern Time on the day immediately preceding the Closing Date.

“**Closing Cash Merger Consideration**” means an amount in cash (without interest) equal to (A) the Base Closing Cash Purchase Price, *plus* (B) the Closing Cash, *minus* (C) the Retained Cash (if any), *minus* (D) the Company Debt Payoff Amount, *minus* (E) the amount of any Transaction Expenses not otherwise paid as of immediately prior to the Effective Time, *minus* (F) the aggregate amount of all Change in Control Payments not otherwise paid as of immediately prior to the Effective Time, *minus* (G) the Net Working Capital Deficiency, if any, *plus* (H) the Net Working Capital Surplus, if any. The Closing Cash Merger Consideration may be subject to adjustment in accordance with **Section 1.7(b)** (Post-Closing True-Up).

“**Closing Date**” has the meaning given in **Section 1.3**.

“**Closing Deadline**” has the meaning given in **Section 10.1(f)**.

“**Closing Parent Share Price**” means \$4.442.

“**Closing Share Merger Consideration**” means 43,899,144 Parent Common Shares (being the number of Parent Common Shares equal to the quotient of (i) the Closing Share Purchase Price *divided by* (ii) the Closing Parent Share Price).

“Closing Share Purchase Price” means an amount equal \$195,000,000.

“COBRA” has the meaning given in [Section 2.13\(c\)](#).

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Company” has the meaning given in the preamble.

“Company Board” has the meaning given in the recitals.

“Company Debt” means with respect to the Company and the Subsidiaries (i) all obligations for borrowed money or extensions of credit (including all sums due on early termination and repayment or redemption calculated to the Closing Date and any advances), (ii) all obligations evidenced by bonds, debentures, notes or other similar instruments (including all sums due on early termination and repayment or redemption calculated to the Closing Date), (iii) all obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the Ordinary Course of Business, (iv) all obligations, contingent or otherwise, directly or indirectly guaranteeing any obligations of any other Person, (v) all obligations to reimburse the issuer in respect of letters of credit or under performance of surety bonds, or other similar obligations, (vi) all obligations in respect of bankers’ acceptances and under reverse purchase agreements, (vii) all obligations in respect of futures contracts, swaps and other derivative financial instruments (determined on a net basis as if such contract or obligation was being terminated early on such date), (viii) all direct or indirect guarantee obligations in respect of obligations of the kind referred to in clauses (i) through (vii) above, and (ix) all obligations of the kind referred to in clauses (i) through (viii) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and Contract rights) owned by the Company or any of the Subsidiaries, whether or not the Company or such Subsidiary has assumed or become liable for the payment of such obligation. For the avoidance of doubt, “Company Debt” shall exclude capitalized lease obligations (whether capitalized under GAAP or any other accounting standard) and any amounts included in the definition of “Net Working Capital”, “Transaction Expenses” or “Change in Control Payments,” and shall only count a given amount once, regardless of whether it might qualify as Company Debt under more than one of clauses (i) through (x) above.

“Company Debt Payoff Amount” has the meaning given in [Section 1.7\(a\)\(iii\)](#). “Company Disclosure Schedule” has the meaning given in the introduction to [Section 2](#).

“Company Operating Agreement” means the Seventh Amended and Restated Limited Liability Company Operating Agreement of the Company, dated as of September 9, 2019, and as may be amended and/or restated before the Effective Time.

“Company Warrant” means all outstanding warrants to purchase Units.

“Confidentiality Agreement” means the Mutual Confidentiality Agreement, by and between Parent and the Company, dated as of September 18, 2020.

“**Consent**” means any filing with, notice to, or approval, consent or waiver of any Governmental Entity or any other Person.

“**Contract**” means any agreement, contract, license, lease, obligation, undertaking or other commitment or arrangement, whether written or oral, that is legally binding upon a Person or any of its property, including all amendments, waivers or other changes thereto.

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

“**DE LLC Act**” has the meaning given in the recitals.

“**Effective Time**” has the meaning given in [Section 1.4](#).

“**Employee**” means any current, former, or retired employee, officer, manager, or director of the Company or any of its Subsidiaries.

“**Employee Benefit Plan**” has the meaning given in [Section 2.13\(a\)](#).

“**Employment Agreements**” has the meaning given in [Section 7.12](#).

“**Environmental Laws**” means any and all Laws relating to the environment or public or worker health or safety, including ambient air, surface water (including water management and runoff), land surface or subsurface strata, or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or Hazardous Substances or wastes (including radioactive waste or nuclear waste or noxious noise or odor into the environment), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, recycling, removal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic, hazardous or medical substances or wastes (including petroleum, petroleum distillates, asbestos or asbestos containing material, volatile organic compounds and polychlorinated biphenyls). Environmental Laws shall include the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Clean Air Act (42 U.S.C. § 7401 [et seq.](#)), the Federal Water Pollution Control Act (Clean Water Act) (33 U.S.C. § 1251 [et seq.](#)), the Solid Waste Disposal Act (42 U.S.C. § 6901 [et seq.](#)), the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) (7 U.S.C. § 136 [et seq.](#)), the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRTKA) (42 U.S.C § 11001 [et seq.](#)), the Occupational Safety and Health Act (OSHA) (29 U.S.C. § 651 [et seq.](#)), the OSHA Bloodborne Pathogens Standard, the Needlestick Safety and Prevention Act, and the Medical Waste Tracking Act of 1988 (42 U.S.C. § 6992 [et seq.](#)), as amended.

“**Environmental Liabilities**” means all Liabilities arising from environmental, health or safety conditions or a Release or threat of Release resulting from the Company, or any Release for which the Company is otherwise responsible under any Environmental Law.

“**Environmental Lien**” means any Lien in favor of any Governmental Entity for Environmental Liabilities.

“Environmental Permit” means all Permits, licenses and approvals required under Environmental Laws, including all environmental, health and safety permits, licenses, approvals, authorizations, variances, agreements and waivers of and from Governmental Entities necessary for the conduct of the business and the operation of the Business Assets.

“Equity Equivalents” means with respect to any Person, (i) any capital stock, membership interests or other share capital, equity or ownership interest or voting security, (ii) any securities (including debt securities) directly or indirectly convertible into or exchangeable or exercisable for any capital stock, membership interests or other share capital, equity or ownership interest or voting security, or containing any profit participation features, (iii) any rights, warrants or options directly or indirectly to subscribe for or to purchase any capital stock, membership interests, other share capital, equity or ownership interest or voting security, or securities containing any profit participation features, or to subscribe for or to purchase any securities (including debt securities) convertible into or exchangeable or exercisable for any capital stock, membership interests, other share capital, equity or ownership interest or voting security or securities containing any profit participation features, (iv) any share appreciation rights, phantom share rights, other rights the value of which is linked to the value of any securities or interests referred to in clauses (i) through (iii) above or other similar rights or (v) any securities (including debt securities) issued or issuable with respect to the securities or interests referred to in clauses (i) through (iv) above in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” has the meaning given in Section 2.13(a).

“Escrow Agent” means Century Bank and Trust Company or Odyssey Trust Company, as mutually agreed to by the Buyer and the Company.

“Escrow Agreement” means an escrow agreement by and among the Buyer, the Securityholder Representative and the Escrow Agent in a form reasonably acceptable to the same (which, for the avoidance of doubt, shall provide for the release of escrowed property only in connection with either a court order or the delivery of joint instructions by Buyer and Securityholder Representative).

“Escrow Fund” means the Adjustment Escrow Fund and the Indemnity Escrow Fund.

“Estimated Closing Working Capital Statement” has the meaning given in Section 1.7(a)(ii).

“Estimated Company Debt” means the Company Debt as of 11:59 PM Eastern Time on the day immediately preceding the Closing Date.

“Estimated Net Working Capital” means Net Working Capital estimated as of 11:59 PM Eastern Time on the day immediately preceding the Closing Date.

“**Expense Fund**” means an amount equal to \$2,000,000.

“**Final Adjustment Amount**” has the meaning given in [Section 1.7\(b\)\(ii\)](#).

“**Financial Statements**” has the meaning given in [Section 2.4\(a\)](#).

“**First Merger**” has the meaning given in the recitals.

“**First Merger Surviving Company**” has the meaning given in [Section 1.2](#).

“**Founders**” has the meaning given in [Section 1.12\(e\)](#).

“**Founder Units**” means the Founder Units of the Company.

“**Fundamental Representations**” has the meaning given in [Section 9.5\(a\)](#).

“**GAAP**” means generally accepted accounting principles in the United States of America.

“**GL-Ohio**” has the meaning given in [Section 4.17](#).

“**Government Contract**” means any Contract between any Company and (a) any Governmental Entity, (b) any prime contractor to a Governmental Entity (in its capacity as such), or (c) any subcontractor (of any tier) in connection with or with respect to any Contract described in clause (a) or (b), and any modification of any of the foregoing.

“**Governmental Entity**” means any foreign, federal, national, state, local or other court or governmental, regulatory or administrative agency, body or authority, including any stock exchange or Securities Commission.

“**Hazardous Substance**” means any substance which is included within the definition of a “hazardous substance”, “pollutant”, “toxic substance”, “toxic waste”, “hazardous waste”, “contaminant” or other words of similar import in any applicable federal, state or local environmental law, statute, ordinance, rule or regulation.

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

“**Indemnified Party**” has the meaning given in [Section 9.4\(a\)](#).

“**Indemnifier**” has the meaning given in [Section 9.4\(a\)](#).

“**Indemnity Escrow Cash**” means the amount of any cash added to the Indemnity Escrow Fund in accordance with [Section 1.7\(b\)\(ii\)](#) following the determination of the Final Adjustment Amount.

“**Indemnity Escrow Fund**” means the Indemnity Escrow Cash (together with any interest and other income earned thereon) and the Indemnity Escrow Shares.

“Indemnity Escrow Shares” means 3,601,981 Parent Common Shares (being the number of Parent Common Shares equal to \$16,000,000 divided by the Closing Parent Share Price).

“Independent Accountant” means an independent accounting firm mutually agreeable to both the Buyer and the Securityholder Representative.

“Insurance Policies” has the meaning given in **Section 2.18**.

“Intellectual Property Rights” shall mean the intellectual property rights arising under the Laws of any jurisdiction and/or international treaties and conventions throughout the world, including rights in: (i) trademarks, service marks, trade names, brand names, logos, trade dress and all registrations and applications for registration of the foregoing, together with the goodwill associated with any of the foregoing; (ii) to the extent protectable under applicable intellectual property Laws, internet domain names, IP addresses and any social media accounts, usernames, handles and similar online identifiers with Facebook, Twitter, Instagram, Pinterest and other similar companies; (iii) copyrights (whether registered or unregistered), including copyrights in computer programs and software (including all source code and object code), and all registrations and applications for registration of such copyrights and all issuances, extensions and renewals of such registrations and applications; (iv) patents and patent applications and all divisions, continuations, continuations-in-part; reissues, extensions, reexaminations and renewals of such patents and applications and all rights to claim priority in or to any of the foregoing and to the extent protectable under applicable intellectual property Laws, inventions (whether patentable or unpatentable and whether or not reduced to practice) invention disclosures and improvements; and (v) confidential or proprietary information, including trade secrets under applicable Law, customer lists, know-how, formulas, databases, compounds and other confidential or proprietary business information.

“Investor Units” means the Class A Units, Class B Units, Class C Units, Class D Units, Class E Units, Class F Units and Class G Units.

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

“IT Assets” shall mean all websites, software and applications (on premises or cloud-based), databases, systems (telecommunications and otherwise), servers, computers, hardware, firmware, middleware, networks, data communications lines, routers, hubs, switches and all other information technology equipment, and all associated documentation.

“Knowledge” (including any derivation thereof such as “known” or “knowing”) with respect to a Party means the actual knowledge of the managers, directors and officers of such Party and the knowledge that such persons would have after reasonable inquiry.

“Law” means any U.S. or foreign federal, national, state, local or other Governmental Entity Law, statute, ordinance, rule, order, regulation, writ, injunction, directive, Order, judgment, administrative interpretation, treaty, decree, administrative or judicial decision and any other executive, legislative, regulatory or administrative proclamation, and any amendment, extension or re-enactment of any of the foregoing; provided that “Law” shall exclude any U.S. federal laws, civil, criminal or otherwise, that is directly or indirectly related to

the cultivation, harvesting, production, marketing, distribution, sale and possession of cannabis, marijuana or related substances or products containing cannabis, marijuana or related substances, including the prohibition on drug trafficking under the Controlled Substances Act (21 U.S.C. § 801, 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.

"Leased Real Property" has the meaning given in [Section 2.15\(d\)](#).

"Letter of Transmittal" has the meaning given in [Section 1.11\(b\)](#).

"Liabilities" means any liabilities of any nature, whether accrued, absolute, contingent or otherwise (including, liabilities as guarantor or otherwise with respect to obligations of others, liabilities for Taxes due or then accrued or to become due, and contingent liabilities relating to activities of the Company or any of the Subsidiaries or the conduct of the Business, regardless of whether claims in respect thereof have been asserted).

"Licensed Intellectual Property" means all Intellectual Property Rights that any third party owns and that the Company or its Subsidiaries use or have the right to use pursuant to a license or sublicense.

"Licensed Providers" has the meaning given in [Section 2.14\(e\)](#).

"Lien" means any lien, charge, security interest, condition, restriction, mortgage, pledge, community property interest, right of first refusal, option, easement, reservation, tenancy, assignment, right of pre-emption or any other encumbrance whatsoever.

"Lock-Up and Joinder Agreement" means the Lock-Up and Joinder Agreement to be entered into by each Securityholder in accordance with the terms of this Agreement, in a form reasonably acceptable to the Buyer and the Company, which shall include a contractual lock-up on the terms set forth in the Indication of Interest between the Parent and the Company, dated October 20, 2020, a joinder to this Agreement and acknowledgement of such Securityholder's indemnification obligations hereunder, representations from such Securityholder regarding ownership of the Company Units and authorization, a release of claims, and such other provisions as are reasonably requested by the Buyer.

"Loss" means, as to any Person, any claim, loss, fines, royalty, liability, damage, deficiency, diminution in value, lost profit, Tax, interest, penalty, cost, fees or expense (including interest and penalties imposed or assessed by any judicial or administrative body or arbitrator and reasonable attorneys', accountants', or other experts' or advisors' fees and expenses), whether or not arising out of Third-Party Claims or otherwise incurred, and including the reasonable costs of enforcing any right to indemnification hereunder and the reasonable cost of pursuing any insurance providers, excluding, in each case, any indirect, consequential, or punitive damages; provided, however, that a diminution in the market value of the Parent Common Shares shall not be, in and of itself, deemed a Loss hereunder.

“made available” means posted to the virtual data room populated by the Company and to which the Buyer or one or more of its representatives has access to at least two (2) Business Days prior to the Agreement Date.

“Majority Holders” has the meaning given in [Section 11.14\(f\)](#).

“Material Adverse Effect” means any result, occurrence, fact, change, event or effect that, individually or in the aggregate with any other results, occurrences, facts, changes, events or effects, has had a material adverse effect on (i) the business, assets, financial condition, or results of operations of the Company and its Subsidiaries taken as a whole or (ii) the ability of the Company and its Subsidiaries taken as a whole to consummate the Mergers and the other Transactions; provided, however, that “Material Adverse Effect” shall not include any result, occurrence, fact, change, event or effect, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Company operates; (iii) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Buyer; (vi) any matter of which Buyer is aware; (vii) any changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; (viii) the announcement, pendency or completion of the Transactions contemplated by this Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with the Company; (ix) any natural or man-made disaster or acts of God; (x) any epidemics, pandemics, disease outbreaks, or other public health emergencies (including, for the avoidance of doubt, related to COVID-19 or the related novel coronavirus); or (xi) any failure by the Company to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) shall not be excluded); except, in the cases of clauses (i), (ii), (iii), (iv), (vii), and (x), to the extent that the Company and its Subsidiaries taken as a whole are disproportionately affected thereby as compared to other similarly situated participants in the industries in which the Company operates (in which case the incremental disproportionate impact or impacts may be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur).

“Material Contracts” has the meaning given in [Section 2.9\(b\)](#).

“MD LLC Act” has the meaning given in the recitals.

“Mergers” has the meaning given in the recitals.

“Merger Consideration” means the payments which the Securityholders are entitled to receive pursuant to the Allocation Certificate.

“Merger Sub I” has the meaning given in the preamble.

“Merger Sub II” has the meaning given in the preamble.

“**NEO Exchange**” means the Neo Exchange Inc.

“**Net Closing Share Merger Consideration**” means the Closing Share Merger Consideration less the Adjustment Escrow Shares less the Indemnity Escrow Shares.

“**Net Working Capital**” means the consolidated total current assets of the Company and its respective Subsidiaries taken as a whole less the consolidated total current Liabilities of the Company and its respective Subsidiaries taken as a whole as of 11:59 PM Eastern Time on the date immediately preceding the Closing Date, as determined in accordance with GAAP, without giving effect to the consummation of the Transactions; provided, however that (i) current assets shall exclude Closing Cash, inter-company Accounts Receivable, interest receivable, all current and deferred Tax assets, security deposits and inventory at the wholesale level, (ii) current Liabilities shall exclude inter-company accounts payable, capitalized lease obligations, Company Debt, Transaction Expenses, and deferred Tax liabilities, and (iii) current Liabilities shall include all deferred revenue. Attached hereto as **Schedule 1.1(B)** is a calculation of Net Working Capital as though September 30, 2020 were the Closing Date.

“**Net Working Capital Deficiency**” means the lesser of \$2,000,000 and the amount by which the Net Working Capital is less than the Net Working Capital Target.

“**Net Working Capital Surplus**” means the lesser of \$2,000,000 and the amount by which the Net Working Capital is greater than the Net Working Capital Target.

“**Net Working Capital Target**” means \$2,000,000.

“**Non-Competition Agreements**” has the meaning set forth in the preamble.

“**Opt-Out Notifications**” has the meaning given in **Section 2.24(f)**.

“**Order**” means any consent, decree, injunction, judgment, order, ruling, assessment or writ of any Governmental Entity or arbitration tribunal (in each case, whether final or preliminary).

“**Ordinary Course of Business**” means the ordinary course of the Company’s and its Subsidiaries’ business taken as a whole and consistent with past practice.

“**Owned IP**” means the Intellectual Property Rights owned or purported to be owned by the Company or its Subsidiaries.

“**Parent**” has the meaning given in the preamble.

“**Parent Common Shares**” means common shares in the capital of Parent.

“**Participation Units**” means the Participation Units of the Company.

“**Paying Agent**” means the paying agent appointed by the Buyer prior to the Closing Date for the purpose of processing distributions to the Securityholders hereunder, subject to the Company’s reasonable prior approval.

“Paying Agent Agreement” has the meaning given in **Section 1.11(a)**.

“Permit” means any permit, license, variance, franchise, security clearance, Order, approval, consent, certificate, registration, accreditation or other authorization issued or granted by, exemption of, or registration or filing with any Governmental Entity and other similar rights.

“Permitted Liens” means (i) landlord’s, mechanic’s, carrier’s, workmen’s, repairmen’s or other similar Liens arising or incurred in the Ordinary Course of Business for amounts which are not due and payable and which shall be paid in full and released prior to or at Closing, (ii) Liens for Taxes or assessments and similar charges, which (a) are being contested in good faith through appropriate proceedings or (b) are not yet due and payable and, in each case, for which appropriate reserves have been established in accordance with GAAP, (iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property provided that such encumbrances do not materially interfere with or otherwise restrict the use of such Real Property for its existing or intended use including the conduct of the Business; (iv) other than with respect to owned Real Property, liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the Ordinary Course of Business; and (v) equipment Liens arising in the Ordinary Course of Business.

“Person” means any individual, company, partnership, joint venture, corporation, limited liability company, trust, unincorporated organization, group, firm, association, joint-stock company, Governmental Entity or other entity.

“Personal Information” means all data that (i) identifies an individual or, in combination with any other information or data available to the Company or any of its Subsidiaries, is capable of identifying an individual or (ii) the collection, retention, disclosure, processing, storage, or transfer of which is regulated by any applicable Law.

“Pre-Closing Tax Period” means all taxable periods ending on or before the Closing Date (including the portion of any Straddle Period ending on the Closing Date).

“Pre-Closing Taxes” means (i) all Taxes (or the non-payment thereof) of or imposed on any of the Company or its Subsidiaries for each Pre-Closing Tax Period (including, for the avoidance of doubt, any employment, payroll or similar Taxes deferred under the CARES Act), (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which any of the Company or its Subsidiaries (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulations Section 1.1502-6 or any analogous or similar U.S. state or local, or non-U.S. Law, (iii) 50% of the first \$100,000 of all Transfer Charges, and (iv) any and all Taxes of any Person (other than any of the Company or its Subsidiaries) imposed on any of the Company or its Subsidiaries as a transferee or successor, by Contract or pursuant to any Law, which Taxes relate to an event or transaction occurring before the Closing; provided that in the case of clauses (i)-(iv) above, “Pre-Closing Taxes” shall be limited to the amount by which such Taxes exceed the amount, if any, specifically taken into account in determining the Merger Consideration pursuant to **Section 1.7**.

“Privacy and Security Laws” has the meaning given in **Section 2.24**.

“Pro Rata Share” means the quotient obtained by dividing (i) the amount of the Merger Consideration payable hereunder to such Securityholder by (ii) the total amount of the Merger Consideration payable hereunder to all Securityholders.

“Public Documents” has the meaning given in [Section 3.9](#).

“Real Property Leases” has the meaning given in [Section 2.15\(d\)](#).

“Recent Balance Sheet” has the meaning given in [Section 2.4\(a\)](#).

“Recent Balance Sheet Date” has the meaning given in [Section 2.4\(a\)](#).

“Relevant Exchange” means (i) if the Parent Common Shares are listed and traded on the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market, the New York Stock Exchange, or other U.S. national securities exchange (but excluding the over-the-counter (OTC) market), such exchange; (ii) if the Parent Common Shares are not listed on any U.S. national securities exchange, then the NEO Exchange; and (iii) if the Parent Common Shares are not listed on any U.S. national securities exchange or the NEO Exchange, the CSE.

“Regulatory Approval Materials” has the meaning given in [Section 4.4\(a\)](#).

“Release” means any actual or threatened release, spill, emission, leaking, pumping, injection, deposit, disposal, arrangement for disposal, discharge, dispersal, pouring, emptying, escaping, dumping, discarding, leaching or migration of a Hazardous Substance into the indoor or outdoor environment including the movement of Hazardous Substance through or in the ambient air, soil, surface water, groundwater, land surface or subsurface strata, including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Substance.

“Release Date” has the meaning given in [Section 9.5\(f\)](#).

“Remedial Action” means any action or proceeding to (i) contain, clean-up, remove, treat or remediate any Hazardous Substance, (ii) correct or prevent an environmental Action resulting from the prior treatment, storage or disposal of Hazardous Substance or to recover the cost of either by a Governmental Entity or third party, (iii) remove any fill or implement any remediation, restoration or mitigation that may be required in connection with any dredging, filling or disturbance activities in any wetland or wetlands, as those terms are defined under applicable Law, (iv) perform post-remedial monitoring and care, and (v) respond to any request by any Governmental Entity for information relating to containment, clean-up, removal, treatment or remediation of Hazardous Substance.

“Representative” has the meaning given in [Section 4.5\(a\)](#).

“Representative Losses” has the meaning given in [Section 11.14\(d\)](#).

“Retained Cash” means an amount of Cash equal to the total amount of the Retained Debt outstanding as of the Effective Time, including the outstanding principal balance of such Retained Debt and all accrued interest and other fees and expenses, in each case as of the Effective Time.

“Retained Debt” means any Company Debt that the Buyer and the Company mutually agree shall remain outstanding following the Closing.

“Second Effective Time” has the meaning given in [Section 1.4](#).

“Second Merger” has the meaning given in the recitals.

“Securities Commissions” means the securities commissions or similar regulatory authorities in each of the applicable provinces and territories of Canada.

“Securityholder Closing Agreements” means the Non-Competition Agreements, the Letters of Transmittal and the Lock-Up and Joinder Agreements.

“Securityholder Representative” has the meaning given in the preamble.

“Securityholders” means the Unitholders and the Warrantholders.

“Share Merger Consideration” means the Closing Share Merger Consideration and the Milestone Shares.

“Signing Disk” has the meaning given in [Section 4.15](#).

“State and Local Cannabis Laws” means Laws regarding the cultivation, manufacture, possession, use, sale or distribution of cannabis or cannabis products promulgated by state and local Governmental Entities in the states and municipalities in which the Company or any of its Subsidiaries operate or any of its Subsidiaries is organized or domiciled, including without limitation, Maryland, Pennsylvania, Ohio, New Jersey, Virginia, West Virginia and Georgia.

“Straddle Period” means any Tax period of the Company, its Subsidiaries or the Surviving Company that begins on or before and ends after the Closing Date.

“Subsidiary” means any corporation or other organization, whether incorporated or unincorporated, of which (i) at least 25% of the securities or other interests having by their terms (A) ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization or (B) the right to appoint the manager, general partner, or other person(s) controlling the management of such organization are directly or indirectly owned or controlled by the Company or by any one or more of the Subsidiaries, or by the Company and one or more of the Subsidiaries or (ii) the Company or any other Subsidiary of the Company is a general partner or managing member.

“Surviving Company” has the meaning given in [Section 1.2](#).

“Tail Policy” has the meaning given in [Section 4.10](#).

“**Tax**” or “**Taxes**” means (i) any and all federal, provincial, state, local or non-U.S. taxes, charges, fees, levies, imposts, duties and other similar assessments or charges of any kind whatsoever, imposed by any Governmental Entity, including, without limitation, ad valorem taxes, add-on minimum taxes, alternative minimum taxes, capital taxes, customs duties, employment taxes, environmental taxes, escheat or unclaimed property obligations, estimated taxes, excise taxes, franchise taxes, goods and services taxes, gross receipts taxes, imputed underpayments, income taxes (whether imposed on or measured by net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits), license taxes, net worth taxes, occupation taxes, payroll taxes, premium taxes, property taxes, recording taxes, retirement taxes, sales taxes, services taxes, severance taxes, social security premiums, stamp taxes, transfer taxes, unemployment taxes, use taxes, value-added taxes, windfall profits taxes, withholding taxes or other withholding obligations, together with all interest, penalties, fines, additions to tax imposed with respect to the foregoing or other amounts imposed with respect to the foregoing; (ii) any liability for any amounts described in clause (i) as a result of being or ceasing to be a member of any “affiliated group” of corporations within the meaning of Section 1504 of the Code (or any similar affiliated, combined, consolidated or unitary group or arrangement for group relief for state, local or non-U.S. Tax purposes), including any liability under Treasury Regulations §1.1502-6 (or any similar provision of federal, state, local, or non-U.S. Law); and (iii) any liability for any amounts of the type described in clause (i) or (ii) arising under Contract, by operation of Law, by reason of being a transferee, successor or otherwise.

“**Tax Representations**” has the meaning given in **Section 9.5(a)**.

“**Tax Return**” means (i) any return, declaration, report, claim for refund, estimate, election, information return, or statement, and any schedule, attachment, or amendment thereto, including without limitation any consolidated, combined or unitary return or other document, filed or required to be filed with any Taxing Authority in connection with the determination, assessment, collection, imposition, payment, refund or credit of any Tax or the administration of the Laws relating to any Tax, and (ii) TD F 90-22.1 (and its successor form, FinCEN Form 114).

“**Taxing Authority**” means any Governmental Entity responsible for the administration, imposition or collection of any Tax.

“**Third-Party Acquisition**” has the meaning given in **Section 4.5(a)**.

“**Third-Party Claim**” has the meaning given in **Section 9.4(a)**.

“**Transaction Expenses**” means any incurred and unpaid expenses of the Company and any of its Subsidiaries relating to the negotiation and consummation of the Agreement, the Ancillary Agreements, the Mergers and the other Transactions, including (i) fees and expenses of brokers, financial advisers, legal counsel and accountants, (ii) fifty percent (50%) of the cost and expenses incurred in obtaining the Tail Policy, (iii) fifty percent (50%) of the costs and expenses relating to the Escrow Agent, and (iv) fifty percent (50%) of all costs and expenses relating to any filings made pursuant to **Section 4.4(c)** (whether incurred by the Company, the Parent or the Buyer); provided that, for the avoidance of doubt, Parent and Buyer shall be responsible for the costs related to any filings, communications, or other matters in connection with the matters contemplated by **Section 4.4(a)** to the extent set forth in **Section 4.4(a)**.

“**Transactions**” means the Mergers and the other transactions contemplated by this Agreement and the Ancillary Agreements.

“**Treasury Regulations**” means the income tax regulations, including temporary regulations, promulgated by the U.S. Department of the Treasury under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“**Unitholder Approval**” has the meaning given in **Section 2.3(a)**.

“**Unitholders**” means the holders of the Units immediately before the Effective Time.

“**Units**” means the Investor Units, the Founder Units and the Participation Units.

“**Verified Allocation Certificate**” has the meaning given in **Section 1.7(b)(i)**.

“**Warrantholders**” has the meaning given in **Section 1.9**.

1.2 **The Mergers.** Upon the terms and subject to the conditions hereof, and in accordance with the MD LLC Act and the DE LLC Act, at the Effective Time, Merger Sub I shall be merged with and into the Company and the separate limited liability company existence of Merger Sub I shall cease. Following the First Merger, the Company shall continue as the surviving company and as a wholly-owned subsidiary of the Buyer (sometimes referred to herein as the “**First Merger Surviving Company**”). Immediately thereafter, upon the terms and subject to the conditions hereof, and in accordance with the MD LLC Act and the DE LLC Act, the Buyer shall cause the First Merger Surviving Company to merge with and into Merger Sub II and the separate corporate existence of the First Merger Surviving Company shall cease. Following the Second Merger, Merger Sub II shall continue as the surviving company and as a wholly-owned subsidiary of the Buyer (sometimes referred to herein as the “**Surviving Company**”). The Merger shall have the effects provided in this Agreement and the applicable provisions of the MD LLC Act and the DE LLC Act.

1.3 **Closing.** Subject to the satisfaction or written waiver of the conditions set forth in SECTION 7 (Conditions to Each Party’s Obligation to Close), SECTION 8 (Conditions to the Obligation of the Parent, the Buyer, Merger Sub I and Merger Sub II to Close) and SECTION 9 (Conditions to Company’s Obligation to Close), the closing of the Transactions (the “**Closing**”) shall take place remotely by exchange of documents, on such date and at such time as the Parties may agree, but not later than the second (2nd) Business Day after the satisfaction or written waiver of the conditions set forth in SECTION 7 (Conditions to Each Party’s Obligation to Close), SECTION 8 (Conditions to the Obligation of the Parent, the Buyer, Merger Sub I and Merger Sub II to Close) and SECTION 9 (Conditions to Company’s Obligation to Close), other than those conditions that are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions (the “**Closing Date**”). On or prior to the Closing Date, the Parties

shall (a) execute articles of merger for each of the Mergers (collectively, the “**Articles of Merger**”) in accordance with the MD LLC Act and certificates of merger for each of the Mergers (collectively, the “**Certificates of Merger**”) in accordance with the DE LLC Act, (b) cause the Articles of Merger to be filed with the Secretary of State of Maryland in accordance with the MD LLC Act and the Certificates of Merger to be filed with the Secretary of State of Delaware in accordance with the DE LLC Act, and (c) take all such further actions as may be required or appropriate to make the Mergers effective.

1.4 Effective Time. The First Merger shall be effective at such time as the Articles of Merger with respect to the First Merger are duly filed with the Secretary of State of Maryland and the Certificates of Merger with respect to the First Merger are duly filed with the Secretary of State of Delaware or at such later date or time as may be agreed by the Company and the Buyer in writing and specified in the Articles of Merger with respect to the First Merger in accordance with the MD LLC Act and in the Certificates of Merger with respect to the First Merger in accordance with the MDED LLC Act (the “**Effective Time**”). The Second Merger shall be effective at such time as the Articles of Merger with respect to the Second Merger are duly filed with the Secretary of State of Maryland and the Certificates of Merger with respect to the Second Merger are duly filed with the Secretary of State of Delaware or at such later day or time as may be agreed by the Company and the Buyer in writing and specified in the Articles of Merger with respect to the Second Merger in accordance with the MD LLC Act and the Certificates of Merger with respect to the Second Merger in accordance with the DE LLC Act (the “**Second Effective Time**”). For the avoidance of doubt, the Second Effective Time shall occur after the Effective Time.

1.5 Certificate of Organization and Operating Agreement. At the Effective Time, the certificate of organization of Merger Sub I, as in effect immediately before the Effective Time, shall be the certificate of organization of the First Merger Surviving Company until thereafter amended. At the Effective Time, the operating agreement of Merger Sub I, as in effect immediately before the Effective Time, shall be the operating agreement of the First Merger Surviving Company until thereafter amended; provided, however, that the operating agreement of Merger Sub I shall be amended at the Effective Time to change the name of the company set forth therein from “Vici Acquisition LLC” to “Green Leaf LLC”. At the Second Effective Time, the certificate of organization of the First Merger Surviving Company, as in effect immediately before the Second Effective Time, shall be the certificate of organization of Merger Sub II until thereafter amended. At the Second Effective Time, the operating agreement of the First Merger Surviving Company, as in effect immediately before the Second Effective Time, shall be the operating agreement of the Surviving Company until thereafter amended.

1.6 Managers and Officers. The managers and officers of Merger Sub I immediately before the Effective Time shall be the managers and officers of the First Merger Surviving Company immediately after the Effective Time, each to hold office in accordance with the First Merger Surviving Company’s certificate of organization and operating agreement thereof. The managers and officers of the First Merger Surviving Company immediately before the Second Effective Time shall be the managers and officers of the Surviving Company immediately after the Second Effective Time, each to hold office in accordance with the Surviving Company’s certificate of organization and operating agreement thereof.

1.7 Merger Consideration.

(a) Allocation Certificate. At least three (3) Business Days prior to the Closing Date, the Company shall deliver to the Buyer a certificate (the “**Allocation Certificate**”) signed by the Chief Financial Officer of the Company, setting forth and certifying on behalf of the Company and its Subsidiaries that the following are good faith estimates of the Company:

(i) an estimated Closing Balance Sheet;

(ii) a statement (the “**Estimated Closing Working Capital Statement**”) of the Estimated Net Working Capital of the Company and an estimate of the Net Working Capital Deficiency or the Net Working Capital Surplus, which Estimated Closing Working Capital Statement shall be prepared in accordance with the definition of Net Working Capital, without giving effect to the consummation of the Transactions and subject to the adjustments specified in the definition of Net Working Capital;

(iii) the Estimated Company Debt not paid as of immediately prior to the Effective Time, including a description and amount for each element thereof, and, for each item of Estimated Company Debt that is not Retained Debt, payoff letters, in form and substance satisfactory to the Buyer, indicating the amount necessary to discharge in full such Company Debt at the Closing (the “**Company Debt Payoff Amount**”) and, if such Company Debt is secured, an undertaking by such holder to discharge at Closing any Liens securing such Company Debt;

(iv) the Company’s estimate of Transaction Expenses not paid as of immediately prior to the Effective Time, including a description and amount for each element thereof and the wire instructions for each Person to whom such a payment in respect thereof shall be due and payable in connection with the Closing;

(v) (A) the aggregate amount of all Change in Control Payments, together with a description and the amount of each element thereof and (B) any Change in Control Payments that are due and payable in connection with the Closing, together with a description and the amount of each element thereof;

(vi) the Company’s estimate of aggregate Closing Cash;

(vii) the Company’s estimate of the Closing Cash Merger Consideration, the Adjustment Escrow Cash, the Adjustment Escrow Shares and the Net Closing Share Merger Consideration, and (A) the number of Units outstanding and the number of Units underlying outstanding Company Warrants (based on a cashless exercise), (B) the applicable portion of the Closing Cash Merger Consideration and the Net Closing Share Merger Consideration payable to each Securityholder, (C) each Securityholder’s Pro Rata Share of the Milestone Shares expressed as a percentage, and (D) each Securityholder’s Pro Rata Share of each of the Escrow Fund and the Expense Fund expressed as a percentage and a share or dollar amount, as applicable; and

(viii) the (A) identity and mailing address (and email address, to the extent available) of each Securityholder and (B) wire instructions for the Company.

The Company shall give the Buyer timely access to all supporting records and work papers used in preparation of the Closing Balance Sheet, Estimated Closing Working Capital Statement and Allocation Certificate. The Company shall, in good faith, take into consideration any comments to such documents made by Parent, which documents when final shall be used for purposes of the payments to be made at Closing, but shall remain subject to adjustment pursuant to **Section 1.7(b)** (Post-Closing True-Up). The Allocation Certificate shall be subject to the Buyer's approval prior to the Closing (not to be unreasonably withheld, conditioned or delayed) and shall be prepared in accordance and full compliance with the terms and conditions of the Company's organizational documents then in effect and any other applicable Contracts governing the distribution of equity proceeds to any Securityholder, and the Parent, the Buyer and the Surviving Company shall each be entitled to rely upon and shall incur no liability as a result of its reliance on the Allocation Certificate delivered by the Company (or any updates or supplements thereto delivered by the Company prior to the Closing).

(b) Post-Closing True-Up.

(i) Within sixty (60) days after the Closing Date, the Buyer shall provide to the Securityholder Representative the Closing Balance Sheet, together with the Buyer's determination of (A) the Closing Cash, (B) the Company Debt, (C) the Transaction Expenses not otherwise paid immediately prior to the Effective Time, (D) the aggregate amount of Change in Control Payments not otherwise paid immediately prior to the Effective Time, (E) the Net Working Capital Deficiency or the Net Working Capital Surplus, (F) the Closing Cash Merger Consideration and (G) the Net Closing Share Merger Consideration (collectively, the "**Verified Allocation Certificate**"). The Buyer will make available at the Securityholder Representative's reasonable request all records and work papers of the Buyer used in calculating such amounts. If the Securityholder Representative disagrees with any of the amounts set forth in the Verified Allocation Certificate, the Securityholder Representative may provide a written notice of proposed changes to any such calculation specifying in reasonable detail all disputed items and the basis therefor (a "**Change Notice**") to the Buyer within sixty (60) days after the receipt of the Verified Allocation Certificate (and in the event no Change Notice is provided during such period, the Securityholder Representative will be deemed to have agreed to and accepted each such calculation as of the end of such period). The Buyer shall reasonably promptly cooperate with the Securityholder Representative in providing such information as the Securityholder Representative reasonably requests in connection with the review of the Verified Allocation Certificate. If the Securityholder Representative provides a Change Notice to the Buyer within such period, the Verified Allocation Certificate and the components thereof included in the Change Notice shall be finally determined in accordance with the resolution of dispute procedures set forth in **Section 1.7(c)** (Resolution of Disputes).

(ii) Based on the foregoing, the “**Final Adjustment Amount**” shall be equal to the difference of (A) the Closing Cash Merger Consideration as calculated based on the Verified Allocation Certificate (as finally determined in accordance with **Section 1.7(c)**) minus (B) the Closing Cash Merger Consideration specified in the Allocation Certificate. If the Final Adjustment Amount is a positive number or zero, the Buyer shall (1) pay the Final Adjustment Amount (unless such amount is zero) in cash to the Paying Agent for payment to the Securityholders, in accordance with their respective Pro Rata Shares; and (2) execute joint instructions together with the Securityholder Representative directing the Escrow Agent to remit the share portion of the Adjustment Escrow Fund to Parent’s transfer agent and registrar for the purpose of reissuing such shares to the Securityholders in accordance with their Pro Rata Shares, as directed by the Securityholder Representative. If the Final Adjustment Amount is a negative number, the Securityholder Representative shall execute joint instructions together with the Buyer directing the Escrow Agent to remit from the Adjustment Escrow Fund to the Buyer (i) an amount of cash up to the amount of the Final Adjustment Amount and (i) if the cash portion of the Adjustment Escrow Fund is less than the Final Adjustment Amount, a number of Parent Common Shares equal to the lesser of (A) such excess divided by the Closing Parent Share Price and (B) the number of Adjustment Escrow Shares, which, in either case, shall be deemed to fully satisfy any obligations of the Company and Securityholders with respect to the Final Adjustment Amount. If there is cash remaining in the Adjustment Escrow Fund following the foregoing, such remaining cash shall be added to the Indemnity Escrow Fund and shall be retained and distributed by the Escrow Agent in accordance with this Agreement and the Escrow Agreement. If there are shares remaining in the Adjustment Escrow Fund following the foregoing, Buyer shall execute joint instructions together with the Securityholder Representative directing the Escrow Agent to remit such shares to Parent’s transfer agent and registrar for the purpose of reissuing such shares to the Securityholders in accordance with their Pro Rata Shares, as directed by the Securityholder Representative. To the extent that any portion of the Adjustment Escrow Fund or Indemnity Escrow Fund is remitted to Parent’s transfer agent and registrar in the form of Parent Common Shares for reissuance to the Securityholders pursuant to the terms of this Agreement, the Buyer and Parent shall use their reasonable best efforts to direct the Parent’s registrar and transfer agent to facilitate the exchange of any certificate issued to the Escrow Agent with respect thereto into corresponding statements from the Parent’s registrar and transfer agent showing the issuance of such portion of the Escrow Fund to the Securityholders (based on their Pro Rata Share) in certificated form, in non-certificated book-entry form, via direct registration statements (DRS) or other similar instrument.

(iii) The Company, the Buyer, the Surviving Company, the Securityholder Representative and the Securityholders agree to treat any adjustment to the Merger Consideration pursuant to this **Section 1.7(b)** (Post-Closing True-Up.), if any, as an adjustment to the Merger Consideration for all Tax purposes and shall take no position contrary thereto unless required to do so by applicable Tax Law pursuant to a determination as defined in Section 1313(a) of the Code.

(c) **Resolution of Disputes.** The Buyer and the Securityholder Representative will attempt in good faith promptly to resolve any differences with respect to the calculations under **Section 1.7(b)** (Post-Closing True-Up) that are raised within the applicable period. If the Buyer and the Securityholder Representative resolve their disagreement, they shall set forth the agreement in a written document executed by the Buyer and the Securityholder Representative

and such written document shall be deemed final and binding for all purposes of this Agreement. If they are unable to resolve any differences within thirty (30) days after timely delivery of an applicable Change Notice, such remaining differences will be submitted to the Independent Accountant for prompt determination (which process may be initiated by either Buyer or the Securityholder Representative by providing the other with written notice, and delivering the same to the Independent Accountant). The Independent Accountant will determine those matters in dispute and will render a written report as to the disputed matters, which report shall be conclusive and binding upon the Parties, provided that the determination of the Independent Accountant shall only make determinations with respect to matters in dispute, and its final determination for any such items must fall within the range of values proposed by Buyer and the Securityholder Representative. The fees and expenses of the Independent Accountant shall initially be borne fifty percent (50%) by the Securityholders and fifty percent (50%) by the Buyer; provided that upon resolution of the dispute by the Independent Accountant, the prevailing party, if any, shall be entitled to be reimbursed in proportion to the amount by which the other party's determinations of the items in dispute differed from the amount determined by the Independent Accountant. Such amount shall be determined by the Independent Accountant.

1.8 Effect of the Mergers.

(a) At the Effective Time, by virtue of the First Merger and without any action on the part of the Parent, the Buyer, Merger Sub I, the Company or the Securityholders:

(i) Cancellation of Certain Units. Any Units that are owned by the Company (as treasury units or otherwise) or any of their respective direct or indirect wholly owned Subsidiaries shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(ii) Conversion of Units into Merger Consideration. Each Unit issued and outstanding immediately prior to the Effective Time shall be cancelled and extinguished and converted into the right of the holder of such Unit to receive the consideration set forth in the Allocation Certificate.

(iii) First Merger Surviving Company. The First Merger shall have the effects set forth herein and in the applicable provisions of the MD LLC Act and the DE LLC Act. Without limiting the generality of the foregoing, and subject thereto, from and after the Effective Time, all property, rights, privileges, immunities, powers, franchises, licenses, and authority of the Company and Merger Sub I shall vest in the Company as the surviving company, and all debts, liabilities, obligations, restrictions, and duties of each of the Company and Merger Sub I shall become the debts, liabilities, obligations, restrictions, and duties of the First Merger Surviving Company.

(iv) Membership Interests in the First Merger Surviving Company. On the First Merger, (i) all of the equity of Merger Sub I issued and outstanding immediately prior to the Effective Time shall be converted into and exchangeable for a proportion of membership interests of the First Merger Surviving Company equal in value to the value of the equity of Merger Sub I immediately prior to the First Merger, and (ii) the balance of the membership interests in the First Merger Surviving Company shall be issued to

Buyer as consideration for Buyer satisfying, or causing to be satisfied, all the payments required to be made under this Agreement (including, for greater certainty, in consideration for Buyer causing Parent to deliver the Net Closing Share Merger Consideration), such that 100% of the membership interests of the First Merger Surviving Company shall be held by Buyer following the First Merger. As compensation for Parent issuing the Net Closing Share Merger Consideration (and, if applicable, as compensation for any other payments made by Parent hereunder), Buyer shall issue its units to Parent or agree to compensate Parent in such other manner as may be agreed to between Buyer and Parent.

(b) At the Second Effective Time, by virtue of the Second Merger and without any action on the part of the Parent, the Buyer, Merger Sub II, the First Merger Surviving Company or the Securityholders, all of the equity of Merger Sub II and the First Merger Surviving Company issued and outstanding immediately prior to the Second Effective Time shall be converted into and exchangeable for 100% of the membership interests of the Surviving Company.

1.9 Company Warrants. Each Company Warrant, by virtue of the consummation of the First Merger, shall be deemed net exercised on the day prior to the Closing Date in accordance with the terms of such Company Warrant, at which time each holder of a Company Warrant (a “**Warrantholder**”) shall be a Company Unitholder and shall be entitled to receive, but subject to each such Warrantholder’s delivery of a Letter of Transmittal and Lock-Up and Joinder Agreement, the consideration set forth in the Allocation Certificate, less, in each case, applicable withholding Taxes required to be withheld with respect to such payment.

1.10 Payments by the Buyer and Parent. At the Closing, by wire transfer (or other method of delivery as may be agreed) of immediately available funds:

(a) the Buyer and Parent shall deliver or cause to be delivered to the holders of the Company Debt (other than the Retained Debt) the amount set forth in the respective payoff letters delivered pursuant to **Section 1.7(a)(iii)**;

(b) the Buyer and Parent shall deliver or cause to be delivered to the relevant payees of the Transaction Expenses the amounts set forth with respect to Transaction Expenses specified in the Allocation Certificate;

(c) the Buyer and Parent shall deliver or cause to be delivered to the Paying Agent the amount of the Closing Cash Merger Consideration, less the Expense Fund and the Adjustment Escrow Cash, to be payable to the Securityholders;

(d) the Parent shall have issued to each Securityholder, such Securityholder’s Pro Rata Share of the Net Closing Share Merger Consideration as set out in the Allocation Schedule, as evidenced by statements from the Parent’s registrar and transfer agent showing the issuance of the Closing Share Merger Consideration in the names of the Securityholders in certificated form, in non-certificated book-entry form, via direct registration statements (DRS) or other similar instrument and in the amounts specified on the Allocation Schedule;

(e) the Buyer and Parent shall deliver to the Escrow Agent the Adjustment Escrow Fund (with the Adjustment Escrow Shares being evidenced by a statement from the Parent's registrar and transfer agent showing the issuance of the Adjustment Escrow Shares in the name of the Escrow Agent in certificated form), to be held in escrow pursuant to the provisions of the Escrow Agreement to provide for any payments to the Buyer pursuant to **Sections 1.7(b)** and **1.7(c)** and the Indemnity Escrow Fund (with the Indemnity Escrow Shares being evidenced by a statement from the Parent's registrar and transfer agent showing the issuance of the Indemnity Escrow Shares in the name of the Escrow Agent in certificated form), to be held in escrow pursuant to the provisions of the Escrow Agreement as security for the Securityholders' indemnification obligations under SECTION 9; and

(f) the Buyer and Parent shall deliver to the Securityholder Representative the Expense Fund to be held pursuant to **Section 11.15** and for all purposes hereunder each Securityholder shall be deemed to have contributed its Pro Rata Share of the Expense Fund.

1.11 Surrender and Payment.

(a) **Paying Agent.** Prior to the Effective Time, the Buyer and shall enter into a Paying Agent Agreement with the Paying Agent, substantially in a form reasonably acceptable to Buyer, the Paying Agent, and the Company (the "**Paying Agent Agreement**").

(b) **Procedures.** As promptly as practicable following the Agreement Date, the Paying Agent shall mail to each Securityholder a letter of transmittal in a form reasonably agreed upon by the Buyer, the Company and the Paying Agent (a "**Letter of Transmittal**"), a Lock-Up and Joinder Agreement, and instructions for use in effecting the surrender of any certificates evidencing such Securityholder's Units and/or Company Warrants, as applicable, in exchange for the applicable portion of Closing Cash Merger Consideration and the Net Closing Share Merger Consideration pursuant to the Allocation Certificate. The Paying Agent shall, no later than the later of (i) the Closing Date or (ii) three (3) Business Days after receipt of an executed Lock-Up and Joinder Agreement and a Letter of Transmittal duly completed and validly executed in accordance with the instructions thereto, and any other customary documents that the Paying Agent may reasonably require in connection therewith, pay to such Securityholder the amount set forth in the Allocation Certificate. Unless otherwise provided herein, no interest shall be paid or shall accrue on any cash payable upon surrender of any Units or Company Warrants. Until so surrendered, any outstanding Units (and any certificate(s) evidencing such Unit) and Company Warrants shall be deemed from and after the Effective Time, for all purposes, to evidence only the right to receive the portion of the Merger Consideration as provided in the Allocation Certificate.

(c) **Return of Funds from Paying Agent.** Any portion of amounts deposited with the Paying Agent that remain undistributed to the Securityholders six (6) months after their deposit with the Paying Agent shall, at the request of the Surviving Company, be delivered to the Surviving Company (or its applicable successor in interest or assignee) or otherwise according to the instruction of the Surviving Company (or its applicable successor in interest or assignee), and any holders of Units and Company Warrants who have not surrendered such Units and Company Warrants in compliance with this **Section 1.11** shall after such delivery to the Surviving Company, look only to the Surviving Company (or its applicable successor in interest or

assignee) solely as general creditors for the Merger Consideration pursuant to **Section 1.8** (Effect of the Mergers). To the extent permitted under applicable Law, any such amounts deposited with the Paying Agent remaining unclaimed by Securityholders immediately prior to such time as such amounts would otherwise escheat to or become property of any Governmental Entity shall become the property of the Surviving Company (or its applicable successor in interest or assignee) free and clear of any claims or interest of any Person previously entitled thereto.

(d) **No Liability.** Notwithstanding anything to the contrary in this **Section 1.11**, none of the Paying Agent, the Escrow Agent, the Buyer, the Surviving Company, the Securityholder Representative or any party hereto shall be liable to any Person for any amount properly paid to a public official in compliance with any applicable abandoned property, escheat or similar Law.

1.12 **Milestone Shares.**

(a) Promptly following the achievement of certain EBITDA targets during the Milestone Periods (as defined below), the Buyer and the Parent shall cause the Securityholders to be issued a number of additional Parent Common Shares (the "**Milestone Shares**"), calculated in accordance with this **Section 1.12**, as evidenced by statements from the Parent's registrar and transfer agent showing the issuance of the Milestone Shares in the names of the Securityholders in certificated form, in non-certificated book-entry form, via direct registration statements (DRS) or other similar instrument and in proportion to their Pro Rata Share. The receipt by the Securityholders of the Milestone Shares may be conditioned upon the execution and delivery by each Securityholder of a Lock-Up and Joinder Agreements with respect to such Milestone Shares, but the lock-up period provided for in any such Lock-Up and Joinder Agreement shall be no longer than six (6) months.

(b) The number of Milestone Shares with respect to a Milestone Period shall equal the quotient obtained by dividing (i) the Milestone Amount for such Milestone Period by (ii) the Milestone Share Price. The "**Milestone Amount**" with respect to a Milestone Period shall be calculated as follows:

(i) If the Actual Adjusted EBITDA for a Milestone Period is equal to or greater than 67.5% but less than 70% of the Projected Adjusted EBITDA for such Milestone Period, then the Milestone Amount shall equal \$58,000,000.

(ii) If the Actual Adjusted EBITDA for a Milestone Period is no less than 70% and no greater than 100% of the Projected Adjusted EBITDA for such Milestone Period, then the Milestone Amount shall equal the product obtained by multiplying (A) the Milestone Target Amount for such Milestone Period by (B) (x) the Actual Adjusted EBITDA for such Milestone Period divided by (y) the Projected Adjusted EBITDA for such Milestone Period.

(iii) If the Actual Adjusted EBITDA for a Milestone Period is greater than 100% of the Projected Adjusted EBITDA for such Milestone Period, then the Milestone Amount shall equal the Milestone Target Amount for such Milestone Period, *plus* the product obtained by multiplying (A) (x) the Actual Adjusted EBITDA for such Milestone Period, minus (y) the Projected Adjusted EBITDA for such Milestone Period by (B) 1.3.

(iv) Notwithstanding the foregoing or anything to the contrary contained in this Agreement, (i) the maximum aggregate amount of the two Milestone Amounts shall not exceed \$195,000,000 and (ii) to the extent that Parent is not permitted under applicable Law or stock exchange rules to issue Milestone Shares based on the Milestone Share Price, because such Milestone Share Price represents too great a discount relative to the current market share price, Parent shall instead (a) issue such Milestone Shares on the basis of the lowest permissible share price and (b) pay to the Paying Agent (for distribution to the Securityholders based on their Pro Rata Share) an amount in cash equal to the value of any additional Milestone Shares that would have been issued to the Securityholders had no such pricing restrictions applied (expressed in U.S. dollars, calculated using the exchange rate published by the Bank of Canada at <https://www.bankofcanada.ca/rates/exchange/daily-exchange-rates/> for the last Business Day preceding the issuance of such Milestone Shares).

(c) For purposes of this **Section 1.11**, the capitalized terms used herein are defined as follows:

(i) “**Actual Adjusted EBITDA**” means, with respect to a Milestone Period, the Adjusted EBITDA calculated based on the Parent’s interim financial statements covering such Milestone Period. Notwithstanding the foregoing, if Closing does not occur prior to the beginning of either Milestone Period, then the relevant Adjusted EBITDA attributable to the portion of such Milestone Period up to and including the Closing Date shall be based on the Company’s financial statements.

(ii) “**Adjusted EBITDA**” means the cumulative earnings before interest, Taxes, depreciation and amortization of the Company and its Subsidiaries, subject to adjustments for all one-time expense add-backs made in Parent’s financial statements with respect to the Company and its Subsidiaries (or that would have been made in Parent’s financial statements had the Closing not occurred after the beginning of the relevant Milestone Period) and certain other adjustments based on adjustments made in Parent’s financial statements (or the Company’s financial statements) with respect to the business of the Company and its Subsidiaries as agreed upon by the Parties.

(iii) “**First Milestone Period**” means July 1, 2021 through June 30, 2022.

(iv) “**First Milestone Target Amount**” means \$100,000,000.

(v) “**Milestone Period**” means the First Milestone Period or Second Milestone Period, as applicable.

(vi) “**Milestone Share Price**” means, with respect to a Milestone Period, the greater of: (A) volume-weighted average share price of the Parent Common Shares for the ten (10) consecutive trading days on the Relevant Exchange immediately preceding the earlier of (i) the release of the Parent’s interim financial statements for the last quarter of the applicable Milestone Period, or (ii) the dissemination of any press release or announcement in respect of the financial results of the Parent for the last quarter of the applicable Milestone Period, and (B) the highest permissible discount to the current market share price permitted by the stock exchanges on which the Parent Common Shares are listed for trading at such time. The Milestone Share Price shall be expressed in U.S. dollars, calculated using the exchange rate published by the Bank of Canada at <https://www.bankofcanada.ca/rates/exchange/daily-exchange-rates/> for the day that is two (2) Business Days prior to the date on which the Parent’s interim financial statements for the last quarter of the applicable Milestone Period are released.

(vii) “**Milestone Target Amount**” means the First Milestone Target Amount or the Second Milestone Target Amount, as applicable.

(viii) “**Projected Adjusted EBITDA**” means (A) with respect to the First Milestone Period, \$71,300,000 and (B) with respect to the Second Milestone Period, \$145,000,000.

(ix) “**Second Milestone Period**” means July 1, 2022 through June 30, 2023.

(x) “**Second Milestone Target Amount**” means \$95,000,000.

(d) Milestone Amount Composition. Notwithstanding the foregoing or anything in this Agreement to the contrary, the Buyer may, in its sole discretion, pay a portion of any Milestone Amount in cash; provided, however, that, if the Buyer’s election to pay a Milestone Amount in cash would result in the Securityholders receiving as Merger Consideration an aggregate amount of Parent Common Shares constituting less than 40% of the total Merger Consideration, then the Buyer’s election shall be permitted only on the condition that at the time of such payment Buyer indemnifies each Securityholder for any incremental income Tax expense that would reasonably be expected to arise as a result of Buyer’s election (the amount of which expense, in the case of a dispute, to be determined by reference to an Independent Accountant, the costs and fees of which shall be paid by the Buyer). If the Buyer elects to pay any portion of a Milestone Amount for a Milestone Period in cash, the total Milestone Amount for such Milestone Period shall be reduced by \$0.20 for each \$1.00 paid in cash. By way of illustration, if the Milestone Amount for a Milestone Period is \$100,000,000 and the Buyer elects to pay \$10,000,000 in cash, the total Milestone Amount for such Milestone Period would be reduced to \$98,000,000, of which \$88,000,000 would be paid in Parent Common Shares and \$10,000,000 would be paid in cash.

(e) Post-Closing Operation. Following the Closing, the Parent and the Buyer shall have sole discretion with regard to all matters relating to the operation of the Company and its Subsidiaries; provided, however, that until the end of the Second Milestone Period:

(i) Neither the Parent nor the Buyer will take any action, or refrain from taking any action, that would reasonably be expected to materially reduce the amount of, or avoid or delay, the issuance of the Milestone Shares (or the making of cash payments under **Section 1.12(d)**), including, for the avoidance of doubt, causing or permitting the Surviving Company or any of the Subsidiaries to alter the Surviving Company's percentage ownership in a Subsidiary in a way that would exclude such Subsidiary's earnings from the calculation of Adjusted EBITDA. Notwithstanding the foregoing, nothing in this **Section 1.12(e)(i)** shall prevent or restrict (A) the directors of the Parent and the Buyer from taking (or refraining from taking) any actions that they determine in good faith are necessary to satisfy their fiduciary duties or (B) the Parent or the Buyer from taking (or refraining from taking) any action that is required under applicable Law or stock exchange rules, or is taken (or not taken) by it, with the consent of or at the direction of the Founders.

(ii) Subject to the Employment Agreements, Philip Goldberg and Kevin Goldberg (the "**Founders**") shall continue to operate the business of the Company, and shall have reasonable authority with respect to day-to-day operations of the Company, including the authority to hire, fire and set compensation of Employees, subject to thresholds mutually agreed upon with the Buyer, and in consultation with the Buyer.

(iii) The Buyer and the Founders shall mutually agree on an annual budget for the Company for the years 2021-2023, no later than 30 days following the Closing with respect to 2021 and no later than November 30 of the prior year with respect to 2022 and 2023, pursuant to which the Company shall be funded by the Buyer or the Parent as necessary, which funding, for the avoidance of doubt, shall include additional funding from Buyer or the Parent each year (whether through additional capital contributions or debt financing, with no return of any such capital contributions being made and no interest or principal payments with respect to such debt financing being due until after June 30, 2023) of no less than \$4,000,000 each year. This budget shall include, but not be limited to, those expenses set forth on **Schedule 1.12(e)(iii)**.

1.13 **Fractional Shares.** No fractional Parent Common Shares shall be issued to any Person pursuant to this Agreement. Notwithstanding any other provision of this Agreement, the number of Parent Common Shares to be issued at any time to a Person who would otherwise have been entitled to receive a fraction of a Parent Common Share shall be rounded down to the nearest whole number.

1.14 **Further Actions.** If, at any time after the Effective Time, any further action is necessary or desirable to vest the First Merger Surviving Company with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the Company and Merger Sub I, the officers and directors from time to time of the First Merger Surviving Company are fully authorized in the name of the Company and Merger Sub I, as the case may be, or otherwise to take, and will take, all such lawful and necessary action as is consistent with this Agreement. If, at any time after the Second Effective Time, any further action is necessary or desirable to vest the Surviving Company with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the First Merger Surviving Company and Merger Sub II, the officers and directors from time to time of the Surviving Company are fully authorized in the name of the First Merger Surviving Company and Merger Sub II, as the case may be, or otherwise to take, and will take, all such lawful and necessary action as is consistent with this Agreement.

1.15 Tax Withholding. The Parent, the Buyer, the Company, the First Merger Surviving Company and the Surviving Company, as the case may be, shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement, the Letters of Transmittal or any Ancillary Agreement, to or for the benefit of any Person such amounts as it reasonably believes that it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or non-U.S. Tax Law. To the extent that amounts are so withheld and properly paid over to the applicable Governmental Entity, such withheld amounts shall be treated for purposes of this Agreement as having been paid to such Person in respect of which such deduction and withholding was made.

SECTION 2

REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

The Company hereby makes to the Parent, the Buyer, Merger Sub I and Merger Sub II the representations and warranties regarding itself and each of its Subsidiaries contained in this SECTION 2 as of the Agreement Date and as of the Closing, subject to the exceptions and qualifications disclosed by the Company in the written schedules provided to the Parent, the Buyer, Merger Sub I and Merger Sub II, dated as of the Agreement Date (the “**Company Disclosure Schedules**”). The term “Company” as used throughout **Section 2** shall be deemed to refer to each of the Company and each of its Subsidiaries, except the term “Company” in **Section 2.2**, shall mean the Company and not its Subsidiaries. The Company Disclosure Schedules shall be arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in this SECTION 2.

2.1 Organization; Good Standing; Power.

(a) The Company is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation or organization and is licensed or qualified to conduct its business and is in good standing in each jurisdiction where such licensing or qualification is material to the business it is conducting or the operation, ownership or leasing of its properties (which such jurisdictions are set forth on **Schedule 2.1(a)**). The Company possesses full power and authority necessary to own and operate its properties and assets and to carry on its businesses as presently conducted and as contemplated to be conducted immediately after the Closing.

(b) The Company has made available true, complete and correct copies of the certificate of formation and limited liability company agreement (and any other comparable organizational documents) of the Company, each as amended and in effect as of the date of this Agreement.

2.2 Capitalization; Subsidiaries.

(a) **Schedule 2.2(a)** sets forth, as of the date of this Agreement, all of the issued and outstanding Equity Equivalents of the Company (including, for the avoidance of doubt, all Units and Company Warrants) and identifies, as of the date of this Agreement, by name and number of units of each class and/or series of Equity Equivalents held, the holder thereof and, with respect to the Participation Units, the threshold amount and vesting schedule, if any. No Person that is not set forth on **Schedule 2.2(a)** has any right, interest or claim in or to any Equity Equivalents of the Company, and other than as set forth opposite such Person's name on **Schedule 2.2(a)**, no Person set forth on **Schedule 2.2(a)** has any right, interest or claim in or to any additional or different Equity Equivalents of the Company. The authorized equity securities of the Company, including all membership and limited liability company interests of the Company, as of the Agreement Date, consists of (i) 1,375,456 Class A Units, of which 1,363,797 are issued and outstanding, (ii) 981,481 Class B Units, of which 981,482 are issued and outstanding, (iii) 325,444 Class C Units, of which 325,377 are issued and outstanding, (iv) 1,200,876 Class D Units, of which 735,247 are issued and outstanding, (v) 985,488 Class E Units, of which 67,769 are issued and outstanding, (vi) 383,352 Class F Units, of which 383,352 are issued and outstanding, (vii) 452,693 Class G Units, of which 80,912 are issued and outstanding, (viii) 3,800,000 Founder Units, of which 3,789,224 are issued and outstanding (ix) 200,000 Participation Units, of which 29,171 are issued and outstanding, and (x) 283,659 undesignated Units reserved for future designation and issuance, of which 1 is issued and outstanding (and designated as an additional Class B Unit). The outstanding Units (i) are issued and outstanding as of the date of this Agreement, (ii) have been duly authorized and validly issued and are fully-paid and nonassessable, (iii) have been issued in compliance with applicable Law and (iv) are held and owned beneficially and of record by the Unitholders as set forth on **Schedule 2.2(a)**, free and clear of any Liens. The calculations of the amounts payable to each Securityholder set forth in the Allocation Certificate when delivered will be accurate and correct in all respects and are compliant with the Company's organizational documents and related issuance documents.

(b) **Schedule 2.2(b)** sets forth, with respect to each of the Company's Subsidiaries: (i) corporate form, (ii) jurisdiction of formation, (iii) list of officers, directors and/or managers and (iv) authorized ownership interests and the number of issued and outstanding voting securities of such Subsidiary or other ownership interests therein. Except as set forth in **Schedule 2.2(b)**, the Company and its Subsidiaries do not have any Subsidiaries or own or hold any equity or other security interest in any other Person. Except as set forth in **Schedule 2.2(b)**, all issued and outstanding shares of voting securities of, or ownership interests in, the Company's Subsidiaries are directly or indirectly owned beneficially and of record by the Company, free and clear of all Liens. As of the Closing, the Company shall not have any interest in Sugarloaf Enterprises, LLC ("Maryland Sugarloaf").

(c) All transfers and sales of all issued and outstanding Units prior to the Agreement Date have been duly authorized and fully paid and each such transfer and sale is valid. Such issued and outstanding Units were offered, issued, sold and delivered in compliance with all applicable Laws governing the issuance of securities and were not issued or transferred in violation of (or subject to) any preemptive rights (including any preemptive rights set forth in the organizational documents or other governing documents of the Company), rights of first refusal or offer or other similar rights. Other than as set forth on **Schedule 2.2(a)**, the Company does not have any outstanding Equity Equivalents. There are no declared or accrued but unpaid dividends or other distributions with respect to any of the Units. Except as set forth on **Schedule 2.2(a)**, there are no (x) outstanding obligations of the Company (contingent or otherwise) to repurchase or otherwise acquire or retire any of Equity Equivalents of the Company, or (y) voting trusts, proxies or other agreements between or among the Company or any of the Company's members with respect to the voting or transfer of any Equity Equivalents of the Company (other than this Agreement). No outstanding Units are subject to vesting or forfeiture rights or repurchase by the Company.

(d) Except as set forth in **Schedule 2.2(d)**, the Company has not made any investment and does not hold or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, limited liability company, association or other business entity. Except as set forth in **Schedule 2.2(d)**, each Subsidiary of the Company is owned, directly or indirectly, 100% by the Company and there are no outstanding subscriptions, options, warrants, commitments, preemptive rights, agreements, arrangements or commitments of any kind relating to the issuance or sale of, or outstanding securities convertible into or exercisable or exchangeable for, any shares of capital stock of any class or other equity interests of any such Subsidiary. Each Subsidiary of the Company is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, with full corporate power and authority to conduct its business as is now being conducted and to own or use the properties and assets that it purports to own or use. Each Subsidiary of the Company is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it or the nature of the activities conducted by it makes such qualification or licensing necessary.

2.3 Authorization; Execution & Enforceability; No Breach.

(a) The execution, delivery and performance of this Agreement and each Ancillary Agreement by the Company and the consummation of the Transactions contemplated hereby and thereby are within its power and have been duly and validly authorized by all necessary limited liability company action on the part of the Company and, other than receipt of the Unitholder Approval (as defined below), no further limited liability company action is required on the part of the Company to authorize this Agreement and any Ancillary Agreements to which it is a party and the Transactions contemplated hereby and thereby. This Agreement and each Ancillary Agreement has been duly executed and delivered by the Company, and (assuming due authorization, execution and delivery by the other parties hereto) constitutes the valid and binding obligation of the Company, enforceable against the Company, in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in an Action at law or in equity). The affirmative vote by the holders of at least a majority of the outstanding Units (the "**Unitholder Approval**") is the only approval of holders of Equity Equivalents that is necessary to consummate the Mergers and the Transactions contemplated hereby under the MD LLC Act and the Company's organizational documents.

(b) Except for the filing of the Articles of Merger and the filings, applications, submissions, notices and approvals required under State and Local Cannabis Laws and the filing of a premerger notification and report form under the HSR Act and the expiration or early termination of the applicable waiting period thereunder, no filing with or notice to, and no permit, authorization, registration, consent or approval of, any Governmental Entity is required on the part of the Company for the execution, delivery and performance by the Company of this Agreement or any Ancillary Agreement to which it is or will be a party nor the consummation of the Transactions contemplated hereby or thereby.

(c) Neither the execution, delivery nor performance by the Company of this Agreement or any Ancillary Agreement to which it is or will be a party, nor the consummation of the Transactions contemplated hereby or thereby, will (i) result in a breach or infringement of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the passage of time, the giving of notice or both), (iii) result in the creation of any Lien (except for a Permitted Lien), (iv) give any third party the right to modify, cancel, terminate, suspend, revoke or accelerate or increase any obligation under, (v) result in a violation of, (vi) require the Consent, notice or other action by any third party under or (vii) create in any third party the right to terminate, modify, accelerate, cancel or change any right or obligation or deny any benefit arising under (A) the organizational documents of the Company, (B) any Law to which the Company is subject or (C) any Contract to which the Company is subject.

2.4 Financial Statements.

(a) **Schedule 2.4(a)** sets forth true, complete and correct copies of (i) the consolidated balance sheet of the Company and its Subsidiaries as of December 31, 2018 (audited) and December 31, 2019 (unaudited) and the related statements of income, cash flows and members' equity for the respective years then ended, and (ii) the unaudited consolidated balance sheet (the "**Recent Balance Sheet**") of the Company and its Subsidiaries as of November 30, 2020 (the "**Recent Balance Sheet Date**") and the unaudited statements of income, members' equity and cash flows of the Company and its Subsidiaries for the eleven (11) month period then ended. Collectively, the financial statements referred to in the immediately preceding sentence are sometimes referred to herein as the "**Financial Statements.**" The Financial Statements (including the notes thereto, if any) have been prepared from, and are materially consistent with, the books and records of the Company and its Subsidiaries, and fairly present in all material respects the financial condition of the Company and its Subsidiaries taken as a whole as of the dates thereof, and the results of operations and cash flows for the periods then ended.

(b) The Company has established and adhered to a system of internal accounting controls that are designed to provide reasonable assurance regarding the reliability of financial reporting. There has never been any fraud that involves any of the management or other employees of the Company who have a role in the preparation of financial statements or the internal accounting controls used by the Company, or (iii) any claim or allegation regarding any of the foregoing.

(c) **Schedule 2.4(c)** sets forth a list of all Company Debt as of the date of this Agreement and identifies for each item of such Company Debt the outstanding principal and accrued but unpaid interest as of the date of this Agreement.

2.5 Absence of Undisclosed Liabilities. Except as set forth on **Schedule 2.5**, the Company has no Liabilities, except for (a) Liabilities set forth on the Recent Balance Sheet (or notes thereto), or (b) Liabilities that have arisen after the Recent Balance Sheet Date in the Ordinary Course of Business, and are not, individually or in the aggregate, material in amount, none of which is a Liability resulting from noncompliance with any applicable Law or Permits, breach of contract, breach of warranty, tort, infringement, misappropriation, dilution or Action.

2.6 Absence of Changes.

(a) Since the Recent Balance Sheet Date through the Closing Date, there has not been any result, occurrence, fact, change, event or effect which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on **Schedule 2.6(b)**, since the Recent Balance Sheet Date through the Closing Date, the Company has operated in the Ordinary Course of Business and without any material change of policy or procedure, and the Company has not:

(i) incurred or suffered any material loss, damage, destruction or other casualty to any material portion of the assets, properties or rights used or held by the Company, whether or not covered by insurance;

(ii) mortgaged, pledged or subjected to any Lien any of the assets of the Company, except for Permitted Liens;

(iii) entered into, terminated (other than at its stated expiration date), amended in any material respect, suspended or canceled any Material Contract or Permit outside the Ordinary Course of Business;

(iv) sold, transferred or otherwise disposed of any material assets or rights of the Company, other than sales, transfers or other dispositions made in the Ordinary Course of Business;

(v) (A) cancelled or waived any material claim or right or (B) settled or compromised any material Actions;

(vi) incurred any material capital expenditures;

(vii) entered into any employment, retention, severance, consulting, or similar Contract with any Employee, or authorized or granted any increase in the compensation or benefits of any Employee (other than changes to the Employee Benefit Plans), whose fixed and/or variable compensation in the aggregate is in excess of \$150,000 annually; or

(viii) made any change in any method of accounting or accounting practice, including, without limitation, its practices in connection with the treatment of expenses, Accounts Receivable, accounts payable or valuations of inventory.

2.7 Assets.

(a) The Company has good and valid title to, a valid leasehold interest in, or a valid license or other contractual right to use the properties and assets, tangible or intangible, shown on the Recent Balance Sheet or acquired thereafter (the “**Business Assets**”), free and clear of all Liens, other than any Permitted Liens. Except as set forth on **Schedule 2.7(a)**, each Business Asset, as applicable, is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to reasonable wear and tear) and is suitable for the purposes for which it is presently used. The Business Assets constitute all of the assets, rights and properties necessary, and are sufficient, for the conduct of the business of the Company as currently conducted. Except as set forth on **Schedule 2.7(a)**, all properties used in the operations of the Company are reflected in the Recent Balance Sheet to the extent required by GAAP.

(b) **Schedule 2.7(b)** lists all machinery, equipment, tools, furniture, fixtures, leasehold improvements, office equipment, motor vehicles, mobile equipment, rolling stock and other items of depreciable (or fully depreciated) tangible personal property owned by the Company with a net book value in excess of \$100,000. **Schedule 2.7(b)** also lists all items of personal property leased or subleased to the Company and identifies the applicable Contract with respect thereto.

2.8 Tax Matters.

(a) The Company has duly and timely filed all income and other material Tax Returns required to be filed by or with respect to it under applicable Laws, and all such Tax Returns are true, complete and correct in all material respects and have been prepared in compliance with all applicable Laws.

(b) The Company has paid all Taxes due and owing by it (whether or not such Taxes are related to, shown on or required to be shown on any Tax Return), and has properly and timely withheld or deducted and paid over to the appropriate Taxing Authority all Taxes which it has been required to withhold or deduct from amounts paid or owing or deemed paid or owing or benefits given to any Employee, equityholder, member, creditor or other third party.

(c) The Company is not currently the beneficiary of any extension of time within which to file any Tax Return or pay any Taxes, which extension is still in effect (other than valid automatic extensions received in the Ordinary Course of Business).

(d) The Company has not (i) waived any statute of limitations with respect to any Taxes or Tax Returns of the Company or (ii) consented in writing to any extension of time with respect to any Tax assessment or deficiency of the Company, which waiver or extension of time is currently in effect. The Company has not granted any powers of attorney concerning any Taxes or Tax Returns, which powers of attorney are still in effect.

(e) No Tax audits, investigations, actions, or assessments or administrative or judicial Actions are, within the Knowledge of the Company, pending or threatened with respect to the Company, and there are no matters under discussion, audit or appeal with any Taxing Authority with respect to Taxes or Tax Returns of the Company.

(f) There are no Liens for Taxes on any of the assets of the Company, other than Liens for Taxes not yet due and payable.

(g) No claim has ever been made by a Taxing Authority in a jurisdiction where the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction, which claim has not been resolved.

(h) The Company (i) has never been a member of any affiliated group (other than any such group the common parent of which is the Company) filing or required to file a consolidated, combined, unitary, or other similar Tax Return, (ii) has no Liability for the Taxes of any Person other than itself under Section 1.1502-6 of the Treasury Regulations (or any similar provision of U.S. state or local or non-U.S. Law), as a transferee or successor, by Contract or otherwise, (iii) is not party to or bound by and does not have any obligations under any Tax allocation, Tax sharing, Tax indemnification or other similar Contract and (iv) is not party to any Contract or arrangement to pay, indemnify or make any payment with respect to any Tax liabilities of any stockholder, member, manager, director, officer or other employee or contractor of the Company or any Unitholder.

(i) Since the Recent Balance Sheet Date, the Company has not made any material change (or filed for or requested any change) in financial or Tax accounting methods or practices or made, changed, revoked or modified any material Tax election, filed any amended Tax Return, settled or compromised any Tax liability, voluntarily approached any Taxing Authority in respect of any Taxes or Tax Returns relating to a prior Tax period (including through any voluntary disclosure process), consented to any claim or assessment related to any Taxes, entered into any closing or other agreement (including any extension or waiver of any statute of limitations) with any Taxing Authority with respect to any Taxes or Tax Returns, or changed its fiscal or Tax year; provided, however, that the Company shall be permitted to elect to be taxed as a C corporation.

(j) The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, (ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date, (iii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law) executed prior to the Closing, (iv) intercompany transaction or excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local or non-U.S. Tax Law), (v) installment sale or open transaction disposition made prior to the Closing, (vi) prepaid amount or advance payment received on or prior to the Closing Date, or (vii) election under Section 108(i) of the Code (or any corresponding provision of state, local, or non-U.S. Law).

(k) The Company has not been a resident for Tax purposes in any jurisdiction, other than the jurisdiction of its formation, nor has the Company had any branch, agency, permanent establishment or other taxable presence in any non-U.S. jurisdiction.

(l) The Company was validly classified as either a disregarded entity or as a partnership for income Tax purposes at all times since its formation and, with respect to Green Leaf Medical, LLC, through the end of the date immediately preceding the effective date of its "check the box" election. Green Leaf Medical, LLC has been validly classified as an association taxable as a C corporation for income Tax purposes at all times since effective date of its "check the box election".

(m) The Company has not engaged in any “listed transaction” within the meaning of Sections 6111 and 6112 of the Code or any similar provisions of U.S. state or local or non-U.S. Law.

(n) The Company has not requested or received a written ruling from any Taxing Authority or signed any binding agreement with any Taxing Authority.

(o) The Company has duly collected all amounts on account of any transfer taxes, including goods and services, harmonized sales and state, provincial or territorial sales taxes, required by applicable Laws to be collected by it and has duly and timely remitted to the appropriate Taxing Authority any such amounts required by Law to be remitted by it.

(p) Schedule 2.8(p) lists all Tax Returns filed with respect to the Company for taxable periods ended on or after December 31, 2016, identifies those Tax Returns that have been audited, and identifies those Tax Returns that currently are the subject of audit. The Company has delivered to the Buyer correct and complete copies of all income and other material Tax Returns, examination reports and statements of deficiencies assessed against or agreed to by the Company for taxable periods ended on or after December 31, 2016.

(q) No property owned by the Company (i) is “tax-exempt use property” within the meaning of Section 168(h)(1) of the Code; (ii) directly or indirectly secures any debt the interest of which is tax-exempt under Section 103(a) of the Code; (iii) is “tax-exempt bond financed property” within the meaning of Section 168(g) of the Code; (iv) is “limited use property” within the meaning of Rev. Proc. 76-30 or Rev. Proc. 2001-28; (v) is subject to Section 168(g)(1)(A) of the Code; or (vi) is subject to any provision of Tax Law comparable to any of the provisions listed above. No property owned by the Company is (i) required to be treated as being owned by another person pursuant to the so-called “safe harbor lease” provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended; (ii) subject to a lease under Section 7701(h) of the Code or under any predecessor section; or (iii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

(r) The Company (i) has not applied for, and has not received, any loan or other financial assistance under the CARES Act or the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139), or (ii) has so applied for, or received, any such loan or other financial assistance and was eligible to make such application or receive such loan or other financial assistance, undertook its analysis to determine its eligibility and to make certifications regarding necessity in good faith, and has complied with all applicable conditions (including to maintain eligibility for any available loan forgiveness).

2.9 Contracts. Schedule 2.9 sets forth an accurate and complete list (by each applicable subsection referenced below in this Section 2.9) of each of the following Contracts to which the Company is a party or by which the Company is otherwise bound:

(i) any Contract providing for (A) payment by any Person to the Company in excess of \$100,000 annually or (B) the purchase of products or services by the Company from any Person in excess of \$100,000 annually;

(ii) any Contract entered into with a customer since December 31, 2018 under which the customer placed an individual order for any products and/or services providing for payments to the Company in excess of \$100,000;

(iii) any Contract requiring a single capital expenditure of greater than \$100,000;

(iv) any Contract that involves non-cancelable commitments to make capital expenditures in excess of \$100,000 annually;

(v) any Contract establishing any joint ventures, strategic alliance, partnership, sharing of profit arrangement, and minority equity investments;

(vi) (A) any Contract for the employment or service of any officer, individual Employee or individual service provider or providing for the payment of any severance, retention, or Change in Control Payment or (B) any other Person providing for (with respect to either clause (A) or (B)) (x) fixed and/or variable compensation in the aggregate in excess of \$100,000 annually or (y) commission based arrangements;

(vii) any Government Contract;

(viii) any Contract or indenture relating to borrowed money or other Company Debt or the mortgaging, pledging or otherwise placing a Lien on any asset (tangible or intangible) or any letter of credit arrangements, or any guarantee therefor;

(ix) any Contract or indenture under which the Company has (A) created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) Company Debt, (B) granted a Lien (other than a Permitted Lien) on its properties or assets, whether tangible or intangible, to secure such Company Debt or (C) extended credit to any Person (including any loan or advance);

(x) any Contract under which the Company is a (A) lessee of or holds or operates any personal property, owned by any other Person or (B) lessor of or permits any other Person (other than the Company) to hold or operate any personal property owned or controlled by it;

(xi) any collective bargaining agreement, labor peace agreement or any other Contract with any labor union, works council, trade association or other agreement or Contract with any employee organization;

(xii) any (A) license, royalty, indemnification, covenant not to sue, escrow, co-existence, concurrent use, consent to use or other Contract, in each case, relating to any Intellectual Property Rights (including any Contracts relating to the licensing of Intellectual Property Rights by the Company to a third party or by a third party to the Company) and (B) other Contracts affecting the Company's ability to own, enforce, use, license, or disclose any Intellectual Property Rights (clauses (A) and (B), collectively, "**IP Licenses**"), provided that "shrink-wrap" software and "shrink-wrap" software licenses ("**Off-the-Shelf Software Licenses**") shall not be required to be set forth on **Schedule 2.9**;

(xiii) any agent, sales representative, referral, marketing or distribution agreement;

(xiv) any Contract that limits the ability of the Company to engage in any line of business or that contains a covenant not to compete applicable to the Company;

(xv) any Contract that contains "most favored nations" pricing terms or grants to any customer, supplier or vendor any right of first offer or right of first refusal or exclusivity or any similar requirement;

(xvi) any Contract that contains any "non-solicitation," "no hire" or similar provisions which restrict the Company from soliciting, hiring, engaging, retaining or employing any other Person's current or former employees;

(xvii) any settlement, conciliation or similar agreement entered into in the past three (3) years or under which there are continuing obligations or Liabilities on the part of the Company;

(xviii) any Contract for the disposition of any portion of the assets or business of the Company (other than sales of products in the Ordinary Course of Business) or for the acquisition by the Company of the assets or business of any other Person (other than purchases of inventory or components in the Ordinary Course of Business);

(xix) any Contract wherein or whereby the Company has agreed to, or assumed, any obligation or duty to indemnify, reimburse, hold harmless, guarantee, or otherwise assume or incur any obligation or liability and such obligation or duty is uncapped or otherwise not limited (including by reference to standard of conduct) or provides a right of rescission;

(xx) any Contract between or among the Company, on the one hand, and any Unitholder or any of its Affiliates (other than the Company), on the other hand, or any Contract between the Company, on the one hand, and any current officer, director, manager or Employee of the Company (other than employment and employment-related Contracts made in the Ordinary Course of Business), on the other hand;

(xxi) any powers of attorney granted by the Company;

(xxii) any Contract pursuant to which the Company subcontracts work to a third party in connection with its Business;

(xxiii) any material Contract not entered into in the Ordinary Course of Business; and

(xxiv) any commitment or arrangement to enter into any of the foregoing.

(b) (i) Each of the Contracts set forth or required to be set forth on Schedule 2.9 and each of the Real Property Leases (collectively, the “**Material Contracts**”) is in full force and effect and constitutes a valid, binding and enforceable obligation of the Company and the other parties thereto, (ii) the Company is not or is not alleged to be in breach of or default in any material respect under any Material Contract, and (iii) no counterparty is in breach of or default in any material respect under any Material Contract. The Company has not received notice of an intention by a counterparty to a Material Contract to terminate such Contract or amend the terms of such Contract, other than in the Ordinary Course of Business. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. The Company has not waived any material rights under any Material Contract. The Company has provided the Buyer (x) a true, complete and correct copy of each written Material Contract, together with all amendments, waivers or other changes thereto and (y) a true, complete and correct description of the terms and conditions of each oral Material Contract.

2.10 Intellectual Property Rights.

(a) Schedule 2.10(a) sets forth (with the application number/date, registration number/date, next deadline, title or mark, country or other jurisdiction and owner(s), as applicable) a complete and accurate list of all Owned IP that is registered, patented, or the subject of a pending application (“**Registered Owned IP**”). All Owned IP, including the Registered Owned IP, is valid, subsisting and enforceable. The Owned IP and Licensed Intellectual Property constitute all Intellectual Property Rights used in or necessary to conduct the Business as currently conducted. The Intellectual Property Rights owned and, except for Off-the-Shelf Software Licenses, the Intellectual Property Rights used by the Company immediately prior to the Closing will continue to be owned or available for use by the Company on identical terms and conditions immediately after the Closing.

(b) No Action is or has been pending or threatened in writing that challenges the legality, validity, enforceability, use or ownership of any item of Owned IP or that alleges that the operation of the Business infringes, violates or misappropriates the Intellectual Property Rights of any Person. No operations of the Company or any product, ingredient or process that is used, manufactured, sold or distributed by or for the Company, as such operations are conducted or as such product, ingredient or process is used, manufactured, sold or distributed has infringed, violated or misappropriated the Intellectual Property Rights of any Person. No Person is infringing, violating or misappropriating any Owned IP. The Company is not subject to any Order that limits the Company’s right to use or enforce the Owned IP, other than any limitations set forth in any registration or application for Owned IP.

(c) To the Company's Knowledge, the Company (i) exclusively owns and possesses, free and clear of all Liens, other than Permitted Liens, all right, title and interest in and to the Owned IP; and (ii) has the right to use all other Business IP pursuant to a license that is valid and enforceable.

(d) Each Employee and contractor of the Company that has made a contribution to the development of any Owned IP either (i) has entered into a Contract pursuant to which such Person has assigned to the Company all Intellectual Property Rights and inventions (whether patentable or unpatentable) such Person has conceived, created, authored, developed, or invented in connection with such contribution and which such contract is valid and binding, or (ii) developed such development as a "work made for hire" for the Company or in other circumstances under which, by operation of Law, the Intellectual Property Rights in such development are owned by the Company.

2.11 Litigation. Except as set forth in **Schedule 2.11(a)**, (a) there have been no Actions (i) pending or, to the Knowledge of the Company, threatened against or affecting the Company or its assets, properties or rights or against any of its directors, managers, officers or employees (in each case, in their capacity as such) or (ii) initiated or, to the Knowledge of the Company, threatened by or on behalf of the Company, and (b) there have been no outstanding Orders to which the Company or any of its Affiliates is a party or to which the Company or any of its Affiliates or its or their assets or properties is or are bound. No event has occurred or circumstances exist that would be reasonably expected to give rise to, or serves as a basis for, any such Action or Order.

2.12 Labor Matters.

(a) **Schedule 2.12(a)** sets forth a list of, as of the Agreement Date, (i) all current Employees with the country, state and city/town in which the Employee normally works, (ii) the employer, position, date of hire, current annual rate of compensation (or with respect to Employees compensated on an hourly or per diem basis, the hourly or per diem rate of compensation), including any bonus, contingent or deferred compensation, and estimated or target annual incentive compensation of each such person, and (iii) the current total annual compensation of such person (including any bonus, contingent or deferred compensation). **Schedule 2.12(a)** also contains a complete and accurate list of all of the individual independent contractors, consultants, temporary employees or leased employees of the Company ("**Contingent Workers**") as of the Agreement Date, showing for each Contingent Worker such individual's role in the business, fee or compensation arrangements, notice requirements to terminate the agreement, and other contractual terms with the Company.

(b) To the Company's Knowledge, to the extent that any Contingent Workers are used, the Company has properly classified and treated them in accordance with applicable Laws and for purposes of all wage, hour, classification and Tax Laws and Employee Benefit Plans and perquisites. The Company currently classifies and has properly classified each of its employees as exempt or non-exempt for the purposes of the Fair Labor Standards Act and state, local and foreign wage and hour Laws, and is and has been otherwise in compliance with such Laws.

(c) Except as set forth on **Schedule 2.12(c)**, the Company is not a party to or otherwise bound by any collective bargaining agreement, labor peace agreement or relationship with any labor union, works council, trade association or other employee organization (collectively, “**Union**”) and, to the Company’s Knowledge, no Union organizational or decertification activities are currently underway or threatened. There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, picket, unfair labor practice charges, grievances or other similar labor dispute affecting the Company or any of its Employees. The Company has no contractual duty to bargain with any Union. The Company: (i) has not experienced any strikes, work stoppages, walkouts or other material labor disputes and no such dispute is pending or, to the Company’s Knowledge, threatened, (ii) has not committed any material unfair labor practice, (iii) has not implemented any plant closing or layoff of Employees that could implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar foreign, state, provincial or local plant closing or mass layoff Law or (v) has not been subject to any material pending or, to the Company’s Knowledge, threatened, employment-related Action in any forum, relating to an alleged violation or breach by the Company, or any of its officers or directors of any Law, regulation or Contract, and neither the Company nor its employees, officers, directors or agents have committed any act or omission giving rise to material Liability for any violation or breach identified in this **Section 2.12(c)**.

(d) The Company has paid all wages, salaries, wage premiums, bonuses, vacation pay, commissions, fees, and other compensation due and payable to its current and former employees and Contingent Workers pursuant to applicable Law, Contract or policy, and no current or former Contingent Workers may claim status as an employee or payment of any benefits or entitlements, including any unpaid employment tax or government contribution or benefit, as an employee of the Company.

(e) Except as set forth on **Schedule 2.12(e)**, no officer, group of employees or Contingent Workers of the Company (including salespersons) has informed the Company in writing of any plan to terminate employment with or services for the Company, and, to the Company’s Knowledge, no such person or persons has any plans to terminate employment with or services for the Company, in either case, within the first twelve (12) months following the Closing Date.

(f) The Company is and has been in compliance in all material respects with all Laws relating to employment or the workplace, including provisions relating to wages, hours, employee classification, collective bargaining, safety and health, work authorization, equal employment opportunity, immigration, U.S. or foreign visa requirements, unemployment compensation, worker’s compensation, employee privacy and right to know and discrimination against race, color, national origin, religious creed, physical or mental disability, sex, age, ancestry, medical condition, marital status, sexual orientation or other ground protected by applicable Law. No investigation by any Governmental Entity of the employment policies or practices of the Company is pending or, to the Company’s Knowledge, threatened. No litigation, arbitration or administrative proceeding is pending or, to the Company’s Knowledge, threatened against the Company relating to its employment policies or practices. During the past five (5) years, the Company has not been a party to a settlement agreement with a current or former employee that relates primarily to allegations of sexual harassment or sexual misconduct. During the past five (5) years no allegations of sexual harassment or sexual misconduct have been made against any officer, director or employee of the Company in his or her capacity as an officer, director or employee of the Company, except as set forth on **Schedule 2.12(f)**.

2.13 Employee Benefits.

(a) **Schedule 2.13(a)** sets forth a true, complete and correct list of each (i) “employee benefit plan” (as such term is defined in Section 3(3) of ERISA, whether or not subject to ERISA), and each other medical, dental, life insurance, equity or equity-based compensation, stock option, stock purchase, employee stock ownership, bonus or other incentive compensation, employment, consulting, profit sharing, disability, fringe benefit, salary continuation, severance, change in control, retention, retirement, pension, deferred compensation, vacation, sick pay or paid time off plan, program, arrangement or policy, and each other benefit or compensation plan, policy, agreement (including employment and consulting agreements), program or arrangement, whether oral or written, funded or unfunded, that the Company maintains, sponsors, contributes to or is required to contribute to, or under or with respect to which the Company has any current or potential Liability, including on account of an ERISA Affiliate, (each, an “**Employee Benefit Plan**” and collectively, the “**Employee Benefit Plans**”).

(b) With respect to each Employee Benefit Plan, the Company has provided true, complete and correct copies of, as applicable: (i) the current plan and trust documents, or, if terminated, within the preceding three years, the plan document and trust as of the plan termination date, with all amendments thereto (or for each Employee Benefit Plan that is not written, a description thereof); (ii) the most recent summary plan description and all related summaries of material modifications; (iii) the most recent determination or opinion letter received from the IRS; (iv) the three (3) most recent annual reports (Form 5500-series, with all applicable schedules and attachments); (v) all current related insurance Contracts, other funding arrangements and administrative services agreements; (vi) all material notices or correspondence from or with any Governmental Entity since December 31, 2017; and (vii) all other material documents pursuant to which such Employee Benefit Plan is maintained, funded and administered.

(c) Each Employee Benefit Plan has been established, maintained, funded and administered in all material respects in accordance with its terms and in compliance with all applicable requirements of ERISA, the Code and all other applicable Laws. To the Company’s Knowledge, the Company and each Person that at any relevant time could be, is or has been treated as a single employer with the Company under Section 414 of the Code (each, an “**ERISA Affiliate**”) have complied and are in compliance with the requirements of Part 39 of Subtitle B of Title I of ERISA, Section 4980B of the Code, and any similar state Laws (“**COBRA**”).

(d) To the Company’s Knowledge, each Employee Benefit Plan that is intended to be “qualified” under Section 401(a) of the Code either has received a current favorable determination from the IRS or may rely upon a current favorable opinion letter from the IRS that such Employee Benefit Plan is so qualified, and nothing has occurred that could adversely affect the qualification of such Employee Benefit Plan.

(e) To the Company’s Knowledge, with respect to each Employee Benefit Plan, all contributions, distributions, reimbursements and payments that are due have been made within the time periods prescribed by the terms of each Employee Benefit Plan, ERISA, the Code and other applicable Laws, and all contributions, distributions, reimbursements or payments for any period ending on or before the Closing Date that are not yet due have been made or properly accrued. No Employee Benefit Plan has any unfunded Liability not accurately reflected on the Financial Statements.

(f) To the Company's Knowledge, with respect to each Employee Benefit Plan, (i) the Company has not engaged in any non-exempt "prohibited transactions" (as defined in Section 406 of ERISA or Section 4975 of the Code), (ii) to the Knowledge of the Company, no "fiduciary" (as defined under ERISA) has any Liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of such Employee Benefit Plan, and (iii) no Proceeding (other than routine claims for benefits) is pending or, to the Company's Knowledge, threatened, and there are no facts that would give rise to or could reasonably be expected to give rise to any such Proceeding.

(g) To the Company's Knowledge, the Company has correctly classified those individuals performing services for the Company as common law employees, leased employees, exempt or non-exempt employees, independent contractors or agents of the Company, as the case may be, and the Company has no Liability for improper classification of any such individual, including for unpaid overtime or by reason of an individual who performs or performed services for the Company in any capacity being improperly excluded from participating in an Employee Benefit Plan.

(h) Except as set forth on **Schedule 2.13(h)**, the consummation of the Transactions, alone, or in combination with any other event, shall not (i) entitle any current or former employee or other individual service provider of the Company (or the beneficiaries of such individuals) to any severance, change in control, retention, or other payment or benefit under any Employee Benefit Plan or otherwise or (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation or benefits due to any such employee or other individual service provider (or their beneficiaries), or otherwise give rise to any obligation to fund or any Liability under any Employee Benefit Plan or otherwise. Except as contemplated under **Section 4.7**, no amount that could be received (whether in cash, property or the vesting of property, or any form of benefit) as a result of the execution of this Agreement or the consummation of the transactions contemplated hereby (either alone or upon the occurrence of any subsequent termination of employment) would result, separately or in the aggregate, in the payment of an "excess parachute payment" within the meaning of Section 280G of the Code or an amount that would be subject to an excise tax under Section 4999 of the Code.

2.14 Compliance with Laws; Permits.

(a) Except with respect to federal Laws relating to the manufacture, use, possession, cultivation, and distribution of cannabis, its cannabinoids, and cannabimimetic agents (including, without limitation, the Controlled Substances Act), the Company is and has been, in all material respects, in compliance with all Laws of any Governmental Entity applicable to the Company. With the exception of immaterial deficiencies that have previously been remedied and except as set forth on **Schedule 2.14(a)**, (i) the Company has not received any written notice from a Governmental Entity that alleges it is not in compliance with any Law and (ii) the Company has not been subject to any adverse inspection, finding, investigation, penalty, assessment, audit or other compliance or enforcement action.

(b) The Company holds and is, and has been, in compliance with all Permits required for the conduct of the Business and the ownership of its assets and properties. **Schedule 2.14(b)** sets forth an accurate and complete list of all of such Permits (collectively, the “**Company Permits**”), including with respect to each Company Permit: (i) the operations, activities, locations and/or facilities authorized, covered by, or subject to such Company Permit; (ii) the issuer of such Company Permit; (iii) the expiration or renewal date for such Company Permit and (iv) any conditions provided in such Company Permit. All conditions of or restrictions on such Company Permits that may materially affect the ability to perform any cannabis related activity authorized by the Laws of the states and municipalities in which the Company operates, whether or not embodied in the Company Permit, are disclosed in **Schedule 2.14(b)**. Each Company Permit is in full force and effect, and is not subject to any pending or, to the Company’s Knowledge, threatened administrative proceeding to revoke, cancel, suspend or declare such Permit invalid. The Company has not violated a material term of any Company Permit or a material condition under which any Company Permit was granted. All renewals for the Company Permits have been timely applied for and no event or circumstance has occurred or exists that would prohibit or prevent the re-issuance to the Buyer or the Company of any of the Company Permits. All fees and charges with respect to such Company Permits as of the Agreement Date have been paid in full and will be paid through the Closing Date.

(c) Except as set forth on **Schedule 2.14(c)**, (i) the Company has not received any written notice from any Governmental Entity having jurisdiction over its operations, activities, locations, or facilities, of (A) any material deficiencies or violations of, or (B) any material remedial or corrective actions required in connection with, any Company Permits or their renewal, (ii) no Action is being or has been, to the Company’s Knowledge, threatened in writing which (1) could reasonably be expected to result in the issuance of any such notice or (2) could prevent or impair the operations and activities engaged in pursuant to such Company Permits, and (iii) to the Company’s Knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Company Permits. Without limiting the foregoing, neither the Company nor any Affiliate of the Company has made any bribe, rebate, payoff, influence payment, kickback or other payment unlawful under any applicable Law.

(d) The Company’s activities have been and are being conducted in a manner consistent with the following priorities: (i) preventing the distribution of marijuana to minors (except to the extent permitted under applicable state law); (ii) preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; (iii) preventing the diversion of marijuana from states where it is legal under state law in some form to other states; (iv) preventing state-authorized marijuana activity from being used as a cover or pretext for trafficking of other illegal drugs or other illegal activity; and (v) preventing violence in the cultivation and distribution of marijuana.

(e) Any Person who is required to have a Permit under applicable law or regulation to provide any cannabis or cannabis-related services for which the Company has hired or engaged with such Person (the “**Licensed Providers**”) has all Permits necessary for the conduct of their business activities involving the Company. Except as set forth on **Schedule 2.14(e)**, (i) the Company has not received any notice from any Governmental Entity having

jurisdiction over the Licensed Providers' operations, activities, locations, or facilities, of (A) any deficiencies or violations of, or (B) any remedial or corrective actions required in connection with any Permit held by a Licensed Provider or their renewal, and (ii) to the Company's Knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit held by a Licensed Provider necessary for its cannabis or cannabis-related activities and operations involving the Company.

(f) To the Company's Knowledge, the Company's Affiliates and Securityholders have complied with all restrictions on ownership, control and participation in the Company and its Business under all applicable State and Local Cannabis Laws and have made no false statement, representation or omission to any Governmental Entity in connection with the Company, its Business, or its Permits.

2.15 Real Property.

(a) **Schedule 2.15(a)** sets forth the address of each parcel of real property that is owned by the Company (the "Owned Real Property"), and a true and complete list of all real property deeds evidencing ownership of such Owned Real Property. The Owned Real Property is maintained in a manner consistent with standards generally followed with respect to similar properties, and is otherwise suitable for the conduct of the business of the Company as presently conducted in all material respects. The Closing will not affect the continued use and possession of the Owned Real Property by the Company for the conduct of the business as presently conducted. Neither the operation of the Company on the Owned Real Property nor such Owned Real Property, including the improvements thereon, violate in any material respect any applicable building code, zoning requirement or statute relating to such property or operations thereon. The Company has good, clear, record and marketable title to all Owned Real Property, free and clear of all Liens, Liabilities, encumbrances and title exceptions or claims other than (i) Liens for Taxes not yet due and payable, (ii) zoning Laws, and (iii) utility easements and other of record easements that will not impair or prohibit the use of the Owned Real Property for the cultivation, processing and handling of cannabis and cannabis-related products.

(b) Except as set forth on **Schedule 2.15(b)**, (i) the Company is not a party to or bound by any agreement providing another Person with the right to purchase, lease, or sublease from the Company any Owned Real Property or any portion thereof and there are no options, right of first offer, or rights of first refusal related thereto; (ii) the Company has not leased, subleased, or otherwise granted to any Person the right to use or occupy any Owned Real Property or any portion thereof; and (iii) the Company is not a party to or bound by any agreement providing the Company with the right or obligation to purchase from another Person any real property or any interest in real property.

(c) Except as set forth on **Schedule 2.15(c)**, there is no debt associated with the Owned Real Property.

(d) **Schedule 2.15(d)** sets forth a true, correct and complete list of all real property leased or licensed by the Company, whether as lessee or lessor (the "**Leased Real Property**"), each Contract relating to the use and/or occupancy of such Leased Real Property, including all leases, subleases, agreements to lease or other occupancy agreements (written or oral) entered into by the Company, lease guarantees, tenant estoppels, subordinations, non-disturbance and attornment agreements, including all amendments thereto, and all condominium documents and service agreements relating thereto (the "**Real Property Leases**"). **Schedule 2.15(d)** also lists (i) the street address of each Real Property Lease parcel; (ii) the landlord under the lease, the rental amount currently being paid, and the expiration of the term of such lease or sublease for each leased or subleased property; and (iii) the current use of such property. The Company has a valid and enforceable leasehold interest in all its Leased Real Property reflected in the Financial Statements or acquired after the Recent Balance Sheet Date. To the Company's Knowledge, all such properties (including leasehold interests) are free and clear of all Liens, other than Permitted Liens.

(e) The Company has delivered or made available to Buyer true, complete and correct copies of all Real Property Leases. Each Real Property Lease is in full force and effect; all rents and additional rents due to date on each Real Property Lease have been paid and neither the Company nor any other party to any such Real Property Lease has received notice of any breach or default or has repudiated any provision thereof. The Company has not received a notice of cancellation or termination with respect to any Real Property Lease. There exists no event that, with notice or lapse of time, or both, would constitute a breach or default by the Company or any other party thereto, under any of the Real Property Leases. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased or subleased Real Property.

(f) The Leased Real Property and the Owned Real Property (together, the "**Real Property**") comprise all of the real property used or intended to be used in, or otherwise related to, the Business. The use and operation of the Real Property in the conduct of the Business does not violate in any material respect any Law, covenant, condition, restriction, easement, license, Permit or Contract. To the Company's Knowledge, no material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than the Company. There are no Actions pending nor, to the Company's Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings. To the Company's Knowledge, neither the whole nor any material portion of any building or material improvement constituting a part of the Real Property has been damaged or destroyed by fire or other casualty. There are no concessions, inducements or work to which the Company is entitled under any Real Property Lease or that have failed to have been performed in full. The Company has not received notice of any condemnation pending or, to the Company's Knowledge, threatened affecting any Real Property. Except as set forth on **Schedule 2.15(f)**, no material construction, alteration or other leasehold improvement work with respect to any of the Company's facilities remains to be paid for or to be performed by the Company.

(g) Except as set forth on **Schedule 2.15(g)**, no Consent of any landlord or any other party is required under any Real Property Lease as the result of the Transactions contemplated hereby or to keep such Real Property Lease in full force and effect after the execution and delivery of this Agreement and the consummation of the Transactions contemplated hereby.

(h) The Company has not received notice from any Governmental Entity of any violation of any Law with respect to any of the Real Property that has not been corrected heretofore, and, to the Company's Knowledge, no such violation currently exists. All improvements necessary for the business of the Company as currently conducted and constituting part of the Real Property have been completed and are now in compliance in all respects with all applicable Laws and there are presently in effect all Permits required by Law. There is at least the minimum access required by applicable subdivision or similar Law to the Real Property. The buildings, systems and grounds that are part of the Real Property, including parking areas, have been maintained in the Ordinary Course of Business in a prudent manner. The Real Property is sufficient for the continued conduct of the business after the Closing in substantially the same manner as conducted prior to the Closing and constitutes all of the real property necessary to conduct the business of the Company as currently conducted. The Company has not received notice of any pending or, to the Company's Knowledge, threatened real estate Tax deficiency, reassessment or condemnation of all or any portion of any of the Real Property.

2.16 Environmental Matters.

(a) The operations of the Business, and all products manufactured and services provided by the Business, have been and through the Closing Date will be in compliance in all material respects with all applicable Environmental Laws and the Environmental Permits issued thereunder, if any.

(b) To the Company's Knowledge, the Company has obtained all Environmental Permits required for the Real Property or the Business, if any, and all such Environmental Permits are valid, in good standing and in full force and effect, and the Company is in compliance with all terms and conditions of such Environmental Permits. The Company has not received any written notice regarding any actual or alleged violation of or material liability under Environmental Laws. The Company has not provided or assumed an indemnity with respect to any Liabilities of any other Person arising under Environmental Laws.

(c) To the Company's Knowledge, the Company has not generated, transported, treated, stored or disposed of any Hazardous Substances at or on the Real Property or any part thereof or in any area surrounding or adjacent thereto, or on, under or at any real property previously owned, leased or licensed by the Company, in each case, except in compliance with applicable Environmental Laws, and there has been no known Release of any Hazardous Substances by any Person at or on the Real Property that requires reporting or remediation by such Person pursuant to any applicable Environmental Law. All containers for or containing Hazardous Substances used, generated or disposed of by the Company in the conduct of the Business, have been identified, dated, logged, manifested and disposed of in full compliance with and to the extent required under all applicable Environmental Laws, whether or not on property owned by the Company. To the extent the Company employs a Hazardous Substances handler (or handlers), such Persons have all certificates, licenses or other forms of authorization and other Permits required under applicable Laws. There are no pending or, to the Company's Knowledge, threatened investigations of the Business, or currently or previously owned, operated or leased property of the Company regarding violations of or liabilities under Environmental Laws.

(d) The Company has not: (i) received written notice under the citizen suit provisions of any Environmental Law; (ii) received any written request for information, notice, demand letter, administrative inquiry or written complaint or claim from any Governmental Entity under any Environmental Law; (iii) been subject to or, to the Company's Knowledge, threatened in writing with any governmental or citizen enforcement action with respect to any Environmental Law; or (iv) received written notice of any unsatisfied liability under any Environmental Law. The Company is not subject to any outstanding Order pursuant to Environmental Laws. Neither the Company, nor any of its currently or previously owned, leased, or licensed property (including the Real Property) or operations has been named as a potentially responsible party or is subject to any outstanding written order from or agreement with any Governmental Entity or other Person or is subject to any judicial or docketed administrative proceeding respecting (x) Environmental Laws, (y) Remedial Action or (z) any Environmental Liabilities. There are no known conditions or circumstances associated with the currently or previously owned or leased properties (including the Real Property) or operations of the Company which are reasonably expected to give rise to Environmental Liabilities. Neither the Company nor any of its Affiliates have received any written notice or claim to the effect that it is or is reasonably expected to be liable to any Person as a result of a Release or threatened Release or any notice letter or request for information under the Comprehensive Environmental Response, Compensation, and Liability Act.

(e) To the Company's Knowledge, no Environmental Lien, including any unrecorded Environmental Lien of which the Company has notice, has attached to any currently or previously owned or leased property of the Company or Business Asset. No officers, members, managers, directors, employees, agents or other representatives of the Company (acting in such capacity) has, directly or indirectly, made or authorized any payment, contribution or gift of money, property or services, in contravention of applicable Law, (1) as a kickback or bribe to any Person or (2) to any political organization, or the holder of or any candidate for any elective or appointive public office except for personal political contributions not involving the direct or indirect use of funds of the Company.

(f) The Company provided to the Buyer true and correct copies of all material environmental studies, audits, reviews, reports and assessments, if any, conducted by or on behalf of or in possession, custody or control of the Company bearing on Environmental Liabilities relating to the past or current operations or facilities of the Company.

2.17 Affiliate Transactions. Except as set forth on **Schedule 2.17**, (a) the Company is not a party to any contract or arrangement with, or indebted, either directly or indirectly, to any of its officers, directors, managers, Securityholders or, to the Knowledge of the Company, any of their respective relatives or Affiliates, other than (i) the compensation disclosed with respect to Employees on **Schedule 2.12(a)** and (ii) at-will employee offer letters; (b) none of such Persons is indebted to the Company, or, to the Knowledge of the Company, has any direct or indirect ownership interest in, or any contractual or business relationship with, any Person with which the Company is or was affiliated or with which the Company has a business relationship, or any Person which, directly or indirectly, competes with the Company; and (c) none of the Company's officers, directors, managers, or equityholders has any interest in any property, real or personal, tangible or intangible, including inventions, copyrights, trademarks, or trade names, used in the Business, or to the Knowledge of the Company, any supplier, distributor or customer of the Company.

2.18 Insurance. **Schedule 2.18** sets forth, as of the Agreement Date, a description of each insurance policy (each, an “**Insurance Policy**”) carried by, or maintained on behalf of, the Company. Such Insurance Policies are in full force and effect and shall remain in full force and effect following the consummation of the Transactions contemplated by this Agreement. The Company is not in default under any Insurance Policy. There are no claims under the Insurance Policies which are reasonably likely to exhaust the applicable limit of liability and the Company has reported in a timely manner all reportable events to its insurers. All premiums due and payable under the Insurance Policies have been timely paid, and the Company is in material compliance with the terms of the Insurance Policies.

2.19 Brokers. Except as set forth on **Schedule 2.19**, no broker, finder or investment banker is entitled to any brokerage commissions, finders’ fees or similar compensation in connection with the Transactions contemplated by this Agreement based on any arrangement or agreement to which the Company is a party or to which the Company is subject for which the Surviving Company, the Buyer, Merger Sub I or Merger Sub II could become obligated after the Closing.

2.20 Accounts Receivable.

(a) Except as set forth on **Schedule 2.20(a)**, and subject to established reserves as shown on the Recent Balance Sheet, all of the billed Accounts Receivable and other advances of the Company are valid and enforceable claims arising in the Ordinary Course of Business; provided, that the foregoing shall not be construed as a guarantee of such collectability.

(b) **Schedule 2.20(b)** sets forth, by payor name and amount, all billed receivables of the Company as of November 30, 2020 and includes an accurate aging of all such receivables.

(c) There are no Liens (other than Permitted Liens) on such receivables or any part thereof, and no agreement for deduction, free goods, discount or other deferred price or quantity adjustment has been made with respect to any such receivables by the Company.

2.21 Bank Accounts. **Schedule 2.21** contains a true, complete and correct list of (a) all banks or other financial institutions with which the Company has an account or maintains a lock box or safe deposit box, showing the type of each such account, lock box and safe deposit box and (b) the names of the Persons authorized as signatories thereon or to act or deal in connection therewith.

2.22 Inventory. To the Company’s Knowledge, all of the Company’s inventories, materials, and supplies consist of items of quality and quantity, in good condition and usable or salable in the Ordinary Course of Business, subject to expiration dates on the products. The values of the inventories stated in the Financial Statements reflect the Company’s normal inventory valuation policies and were determined in accordance with GAAP.

2.23 Compliance with Privacy and Security Laws.

(a) The Company has established and implemented such policies, programs, procedures, Contracts and systems, as are reasonably necessary to comply with (i) applicable state and federal laws governing the privacy and security of health information pertaining to individuals, including regulations promulgated pursuant thereto, and (ii) applicable state and federal laws governing the privacy and security of Personal Information (collectively, the “**Privacy and Security Laws**”).

(b) To the Company’s Knowledge, all Personal Information that has been collected, acquired, stored, disposed, processed, maintained, treated or otherwise used by the Company has been collected, acquired, stored, disposed, processed, maintained, treated and otherwise used in compliance with all Privacy and Security Laws, in each case to the extent applicable to the Company, and the Company’s own applicable policies and procedures related to rights of publicity, privacy, data protection, information security, or the collection, use, storage or disposal of Personal Information collection, used or held for use by the Company in the conduct of their businesses.

(c) The Company has established, and is in compliance with its human resources policies and procedures (and to the Company’s Knowledge, has been in compliance with all human resources policies and procedures) pertaining to the collection, access, storage, transfer, receipt and use of Personal Information, and, to the Company’s Knowledge, has never collected, accessed, stored, transferred, received, or used any Personal Information in a manner violative of such privacy policies, terms of use, information security policies and human resource policies and procedures. The Company has made available a true, correct, and complete copy of each Company privacy policy, terms of use, information security policy, and human resources policy pertaining to personal data in effect at any time since inception of the Company.

(d) The Company has not received a notice of noncompliance with any Privacy and Security Law, guidelines or industry standards, and no claim or proceeding has been asserted in writing or, to the Company’s Knowledge, threatened in writing against the Company alleging a violation of any Person’s rights of publicity or privacy or Personal Information or data rights. To the Company’s Knowledge, the consummation of the Mergers and the Transactions will not breach or otherwise cause any violation of any of the Company’s own applicable policies and procedures related to rights of publicity, privacy, data protection, information security, or the collection, use, storage or disposal of Personal Information collection, used or held for use by the Company in the conduct of their businesses.

(e) Except to the extent permitted under applicable state Law, the Company has not, and currently does not, market its products and services to any Persons under the age of 13, and the Company does not knowingly collect the Personal Information from any Persons under the age of 13 without express parental consent. For the avoidance of doubt, “marketing cannabis products and services to any Persons under the age of 13” shall not include providing services to a parent or designated caregiver of a minor child insofar as a state Law permits such provision of services.

(f) The Company has records of all Persons who have notified the Company of such Person’s election, available under any applicable Privacy and Security Law, not to receive any electronic communications or solicitations (“**Opt-Out Notifications**”) from the Company. The Company has used reasonable efforts to comply with all such Opt-Out Notifications.

(g) to the Company's Knowledge, the Company has in place, maintains, and complies with adequate anti-virus and malware protection, and security measures and safeguards to protect business data and Personal Information against illegal or unauthorized access or use by third parties, or access or use of such information by third parties in a manner violative of any Privacy and Security Law. To the Knowledge of the Company, no Person has gained unauthorized access to or made any unauthorized use of any trade secrets of the Company or personal data collected or received by the Company.

(h) Except as set forth on **Schedule 2.23(g)**, the Company believes itself to be in compliance with the Privacy and Security Laws. Attached to **Schedule 2.23(g)** are all consultant reports, corrective actions and plans of action for implementation of any requirements with respect to the business of the Company under the Privacy and Security Laws.

2.24 **Full Disclosure.** Neither this Agreement, the Company Disclosure Schedules, nor any certificate or document furnished or to be furnished to the Parent or the Buyer pursuant to this Agreement contains an untrue statement of a material fact or omits to state a fact necessary to make the statements contained herein or therein, in light of the circumstances under which they were made and taken as a whole, not misleading in any material respect.

SECTION 3

REPRESENTATIONS AND WARRANTIES OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II

The Parent, the Buyer, Merger Sub I and Merger Sub II hereby jointly and severally represent and warrant to the Company and the Securityholders that:

3.1 **Organization; Authority.** Each of the Buyer, the Parent, Merger Sub I and Merger Sub II is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation or organization. Each of the Parent, the Buyer, Merger Sub I and Merger Sub II has all requisite power and authority to enter into this Agreement and the Ancillary Agreements to which the Parent, the Buyer, Merger Sub I and Merger Sub II are parties, as applicable, and to perform fully its obligations hereunder and thereunder and to consummate the Transactions.

3.2 **Binding Effect.** The execution and delivery of this Agreement and the Ancillary Agreements to which the Parent, the Buyer, Merger Sub I and Merger Sub II are parties, as applicable, the performance of the obligations hereunder and thereunder and the consummation of the Mergers and the other Transactions have been duly authorized by all necessary action on the part of the Parent, the Buyer, Merger Sub I and Merger Sub II, respectively no further corporate action (including, for certainty, the approval by any of the Securityholders of the Parent) is required on the part of the Parent, the Buyer, Merger Sub I or Merger Sub II to authorize this Agreement and any Ancillary Agreements to which they are a party and the Transactions contemplated hereby and thereby. This Agreement has been, and the Ancillary Agreements to which the Parent, the Buyer, Merger Sub I and Merger Sub II are parties, as

applicable, will have been, duly executed and delivered by each of the Parent, the Buyer, Merger Sub I and Merger Sub II, as the case may be, and, assuming due authorization, execution and delivery of this Agreement and the Ancillary Agreements to which the Parent, the Buyer, Merger Sub I or Merger Sub II, as the case may be, may be a party, by the Company, this Agreement constitutes, and the Ancillary Agreements will constitute, the valid and binding obligation of the Parent, the Buyer, Merger Sub I or Merger Sub II, as the case may be, enforceable against them in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles.

3.3 No Breach; Consents. Neither the execution, delivery nor performance by the Parent, the Buyer, Merger Sub I or Merger Sub II of this Agreement or any Ancillary Agreement to which it is or will be a party, nor the consummation of the Transactions contemplated hereby or thereby, will (i) result in a breach or infringement of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the passage of time, the giving of notice or both), (iii) result in the creation of any Lien (except for a Permitted Lien), (iv) give any third party the right to modify, cancel, terminate, suspend, revoke or accelerate or increase any obligation under, (v) result in a violation of, (vi) require the Consent, notice or other action by any third party, except as required by the HSR Act or by any other Antitrust Laws or by the NEO or any other exchange on which the Parent is listed, under or (vii) create in any third party the right to terminate, modify, accelerate, cancel or change any right or obligation or deny any benefit arising under (A) the organizational documents of the Parent, the Buyer, Merger Sub I or Merger Sub II, (B) any Law to which the Parent, the Buyer, Merger Sub I or Merger Sub II is subject or (C) any Contract to which the Parent, the Buyer, Merger Sub I or Merger Sub II is subject.

3.4 Actions and Proceedings. There is no Action pending or, to the knowledge of the Parent or the Buyer, threatened against or involving the Parent or the Buyer or any of their respective directors, officers or employees in their capacities as such that in any manner challenges or seeks to prevent, enjoin, alter or delay any of the Transactions.

3.5 No Prior Operations of Merger Sub I or Merger Sub II. Each of Merger Sub I and Merger Sub II has been formed solely for the purpose of engaging in the Transactions contemplated hereby and prior to the Agreement Date will not have incurred liabilities or obligations of any nature, other than pursuant to or in connection with this Agreement and the Mergers and the Transactions.

3.6 Brokers. No broker, finder, agent or similar intermediary has acted on behalf of the Parent, the Buyer, Merger Sub I or Merger Sub II in connection with this Agreement or the Transactions, and there are no commissions, finders' fees or similar fees or commissions payable in connection therewith.

3.7 Reporting Issuer; Compliance with Laws and Exchange Filings. The Parent is a "reporting issuer" as that term is defined under applicable Canadian securities Laws in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, and the North West Territories, Yukon territory, and Nunavut. The Parent has complied, and is now complying in all

material respects, with all applicable Canadian securities Laws. The Parent does not have any confidential filings with any securities authorities. The Parent has not taken any action to cease to be a reporting issuer in any jurisdiction nor has the Parent received written notification from any Governmental Entity seeking to revoke the reporting issuer status of the Parent. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of any kind or type of the Parent that may prevent or restrict trading is pending, in effect, has been threatened in writing or, to the knowledge of the Parent, is expected to be implemented or undertaken.

3.8 Parent Shares; Capitalization. The Share Merger Consideration has been duly authorized, and upon consummation of the Transactions contemplated by this Agreement, will be validly issued, fully paid and nonassessable, and will be free of any Liens or encumbrances other than restrictions on transfer under the Lock-Up and Joinder Agreements, applicable federal and local securities Laws and Liens or encumbrances created by or imposed by a Securityholder. The issuance of the Share Merger Consideration is not and will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied.

3.9 Public Filings. The Parent has filed all documents or information required to be filed by it under applicable Canadian securities Laws (including, for certainty, the rules of the NEO Exchange and CSE) since April 26, 2019 (the “**Public Documents**”), except where failure to do so would not reasonably be expected to be, individually or in the aggregate, material to the Parent Business. None of the Public Documents, as of their respective dates, 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 under which they were made, not misleading. All of the Public Documents, as of their respective dates (and as of the dates of any amendments thereto), complied as to both form and content in all material respects with the requirements of applicable Canadian securities Laws or were amended on a timely basis to correct deficiencies identified by Securities Commissions. As of the date hereof, none of the Public Documents filed under the profile of the Parent on www.sedar.com is the subject of an ongoing review, outstanding comment or outstanding investigation by or of any Securities Commissions.

3.10 Directors and Officers. To the Knowledge of the Parent, none of the directors or officers of the Parent are now, or have ever been, subject to an order or ruling of any Governmental Entity prohibiting such individual from acting as a director or officer of a public company or of a company listed on any stock exchange or marketplace.

3.11 Resale Restrictions. The Share Merger Consideration to be issued in connection with the Transactions contemplated herein will not be subject to any statutory hold or restricted period under the securities legislation of any province or territory of Canada and, subject to restrictions contained in Section 2.6(3) of National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators and the Lock-Up and Joinder Agreements, will be freely tradable within Canada by the holders thereof.

3.12 Litigation. Except as disclosed in the Public Filings, (a) there have been no Actions pending or threatened in writing against or affecting the Parent Parties or their assets, properties or rights or against any of their directors, managers, officers or employees (in each case, in their capacity as such), and (b) there have been no outstanding Orders to which any of the Parent Parties is a party or to which any of the Parent Parties or its assets or properties is or are bound, in each case, that is or would reasonably be expected to be, individually or in the aggregate, material to the Parent Business.

3.13 Compliance with Laws; Permits.

(a) Except with respect to federal Laws relating to the manufacture, use, possession, cultivation, and distribution of cannabis, its cannabinoids, and cannabimimetic agents (including, without limitation, the Controlled Substances Act), each of the Parent Parties is and has been, in all material respects, in compliance with all Laws of any Governmental Entity applicable to it.

(b) The Parent Parties hold all material Permits required for the conduct of the Parent Business (collectively, the "Parent Permits"). Each Parent Permit is in full force and effect, and is not subject to any pending or, to the knowledge of the Parent, threatened administrative or judicial proceeding to revoke, cancel, suspend or declare such Permit invalid. No Parent Permits will in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement or any of the other agreements contemplated hereunder.

3.14 Improper Payments. To the Knowledge of Parent, no officers, members, managers, directors, employees, agents or other representatives of any Parent Party (acting in such capacity) has, directly or indirectly, made or authorized any payment, contribution or gift of money, property or services, in contravention of applicable Law, (1) as a kickback or bribe to any Person or (2) to any political organization, or the holder of or any candidate for any elective or appointive public office except for personal political contributions not involving the direct or indirect use of funds of the Parent Parties.

SECTION 4

COVENANTS OF THE PARTIES

4.1 Conduct of the Business. Unless otherwise approved in writing by the Buyer or set forth in **Schedule 4.1**, the Company will comply with, and will cause each of its Subsidiaries to comply with, the following covenants until the earlier of the Effective Time and the termination of this Agreement.

(a) The Company will, and will cause each of its Subsidiaries to:

- (i) conduct the business of the Company and its Subsidiaries in the Ordinary Course of Business;
- (ii) pay all applicable Taxes as such Taxes become due and payable;
- (iii) maintain all Permits in the Ordinary Course of Business; and

(iv) use commercially reasonable efforts to maintain and preserve the Business of the Company and its Subsidiaries, retain their officers, key employees, maintain and preserve their relationships with customers, suppliers, service providers, regulatory authorities and others having business relationships with the Company and its Subsidiaries and maintain the goodwill of the communities that are served by the Company and its Subsidiaries in a manner consistent with its normal business practices.

(b) Without limiting the generality of the foregoing, the Company will not, and will cause each of the Subsidiaries to not:

(i) amend or change the organizational documents of the Company or its Subsidiaries (including the Company Operating Agreement), except in connection with the Company's election to be taxed as C corporation;

(ii) change its method of management or operations in any material respect, other than in the Ordinary Course of Business;

(iii) dispose of, acquire or license any material assets or properties, or make any commitment to do so, other than in the Ordinary Course of Business;

(iv) (A) incur any material obligation or liability (individually or in the aggregate) other than (1) in the Ordinary Course of Business or (2) for Transaction Expenses, (B) incur any indebtedness for borrowed money, make any loans or advances, or assume, guarantee or endorse or otherwise become responsible for the obligation of any other Person, or (C) subject any of its properties or assets to any Lien other than Permitted Liens;

(v) prepay any Change in Control Payments;

(vi) (a) hire, terminate without cause, or make any material change in the compensation paid or payable to any employee, manager, agent, representative or consultant as shown or required to be shown on **Schedule 2.12(a)(ii)**, or (b) make any material change in the fringe benefits of any employee, in each case, whose fixed and/or variable compensation in the aggregate is in excess of \$150,000 annually;

(vii) promote, change the job title of, or otherwise alter in any material respect the responsibilities or duties of, any Company management or employee whose fixed and/or variable compensation in the aggregate is in excess of \$150,000 annually;

(viii) enter into any licensing, distribution, or sponsorship agreements or obligations;

(ix) undertake any action or fail to take any action that does or could, individually or in the aggregate, reasonably be expected to result in the loss, lapse, expiration, or abandonment of any material Owned IP;

(x) disclose any Business IP (other than pursuant to a written confidentiality agreement entered into in the Ordinary Course of Business with reasonable protections of, and preserving all rights of the Company or its Subsidiaries in, such Business IP) or knowingly receive any trade secrets or other confidential information of any Person in violation of any obligation of confidentiality;

(xi) (i) enter into any Contract that, if entered into prior to the Agreement Date, would be a material IP License or Material Contract or (ii) amend, modify, renew, terminate or waive any material right under any material IP License or Material Contract, in each case, outside the Ordinary Course of Business;

(xii) make or cause to be made any dividend, distribution, redemption, repurchase, recapitalization, reclassification, grant, issuance, repricing, split, combination or other transaction involving the equity of the Company or its Subsidiaries, or any preemptive right, subscription right, option, warrant or right to acquire any such capital stock or equity securities;

(xiii) authorize for issuance, issue, sell, pledge, grant, encumber or deliver or agree or commit to issue, sell, pledge, grant, encumber or deliver any Equity Equivalents of the Company;

(xiv) (i) enter into any significant new line of business, or incur or commit to incur any capital expenditures or Liabilities in connection therewith or (ii) abandon or discontinue any significant existing lines of business;

(xv) (i) apply for any new Permits pursuant to State and Local Cannabis Laws, (ii) abandon any pending applications for Permits applied for under State and Local Cannabis Laws, or (iii) fail to take any actions necessary to maintain the existing Company Permits in good standing;

(xvi) change any method of Tax accounting, make or change any Tax election, file any amended Tax Return, settle or compromise any Tax liability, agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a Tax refund (except it is understood Company expects to elect to be taxed as a C corporation);

(xvii) acquire any business whether by merger or consolidation, purchase of assets or equity securities or any other manner;

(xviii) cancel or waive any rights valued in excess of \$200,000, or pay, discharge or settle any claim valued in excess of \$200,000;

(xix) make any new capital expenditure commitments in excess of \$200,000; or

(xx) commit to do any of the foregoing referred to in clauses (i) - (xvii).

4.2 Access. Until the Closing Date, consistent with applicable Laws regarding the permissible exchange of information and subject to the terms of the Confidentiality Agreement, if reasonably requested by the Buyer and at its expense, the Company and its Subsidiaries will permit the Buyer and its legal counsel and other representatives, during normal business hours, reasonable access to (a) the assets, properties, records, books of account, Contracts and other documents of the Company and its Subsidiaries, and (b) members of senior management of the Company and its Subsidiaries and their professional advisors. Until the Closing Date, consistent with applicable Laws regarding the permissible exchange of information and subject to the terms of the Confidentiality Agreement, the Company and the Subsidiaries will furnish promptly to the Buyer such additional data and other information as to its affairs, assets, business, properties, finances, customers, products, services, ongoing disputes, litigation, technology, personnel and other information regarding the Company and its Subsidiaries as the Buyer or its legal counsel and other representatives may from time to time reasonably request.

4.3 Unitholder Approval. The Company will, as soon as reasonably practicable following the execution of this Agreement, but in any event no more than 10 Business Days following the Agreement Date, solicit the adoption and approval by the Unitholders of this Agreement, the Mergers and the Transactions, including the Escrow Agreement, the deposit of the Escrow Funds with the Escrow Agent, the indemnification obligations of the Unitholders set forth in SECTION 10, and the appointment of the Securityholder Representative, with the rights and responsibilities set forth in the Agreement. Any materials to be submitted to the Unitholders in connection with their approval of the Transactions and this Agreement shall be subject to review and reasonable approval by the Buyer, which shall not be unreasonably withheld, conditioned or delayed.

4.4 Efforts: Cooperation.

(a) The Parent parties and the Company shall, and the Company shall cause each of its Subsidiaries to, cooperate with each other and use their respective 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 this Agreement and applicable Laws to consummate and make effective the Transactions contemplated by this Agreement and the other Ancillary Agreements as soon as practicable, including using commercially reasonable efforts to prepare and file as promptly as reasonably practicable all documentation to obtain as promptly as reasonably practicable all consents, approvals, registrations, authorizations, waivers or licenses necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Transactions contemplated by this Agreement and the other Ancillary Agreements, including, without limitation, the consents, approvals, registrations, authorizations, waivers and licenses set forth on Schedule 4.4(a). Without limiting the generality of the foregoing, the Parties hereto (other than the Securityholder Representative) shall act promptly, and use their commercially reasonable efforts, and shall cooperate with each other, in making, or causing to be made, any filings, applications, submissions and notices required under State and Local Cannabis Laws (including responding to any follow-up inquiries or requests relating to such filings, applications, submissions and notices and providing any additional information and documentary material that may be requested pursuant to State and Local Cannabis Laws as promptly as practicable) (collectively, "**Regulatory Approval Materials**"), in order to permit consummation of the Transactions. To the extent that any Regulatory Approval Materials must be submitted by the Company pursuant to State and Local Cannabis Laws, the Buyer shall have the opportunity to review all such Regulatory Approval Materials and all such

Regulatory Approval Materials shall be in the form reasonably acceptable to the Buyer. Any fees (including up to, but not exceeding, \$80,000 for the fees of attorneys and other third-party advisors of the Company) required to be paid in connection with such filings, applications and submissions shall be borne by the Buyer (including fees related to the spinoff of Maryland Sugarloaf). Buyer shall promptly pay the Company for any such costs following the receipt of a written invoice containing reasonable detail from the Company, and, to the extent any such amounts remain outstanding at Closing, such amounts shall be added to the Closing Cash Merger Consideration. Any fees of attorneys and other third-party advisor incurred by the Company in excess of \$80,000 shall be paid by the Company.

(b) The Buyer, Parent, and the Company shall, and the Company shall cause its Subsidiaries to, use their commercially reasonable efforts to give any notices to, and seek any Consents required from, any third parties required in connection with the Transactions contemplated by this Agreement.

(c) If required by the HSR Act or by any other Antitrust Laws and if the appropriate filing pursuant to the HSR Act or to such other Antitrust Laws has not been filed prior to the Agreement Date, each party (other than the Securityholder Representative) agrees to make an appropriate filing pursuant to the HSR Act or such other Antitrust Laws with respect to the Transactions contemplated by this Agreement and any of the other Transaction Documents within fifteen (15) Business Days after the Agreement Date, unless the Parties mutually agree in writing to a later date, and to provide the appropriate Governmental Entity any additional information and documentary material that may be requested pursuant to the HSR Act or such other Antitrust Law as promptly as practicable. The parties further agree to reasonably cooperate with one another to submit such filings contemporaneously, as may be requested. Notwithstanding the foregoing, nothing in this Agreement or any of the Ancillary Agreements shall require, or be construed to require the Company, the Buyer or any of Buyer's Affiliates to agree to (a) sell, hold separate, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of the Buyer, any of its Affiliates or the Company or its Subsidiaries; (b) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to materially and adversely impact the economic or business benefits to the Buyer or the Company (as applicable) of the Transactions; (c) any material modification or waiver of the terms and conditions of this Agreement, the other Ancillary Agreements and any of the transactions contemplated thereby; or (d) litigate or participate in the litigation of any proceeding involving the any Governmental Entity, whether judicial or administrative, in order to (A) oppose or defend against any action by any such Governmental Entity to prevent or enjoin the consummation of the Mergers or any of the other transactions contemplated by this Agreement or (B) overturn any regulatory action by any such Governmental Entity to prevent consummation of the Mergers or any of the other transactions contemplated by this Agreement, including by defending any suit, action or other legal proceeding brought by any such Governmental Entity in order to avoid the entry of, or to have vacated, overturned or terminated or appealing any Order.

(d) This Agreement and the Transactions may be subject to review by one or more Governmental Entity. If any Governmental Entity determines this Agreement must be reformed, the Parties shall negotiate in good faith to so reform this Agreement in a commercially reasonable manner according to the Governmental Entity's requirements while effectuating the original intent of this Agreement as near as possible.

4.5 Nonsolicitation.

(a) Until the earlier of the Effective Time and the date of termination of this Agreement, none of the Company or any of its Subsidiaries nor any of their respective members, managers, directors, officers, financial advisors or representatives (collectively, the “**Representatives**”) shall, directly or indirectly, take any of the following actions with any Person other than the Buyer and its Affiliates or designees: (i) solicit, initiate, or agree to any proposals or offers from any Person relating to (A) any merger, share exchange, business combination, reorganization, consolidation or similar transaction involving the Company or any of its Subsidiaries, (B) the acquisition of beneficial ownership of any equity or ownership interest in the Company or any of its Subsidiaries, whether by issuance by the Company or any of its Subsidiaries or by purchase (through a tender offer, exchange offer, negotiated purchase or otherwise) from any Unitholder or otherwise, or (C) the license or transfer of all or a material portion of the assets of the Company or any of its Subsidiaries (any of the transactions described in clauses (A) through (C), a “**Third-Party Acquisition**”), or (ii) participate in any negotiations regarding, or furnish to any third party any information with respect to, or otherwise cooperate with, facilitate or knowingly encourage any effort or attempt by any Person to effectuate or seek, a Third-Party Acquisition.

(b) Until the earlier of the Effective Time and the date of termination of this Agreement, if the Company, any of its Subsidiaries or any Representative receives a proposal or offer relating to a Third-Party Acquisition from any Person, the Company shall (i) promptly notify Buyer of the same and the details thereof (including the identity of the Person making same) and the Company shall be permitted to provide a response without breaching this **Section 4.5**; provided that the response is limited to informing the initiator of such proposal or offer that the Company is unable to respond further at this time, (ii) provide to the Buyer a copy of any written proposal or offer and all correspondence related thereto (subject to any confidentiality obligations in existence as of the Agreement Date), and (iii) keep the Buyer reasonably informed of the status thereof.

4.6 Confidentiality. Prior to the Closing, each of the Parent, the Buyer and the Company shall abide by the terms of the Confidentiality Agreement.

4.7 Employee Compensation Amendment. Following the date hereof, the Parties shall negotiate in good faith to amend this Agreement to provide for the allocation of up to \$4,000,000 of the Closing Share Merger Consideration to certain employees of the Company, some portion of which may be subject to periodic vesting up until the end of the last Milestone Period.

4.8 Public Disclosure. Except as contemplated by this Agreement or as otherwise required by Law, regulatory authority, stock exchange or court order, no disclosure (whether or not in response to an inquiry) of the existence or details of this Agreement shall be made by any party hereto (including any third-party representatives of the Buyer, the Company, any of the Securityholders or any of their respective Affiliates) (other than communications with any

Securityholder and third parties necessary to obtain the Consents and approvals required under this Agreement and applicable Law), whether before or after the Closing, unless approved by the Buyer prior to release. Notwithstanding the immediately preceding sentence, in the event that the Company or any of its Subsidiaries (or any of its or their respective Affiliates) is required by Law, regulatory authority, stock exchange or court order to make any such disclosure, the Company shall notify the Buyer prior to making such disclosure and shall use its commercially reasonable efforts to give the Buyer an opportunity (as is reasonable under the circumstances) to comment on such disclosure. The parties acknowledge that Parent may be required, in accordance with Canadian securities Laws, to file a copy of this Agreement on its profile at www.sedar.com, and in such case Parent agrees that it shall make such redactions to this Agreement as are permitted under Section 12.2(3) of National Instrument 51-102 (“**NI 51-102**”) (subject to compliance by Parent with the remaining provisions of Section 12.2 of NI 51-102) and with the prior consultation of the Company, provided that in the case of any disagreement between the Parent and the Company with respect to any redactions, the position of the Parent shall prevail.

4.9 **Resignation of Officers and Managers.** Unless otherwise directed by the Buyer, the Company shall obtain the resignations of the members of the Company Board, the officers of the Company and the managers and officers of each Subsidiary of the Company, effective as of the Closing.

4.10 **D&O Insurance.** Prior to the Closing, the Company shall obtain prepaid (or “tail”) directors’ and officers’ liability insurance policies in respect of acts or omissions occurring at or prior to the Closing for the period from the Closing Date and ending six (6) years from the Closing Date, covering each Person who is or prior to the Closing becomes, or has been at any time prior to the date of the Agreement, a manager, director or officer of the Company or its Subsidiaries (the “**Tail Policy**”), with the cost of such Tail Policy being split evenly between Buyer and the Company.

4.11 **Supplementation of Company Disclosure Schedule; Notification of Certain Matters.** From time to time, as of the Agreement Date and prior to the Closing Date, the Company or the Buyer, as the case may be, shall give written notice to the other party(ies) promptly after becoming aware of the occurrence or non-occurrence of any event the occurrence or non-occurrence of which would be likely to cause any condition set forth in this Agreement to be unsatisfied on the Closing Date. The Company shall have the right to supplement the Company Disclosure Schedule with respect to any such matter solely to the extent related to a breach of representation or warranty arising out of facts or circumstances occurring after the Agreement Date. Unless Buyer terminates this Agreement within 30 days of receiving any such notice or supplement, then such notice or supplement shall be deemed to supplement and amend the Company Disclosure Schedule and any such representation and warranty for the purpose of determining whether any of the conditions set forth in **SECTION 7, 8 or 9**, as applicable, have been satisfied. For the avoidance of doubt, any such notice or supplement shall not cure any inaccuracy or breach of a representation or warranty arising out of facts or circumstances occurring prior to the Agreement Date (even if the Company only becomes aware of such facts or circumstances after the Agreement Date) and shall not otherwise limit the Buyer’s or the Company’s rights or remedies available hereunder in respect of such inaccuracy or breach.

4.12 Termination of 401(k) Plans. If requested in writing by the Buyer at least thirty (30) days prior to the anticipated Closing Date (such request, a “**401(k) Termination Notice**”), the Company shall (or shall cause the applicable plan sponsor to), at least one (1) Business Day prior to the Closing Date, (i) cease contributions to, and adopt written resolutions (or take other necessary and appropriate action(s)) to terminate, the Company 401(k) Plan(s) and any other Employee Benefit Plan that is intended to qualify under Section 401(a) of the Code with a cash or deferred arrangement described in Section 401(k) of the Code (collectively, the “**401(k) Plans**”) in compliance with such plan(s) terms and the requirements of applicable Law, (ii) make all required employee and employer contributions to the 401(k) Plans on behalf of continuing employees for all periods of service prior to the Closing Date, and (iii) one hundred percent (100%) vest all participants under the 401(k) Plans, such termination, contributions and vesting to be effective no later than the Business Day preceding the Closing Date. The Buyer and its Affiliates reserve the right to suspend the distribution of benefits from the 401(k) Plans until the receipt of a favorable determination letter from the IRS with respect to the termination of such 401(k) Plans. The Buyer agrees that it will use its commercially reasonable efforts to cause the 401(k) Plan of Buyer or its Affiliates to accept rollovers by Employees who continue employment with the Buyer or its Affiliates following the Closing, including rollovers of outstanding participant loans, to the extent permitted by the 401(K) Plan of Buyer or its Affiliates.

4.13 Other Benefits Matters. The Buyer shall give the Employees full credit for service with the Company and any ERISA Affiliate for purposes of eligibility, vesting and determination of the level of benefits (including, for purposes of vacation and severance), but not for purposes of accrual of benefits, under any benefit plans of the Buyer or its Affiliates in which any Employee participates after the Closing Date, to the same extent recognized by the Company or its ERISA Affiliate immediately prior to the Closing Date; provided, however, that such service shall not be recognized to the extent that such recognition would result in a duplication of benefits with respect to the same period of service. With respect to any employee benefit plan of the Buyer or its Affiliates in which any Employee becomes eligible to participate at or after the Closing Date (the “**New Company Plans**”), subject to the consent of any insurer underwriting any such plan, the Buyer shall take all commercially reasonable steps to: (i) waive any preexisting condition limitations otherwise applicable to Employees and their eligible dependents under any New Company Plan that provides health and welfare benefits, other than any limitations that were in effect with respect to such Employees as of the Closing Date under the corresponding Employee Benefit Plan immediately prior to the Closing Date; (ii) honor any deductible, co-payment and out-of-pocket maximums incurred by the Employees and their eligible dependents under the health plans in which they participated immediately prior to the Closing Date during the portion of the calendar year prior to the Closing Date in satisfying any deductibles, co-payments or out-of-pocket maximums under health plans of the Buyer or its Affiliates in which they are eligible to participate after the Closing Date; and (iii) waive any waiting period limitation or evidence of insurability requirement that would otherwise be applicable to an Employee and his or her eligible dependents on or after the Closing Date, in each case to the extent such Employee or eligible dependent had satisfied any similar limitation or requirement under an analogous Employee Benefit Plan prior to the Closing Date. Notwithstanding the foregoing or anything else to the contrary contained herein, the Company shall continue its Employee Benefit Plans through the Closing unless otherwise consented to in writing by the Buyer.

4.14 **Board Representation.** Prior to Closing, the Parent and the Founders shall enter into a board representation agreement (the “**Board Representation Agreement**”) in form and substance reasonably acceptable to the Parent and the Founders, which provides that:

(a) Parent shall take all such actions as are necessary to, contemporaneously with Closing, (i) appoint one of the Founders to the Parent’s board of directors (the “**Parent Board**”), and (ii) permit one of the Founders to serve as a non-voting observer to the Parent Board; provided, however that the Parent shall not be required to appoint a Founder to the Parent Board unless such Founder meets the qualification requirements to serve as a director under the *Business Corporations Act* (British Columbia), the articles of the Parent, applicable securities Laws, any other applicable Laws (including state cannabis Laws), the rules of any stock exchange on which the Shares are then listed for trading and the rules or requirements of any other Governmental Entity having jurisdiction over the Parent or any of its Affiliates (including state cannabis regulators) (the “**Director Suitability Requirements**”); and further provided that if none of the Founders satisfy the Director Suitability Requirements, the Parent shall appoint a different nominee of the Founders who satisfies such Director Suitability Requirements; and

(b) until December 31, 2023, the Founders shall have the right to nominate one individual to the Parent Board (the “**Director Nominee**”) and one individual to serve as a non-voting observer to the Parent Board, each of whom shall be one of the Founders.

4.15 **Voting Support Agreement.** Prior to Closing, each of Nicholas Vita and Michael Abbott shall deliver to the Securityholder Representative a voting agreement in form and substance reasonably acceptable to the Securityholder Representative pursuant to which each of Nicholas Vita and Michael Abbott shall agree with the Parent and/or such other persons as the parties may determine, acting reasonably, to vote all of the shares of Parent which are beneficially owned by each of them or over which they exercise control or direction, whether direct or indirect, in favor of any Director Nominee to be appointed to serve on the Parent’s Board of Directors (the “**Voting Agreement**”), which Voting Agreement shall terminate on December 31, 2023. In the event that Parent is a party to the Voting Agreement, the Voting Agreement shall provide that Parent shall use best efforts to enforce the terms thereof and that neither Parent nor Buyer shall take any action that would prevent or in any way resist the matters contemplated by the Voting Agreement.

4.16 **Certain Deliveries.** As soon as practicable after the Agreement Date, the Company will deliver to the Buyer’s outside counsel on one or more CD-Rom disks, a complete and accurate (as of the Agreement Date) electronic copy of the “data room” (the “**Signing Disk**”). Until the Closing, the Signing Disk and the documents and other information thereon shall remain subject to the terms of the Confidentiality Agreement.

4.17 **Green Leaf Medical of Ohio.** As of the Agreement Date, Green Leaf Medical of Ohio III, LLC, a wholly-owned subsidiary of the Company, owns 50.99% of Green Leaf Medical of Ohio II, LLC (“**GL-Ohio**”). During the 120 days following the Agreement Date (the “**Ohio Buyout Negotiation Period**”), the Company shall use commercially reasonable, good faith efforts to facilitate (i) discussions between Buyer and Parent, on the one hand, and the holders of the remaining 49.01% ownership interest in GL-Ohio (the “**Ohio Minority Stake**”), with respect to the possible purchase by the Company, Parent, or Buyer (prior to the Closing) of all of the

Ohio Minority Stake (the “**Ohio Buyout**”), and (ii) the completion of the Ohio Buyout. If Parent and Buyer desire to have the Company be a party to the Ohio Buyout, (i) any definitive agreements negotiated with the owners of the Ohio Minority Stake must be reasonably acceptable to the Company, (ii) Parent and Buyer shall promptly indemnify the Company for all of its reasonable expenses incurred in connection with evaluating and negotiating the Ohio Buyout and any related documents (including the reasonable fees of the Company’s attorneys and other advisors), (iii) Parent and Buyer shall finance 100% of any Ohio Buyout at no cost to the Company, and (iv) notwithstanding anything to the contrary in this Agreement, any debt owed by the Company in connection with the financing of the Ohio Buyout shall be excluded from the definition of Company Debt for all purposes under this Agreement (and, for the avoidance of doubt, shall in no way diminish the consideration to be paid to the Securityholders hereunder). Without limiting the foregoing, the Buyer and Parent shall be responsible for all costs, expenses and attorney fees relating to their acquisition of the Ohio Minority Stake, including the purchase price, and shall indemnify and hold harmless the Company from any Losses arising out of any dispute concerning the negotiation or efforts to consummate the Ohio Buyout. If the Ohio Buyout does not take place during the Ohio Buyout Negotiation Period and the Buyer provides the Company with a written notice prior to the end of the Ohio Buyout Negotiation Period requesting that the Company divest its interest in GL-Ohio (such a notice that is delivered prior to the end of the Ohio Buyout Negotiation Period, a “**Timely Ohio Divestiture Notice**”), the Company shall use commercially reasonable, good faith efforts thereafter to divest its interest in GL-Ohio as soon as reasonably possible following the receipt of such notice, such that the Company shall have no interest, direct or indirect in GL-Ohio as of the Closing. If the Buyer provides the Company with a Timely Ohio Divestiture Notice and the Company divests its interest in GL-Ohio prior to the Closing, the Closing Share Merger Consideration shall be reduced by 900,495 Parent Common Shares.

4.18 Business Acquisition Report. The Company agrees to provide, shall cause its Subsidiaries to provide and shall use its commercially reasonable efforts to cause their respective employees and auditors to provide such cooperation and assistance in connection with the preparation and filing of any business acquisition report (as such term is defined in National Instrument 51-102 –*Continuous Disclosure Obligations*) as is reasonably requested, from time to time, by Parent or Buyer. Such assistance shall include the Company cooperating with Buyer and Parent, causing its Subsidiaries to cooperate with Buyer and Parent and using commercially reasonable efforts to cause the auditors of the Company and its Subsidiaries to cooperate with Buyer and Parent with respect to the preparation of the requisite proforma financial statements required in connection with the filing of any business acquisition report. The Parent shall be responsible for all reasonable costs and expenses incurred by the Company (included any fees of the auditors of the Company and its Subsidiaries) related to the cooperation and assistance by the Company and its Subsidiaries in respect of the preparation of a business acquisition report pursuant hereto.

SECTION 5

TAX COVENANTS

5.1 Allocation of Taxes for a Straddle Period. Pre-Closing Taxes (other than Transfer Charges) shall include Taxes for a Straddle Period in an amount equal to: (A) in the case of any

gross receipts, income or similar Taxes, the portion of such Taxes allocable to the portion of the Straddle Period ending on or before the Closing Date, as determined on the basis of the deemed closing at the end of the Closing Date of the relevant books and records of the Company and its Subsidiaries and (B) in the case of any Taxes (other than gross receipts, income, or similar Taxes), the Taxes for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the Straddle Period from the beginning of the Straddle Period through and including the Closing Date and the denominator of which is the number of days in the entire Straddle Period.

5.2 Tax Returns for Straddle Periods and Pre-Closing Periods. The Buyer shall prepare or cause to be prepared and file or cause to be filed (i) all Tax Returns of each of the Company and its Subsidiaries for Pre-Closing Tax Periods that are required to be filed under applicable Law after the Closing Date and (ii) all Tax Returns of each of the Company and its Subsidiaries for the Straddle Period; provided that the Buyer shall, at least thirty (30) days prior to the due date for filing each such income Tax Return, provide drafts of each such income Tax Return to the Securityholder Representative for Securityholder Representative's review and comment. The Buyer shall consider in good faith all reasonable comments made in writing by the Securityholder Representative at least fifteen (15) days prior to the due date for filing such income Tax Return.

5.3 Other Tax Return Matters. Notwithstanding anything in this Agreement to the contrary, the Buyer (and, after the Closing, each of the Company and its Subsidiaries) shall be entitled to, and shall be in full control of any decisions to, (i) participate and control any "voluntary disclosure" process or procedure sponsored by a particular Taxing Authority with respect to sales and use Taxes or payroll Taxes for any Pre-Closing Tax Period (and any related process with respect to other Taxes that is required under applicable Law in order to participate in such voluntary disclosure process) and (ii) make any remedial Tax filings with respect to any Pre-Closing Tax Period, including, for the avoidance of doubt, any remedial Tax filings relating to sales and use taxes or in any non-U.S. jurisdiction, that the Buyer reasonably determines to be appropriate; provided, however, that the Buyer shall not communicate with any Taxing Authority pursuant to a process, procedure, or filing described in the foregoing clauses (i) or (ii) without having first obtained the written consent of the Securityholder Representative, which consent shall not be unreasonably withheld, conditioned or delayed. In connection with any matters described in the immediately preceding sentence, the Buyer shall consider in good faith all comments reasonably proposed by the Securityholder Representative at least fifteen (15) days prior to the date of filing (or as many days prior thereto as reasonably practicable in light of the timing of advance notice given the Securityholder Representative by the Buyer). The Securityholder Representative and each Securityholder shall cooperate fully with the Buyer in connection therewith.

5.4 Cooperation on Tax Matters.

(a) The Buyer, on the one hand, and the Securityholder Representative and each Unitholder on the other, shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the preparation and filing of any Tax Returns pursuant to this Section 5.4 and any audit or other proceeding with respect to Taxes. Such cooperation shall include the retention and, upon the other party's request, the provision of records and

information which are reasonably relevant to any such audit or other proceeding and making Employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Buyer and each of the Company and its Subsidiaries, on the one hand, and each Unitholder and the Securityholder Representative (to the extent in its possession), on the other hand, agree to retain all books and records with respect to Tax matters pertinent to the Company and its Subsidiaries relating to any taxable period beginning before the Closing Date for a period of seven (7) years and to abide by all record retention agreements entered into with any Taxing Authority; provided that the Buyer may dispose of such books and records that are offered in writing to, but not accepted by, Securityholder Representative.

(b) The Buyer and each of the Company and its Subsidiaries, on the one hand, and the Securityholder Representative, on the other hand, agree that they will provide prompt and detailed written notice to the other upon obtaining Knowledge of a pending income or other material Tax audit or Taxing Authority's inquiry with respect to the Company or any of its Subsidiaries that relates to a period for which the other has liability for Taxes of the Company and its Subsidiaries hereunder. The Securityholder Representative shall control the defense of any such audit or inquiry relating to any such period for which the Securityholders have liability for Taxes of the Company and its Subsidiaries hereunder; provided, that the Buyer and its counsel (at the Buyer's expense) shall be entitled to participate in (but not control the conduct of) the defense of any such audit or inquiry that the Securityholder Representative controls.

(c) The Buyer further agrees, upon request, to use its commercially reasonable efforts to obtain any certificate or other document from any Taxing Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including with respect to the transactions contemplated by this Agreement).

5.5 Transfer Charges. The Securityholders shall be responsible for fifty percent (50%) of the first \$100,000 of all transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement (collectively, "**Transfer Charges**"), and Buyer and Parent shall be responsible for fifty percent (50%) of the first \$100,000 of all Transfer Charges and for all Transfer Charges in excess of \$100,000. The Person(s) required to do so by applicable law shall, at the sole cost of such Person, file all necessary Tax Returns and other documentation with respect to all such Transfer Charges, and, if required by applicable Law, the Buyer shall, and shall cause each of the Company and Subsidiaries to, join in the execution of any such Tax Returns and other documentation.

5.6 Refunds and Tax Benefits. Any Tax refunds received by Buyer or the Company or its Subsidiaries, and any amounts credited against Taxes to which Buyer or the Company or its Subsidiaries become entitled, that (i) relate to a Pre-Closing Tax Period and (ii) are attributable to a Tax paid by the Company or its applicable Subsidiary before the Closing or to a Tax paid by the Securityholders from the Indemnity Escrow Fund, shall be for the account of the Securityholders, (excluding any refund or credit attributable to any loss in a tax year (or portion of a Straddle Period) beginning after the Closing Date applied (e.g., as a carryback) to income in a Pre-Closing Tax Period, and Buyer shall pay to the Paying Agent (for further distribution to the Securityholders any such refund or the amount of any such credit (net of any income Taxes and any reasonable costs and expenses of Buyer, the Company or any of its Subsidiaries attributable to such refund or credit) within 15 days after receipt or entitlement thereto; provided, however, Buyer shall not be required to pay to the Securityholders any such refund or the amount of any such credit up to the amount of any Tax asset specifically accrued for that purpose that is taken into account in determining the Merger Consideration pursuant to Section 1.7.

5.7 Tax Treatment. For federal income tax purposes, the Parties intend, by approving resolutions authorizing this Agreement, to treat this Agreement as a "plan of reorganization" under Treasury Regulation Section 1.368-2(g), and to cause the Mergers, taken together, to qualify as an integrated acquisition constituting a reorganization under the provisions of Section 368(a) of the Code, the Treasury Regulations promulgated thereunder and Revenue Ruling 2001-46, 2001-2 C.B. 321. No Party shall take any position (whether in a Tax Return, an audit or otherwise) that is inconsistent with the foregoing treatment, unless required to do so by applicable Law.

SECTION 6

CONDITIONS TO EACH PARTY'S OBLIGATION TO CLOSE

The respective obligations of each Party to consummate the Mergers are subject to the satisfaction, at or before the Closing, of the following conditions:

6.1 Unitholder Approval. The Unitholder Approval shall have been obtained and shall not have been revoked, rescinded or changed.

6.2 Exchange Approval. All necessary approvals of the NEO Exchange and the CSE, if applicable, shall have been obtained.

6.3 Legal Proceedings. No proceeding commenced by a Governmental Entity shall be pending or threatened against any party seeking to restrain or prohibit the Transactions, and there shall be no Order of any nature of any Governmental Entity of competent jurisdiction or any Law that is in effect that restrains, prohibits or prevents the consummation of the Transactions or that has the effect of rendering it unlawful to consummate the Transactions.

6.4 Regulatory Approval. All consents, approvals and waivers of any Governmental Entity necessary under State and Local Cannabis Laws in order to permit consummation of the Closing and the Transactions shall have been obtained, and all notices to any Governmental Entity necessary under State and Local Cannabis Laws in order to permit consummation of the Closing and the Transactions shall have been delivered.

6.5 Antitrust. The waiting period required by the HSR Act and the regulations promulgated thereunder shall have expired or been terminated and all other approvals authorizations or clearances required under any applicable filings pursuant to applicable Antitrust Laws shall have been obtained and all requirements thereunder shall have been satisfied.

SECTION 7

CONDITIONS TO THE OBLIGATION OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II TO CLOSE

The obligation of the Parent, the Buyer, Merger Sub I and Merger Sub II to consummate the Mergers is subject to the satisfaction, at or before the Closing, of the following conditions, any of which may be waived by the Buyer in its discretion:

7.1 Representations and Warranties. (a) All Fundamental Representations of the Company shall be true and correct in all respects, on and as of the date of this Agreement and on the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct as of such date) and (b) all of the other representations and warranties of the Company in this Agreement (i) that are qualified as to materiality, Material Adverse Effect or a similar qualifier shall be true and correct in all respects on and as of the date of this Agreement and on the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct as of such date), and (ii) that are not qualified as to materiality, Material Adverse Effect or a similar qualifier shall be true and correct in all material respects on and as of the date of this Agreement and on the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct in all material respects as of such date).

7.2 Covenants. The Company and its Subsidiaries shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it on or before the Closing Date.

7.3 No Material Adverse Effect. There shall not have occurred a Material Adverse Effect.

7.4 Certification. The Company shall have delivered to the Buyer a certificate of its chief executive officer, dated the Closing Date, certifying that each of the conditions set forth in Sections 7.1 (Representations and Warranties), 7.2 (Covenants), and 7.3 (No Material Adverse Effect) have been met.

7.5 Secretary Certificate. The Company shall have delivered to the Buyer a certificate of the Secretary of the Company dated the Closing Date as to (a) the Company's certificate of formation and the Company Operating Agreement, each as in effect on and as of the Closing Date, (b) the resolutions of the Company Board and the Unitholders authorizing and approving the execution, delivery and performance by the Company of this Agreement and all Transactions, (c) the incumbency of the officers of the Company executing this Agreement or any other agreement or instrument delivered in connection herewith, and (d) the organizational documents of each of the Company's Subsidiaries, each as in effect on and as of the Closing Date.

7.6 Escrow Agreement. The Securityholder Representative and the Escrow Agent shall have entered into the Escrow Agreement.

7.7 Required Consents. The Company shall have obtained and delivered to the Buyer all of the consents set forth on Schedule 7.7, in each case in form and substance reasonably satisfactory to the Buyer.

7.8 Certificates. The Company shall have provided the Buyer with certificates of appropriate governmental officials as to the due qualification and corporate good standing of the Company and of each of its Subsidiaries from the State in which such entity is organized and each State in which such entity is foreign qualified.

7.9 Resignation of the Company Managers and Officers. Each of the managers and officers of the Company and each Subsidiary of the Company shall have submitted his or her resignation to be effective at the Effective Time.

7.10 Termination of 401(k) Plan. If the Buyer has delivered a timely 401(k) Termination Notice to the Company, the Company shall have provided the Buyer copies of resolutions reflecting termination of the 401(k) Plan (in a form reasonably satisfactory to the Buyer).

7.11 Non-Competition Agreements. Each of the Founders shall have entered into a Non-Competition Agreement with the Buyer, and such Non-Competition Agreements shall remain in full force and effect and shall not have been revoked, rescinded or changed.

7.12 Founder Employment Agreements. Each of the Founders shall have entered into an employment agreement with the Buyer or the Company, in substantially the form attached hereto as Exhibit B (the “**Employment Agreements**”), and such Employment Agreements shall remain in full force and effect and shall not have been revoked, rescinded or changed. Frank Boston shall have entered into an amended and restated lobbying contract with the Buyer or the Company, in a form reasonably acceptable to the Company and Buyer (the “**Lobbying Contract**”).

7.13 Termination of Affiliate Transactions. The Company shall have delivered to Buyer evidence of the termination of all agreements described on Schedule 7.13 with no Liability to the Company or any of its Subsidiaries (in each case, in a form reasonably satisfactory to the Buyer).

7.14 FIRPTA. On or before the Closing Date, the Company shall have delivered to the Buyer (i) a duly executed certificate that the Units are not “United States real property interests,” in accordance with Treasury Regulations under Sections 897 and 1445 of the Code and in a form acceptable to the Buyer, (ii) a duly executed notice to the IRS in accordance with the provisions of Treasury Regulation Section 1.897-2(h)(2), in a form acceptable to the Buyer, and (iii) authorization of the Buyer, as agent for the Surviving Company, to deliver the notice and a copy of the certificate to the IRS after the Closing.

7.15 Lock-Up and Joinder Agreements. The Company shall have delivered to the Buyer Lock-Up and Joinder Agreements from Securityholders representing 70% of the outstanding Units.

7.16 No Company Debt or Liens. The Company shall not be party to any loan, line of credit or other Company Debt, other than the Retained Debt, and there shall be no Liens (other than Permitted Liens) in favor of any Person on any assets of the Company, except with respect to the Retained Debt and such Company Debt and related Liens for which a payoff letter is provided as set forth in **Section 1.7(a)(iii)**.

7.17 Maryland Sugarloaf. The Buyer and Maryland Sugarloaf shall have entered into (a) a Management Services Agreement, pursuant to which the Buyer shall manage Maryland Sugarloaf from and after the Closing and (b) an option agreement, pursuant to which the Buyer shall have an irrevocable and exclusive option to acquire Maryland Sugarloaf, in each case, in form and substance reasonably acceptable to the Buyer and with a termination date of March 1, 2024.

7.18 Domain Names. All of the domain names listed on **Schedule 7.18** shall have been assigned to the Company.

7.19 GL-Ohio. If Buyer delivered a Timely Ohio Divestiture Notice to the Company, either GL-Ohio shall be wholly-owned by the Company (directly or indirectly) or the Company shall have no interest in GL-Ohio.

SECTION 8

CONDITIONS TO COMPANY'S OBLIGATION TO CLOSE

The obligation of the Company to consummate the Mergers is subject to the satisfaction, at or before the Closing, of the following conditions, any of which may be waived by the Company in its discretion:

8.1 Representations and Warranties. All of the representations and warranties of the Parent, the Buyer, Merger Sub I and Merger Sub II in this Agreement (i) that are qualified as to materiality, Material Adverse Effect or a similar qualifier shall be true and correct in all respects on and as of the date of this Agreement and on the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct as of such date), and (ii) that are not qualified as to materiality, Material Adverse Effect or a similar qualifier shall be true and correct in all material respects on and as of the date of this Agreement and on the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct in all material respects as of such date).

8.2 Covenants. The Parent, the Buyer, Merger Sub I and Merger Sub II shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it on or before the Closing Date.

8.3 Certification. The Buyer shall have delivered to the Company a certificate of an officer of the Buyer, dated the Closing Date, certifying that each of the conditions set forth in Sections 8.1 (Representations and Warranties), and 8.2 (Covenants) have been met.

8.4 Paying Agent Agreement. The Buyer and the Paying Agent shall have executed and delivered the Paying Agent Agreement, and at the Closing the Buyer and Parent shall deliver the Closing Cash Merger Consideration, less the Expense Fund and the Adjustment Escrow Cash, to the Paying Agent.

8.5 Escrow Agreement. The Buyer and the Escrow Agent shall have executed and delivered the Escrow Agreement.

8.6 Voting Agreement. The Buyer shall have delivered a fully executed version of the Voting Agreement to the Company.

8.7 Consents and Approvals. All necessary consents and approvals of any Person (including any Governmental Entity), including, for certainty, the approval of the NEO Exchange and the approval of the CSE shall have been received in form and substance reasonably satisfactory to the Company and no such consent or approval shall have been revoked. All filings required to be made prior to the Closing Date with, and all consents, approvals, permits and authorizations required to be obtained prior to the Closing Date from, any Governmental Entity or other Person in connection with the execution and delivery of this Agreement and the consummation of the Mergers contemplated hereby by the Buyer, Merger Sub I, Merger Sub II and the Parent shall have been made or obtained (as the case may be).

8.8 Closing Consideration. At the Closing, the Buyer and Parent shall: (i) issue to each Securityholder such Securityholder's Pro Rata Share of the Net Closing Share Merger Consideration as set out in the Allocation Schedule; and (ii) deliver to the Securityholder Representative the Expense Fund.

8.9 Founder Employment Agreements; Lobbying Contract. The Buyer shall have executed and delivered the Employment Agreements and the Lobbying Contract.

8.10 Secretary Certificate. The Parent shall have delivered to the Company a certificate of the Secretary of the Parent dated the Closing Date as to (a) the Parent's, Buyer's, Merger Sub I's and Merger Sub II's formation and governance documents, each as in effect on and as of the Closing Date, (b) the resolutions of Parent's Board of Directors and stockholders, the Buyer's Board of Directors and stockholder, Merger Sub I's governing body and Merger Sub II's governing body authorizing and approving the execution, delivery and performance by the Parent, the Buyer, Merger Sub I and Merger Sub II of this Agreement and all Transactions, and (c) the incumbency of the officers of the Parent, Buyer, Merger Sub I and Merger Sub II executing this Agreement or any other agreement or instrument delivered in connection herewith.

8.11 Reporting Issuer Lists. The Company shall have received from the Parent copies of information from the Securities Commissions of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, and the North West Territories, Yukon territory, and Nunavut providing evidence that the Parent is a reporting issuer not in default under applicable Canadian securities Laws of such jurisdictions.

SECTION 9

INDEMNIFICATION

9.1 Reserved.

9.2 Obligation of the Securityholders to Indemnify. Subject to the limitations set forth in **Section 9.5** (Limitations on Indemnification; Other Remedies) hereof, after the Closing, as an integral term of this Agreement, the Securityholders shall jointly, up to the aggregate amount of the Indemnity Escrow Fund (valuing the Indemnity Escrow Shares as provided in **Section 9.5(f)**), and, in excess of the Indemnity Escrow Fund, severally and not jointly, based on such Securityholder's Pro Rata Share, indemnify, reimburse, compensate and hold harmless the Parent, the Buyer, the Company, and their respective directors, officers, employees, partners, members, agents, Affiliates and assigns (collectively, the "**Buyer Indemnitees**") from and against any and all Losses incurred or suffered by any Buyer Indemnitee directly or indirectly, as a result of, with respect to or in connection with:

(a) any inaccuracy or breach of a representation or warranty of the Company contained in SECTION 2 of this Agreement or in any certificate, document or other instrument delivered by such party pursuant to this Agreement (disregarding for purposes of this **Section 9.2(a)** any "material", "in all material respects", "Material Adverse Effect", or similar qualifiers);

(b) any failure by the Company (as of the Closing) or the Securityholders (following the Closing) to perform or comply with any covenant or agreement set forth herein or in any certificate, document or other instrument delivered by such party pursuant to this Agreement;

(c) any claims by any current or former equityholder, director, officer or employee of the Company to the effect that such Person is entitled to any equity, membership or ownership interest or equity security or any payment in connection with the Transactions other than as specifically set forth on the Allocation Certificate;

(d) any Company Debt other than the Retained Debt, Change in Control Payments, or Transaction Expenses as of the Closing to the extent not included in the Company Debt Payoff Amount, Change in Control Payments, or Transaction Expenses set forth in the Allocation Certificate;

(e) any claim by any current or former employee of any of the Company or its Subsidiaries, in their capacity as Employees, arising out of facts or circumstances existing through the Closing Date, including claims related to termination of any such employee's employment with the Company or any of its Subsidiaries on or prior to the Closing Date;

(f) any fraud or intentional misrepresentation by or on behalf of the Company or by or on behalf of any Securityholder with respect to a representation or warranty of such Securityholder in such Securityholder's Securityholder Closing Agreements; provided, that each Securityholder shall be liable severally and not jointly with respect to fraud or intentional misrepresentation concerning such Securityholder's Securityholder Closing Agreements; and

(g) any Pre-Closing Taxes.

9.3 Obligation of the Buyer and Parent to Indemnify. Subject to the limitations set forth in **Section 9.5** (Limitations on Indemnification; Other Remedies) hereof, as an integral term of this Agreement, the Buyer and Parent, jointly and severally, shall indemnify and hold harmless the Securityholders from and against any and all Losses incurred or suffered by any Securityholder directly or indirectly, as a result of, with respect to or in connection with:

(a) any inaccuracy or breach of a representation or warranty of the Buyer, Parent, Merger Sub I or Merger Sub II in this Agreement or any certificate, document or other instrument delivered by or on behalf of the Buyer, Parent, Merger Sub I or Merger Sub II pursuant hereto (disregarding for purposes of this **Section 9.3** any “material”, “in all material respects”, “Material Adverse Effect”, or similar qualifiers); and

(b) any failure by the Buyer, Parent, Merger Sub I or Merger Sub II to fully perform or comply with any covenant or agreement set forth herein or in any certificate, document or other instrument delivered by such party pursuant to this Agreement.

9.4 Notice and Opportunity to Defend.

(a) A party or parties entitled to indemnification hereunder (an “**Indemnified Party**”) with respect to any legal proceeding, claim or demand instituted by any third party (in each case, a “**Third-Party Claim**”) will give the party or parties required to provide such indemnification (the “**Indemnifier**”) prompt written notice of such Third-Party Claim, along with a notice of the facts giving rise to such Third-Party Claim; provided that the failure to provide prompt notice shall not relieve the Indemnifier of its indemnification obligations hereunder, except to the extent (and only to the extent) that the Indemnifier is actually and materially prejudiced by the failure of the Indemnified Party to provide such prompt notice.

(b) If the Indemnifier provides written notice to the Indemnified Party within thirty (30) days after the Indemnifier’s receipt of written notice from the Indemnified Party of such Third-Party Claim, the Indemnifier shall have the right, at the Indemnifier’s expense, to defend against, negotiate, settle or otherwise deal with such Third-Party Claim and to have the Indemnified Party represented by counsel selected by the Indemnifier and the Indemnified Party shall cooperate with the Indemnifier and its counsel in all commercially reasonable respects in the defense thereof and in any settlement thereof; provided that (i) the Indemnified Party may participate in any proceeding with counsel of its choice and at its expense, (ii) the Indemnifier shall only have a right to elect to defend any Third-Party Claim if (A) the Third-Party Claim involves only money damages and does not seek an injunction or other equitable relief, (B) the defense strategy, settlement, failure to reach settlement, or adverse judgment with respect to the Third-Party Claim is not likely to establish a precedential custom or practice adverse to the continuing business interests (including vendor and customer relations) of the Indemnified Party or adversely affect the reputation of the Indemnified Party, or (C) the Third-Party Claim is not

reasonably likely to result in Losses that, taken together with Losses with respect to other existing claims of the Indemnified Party or Third-Party Claims under this Agreement, in the aggregate, exceed the current fair market value of the remaining Indemnity Escrow Fund, (iii) the Buyer or any of its Affiliates, at any time when the Buyer believes that a Third-Party Claim for indemnification relates to or arises in connection with any criminal matter, may assume the defense and otherwise deal with such Third-Party Claim in good faith with counsel of its choice, (iv) the Indemnifier may not assume the defense of any Third-Party Claim if a material conflict of interest exists between the Indemnifier and the Indemnified Party that precludes effective joint representation or the amount of the Third-Party Claims exceed or reasonably could exceed the limitations set forth in **Section 9.5(d)**, if applicable, and (v) the Indemnified Party may take over the defense and prosecution of a Third-Party Claim from the Indemnifier (at the Indemnifier's cost and expense) if the Indemnifier has failed or is failing to diligently prosecute or defend such Third-Party Claim following the provision of written notice to the Indemnifier of such failure and the failure of the Indemnifier to cure such failure within fifteen (15) days of receipt of such notice; and provided, further that the Indemnifier may not enter into a settlement of any Third-Party Claim without the written consent of the Indemnified Party, unless such settlement provides the Indemnified Party with a full release from such Third-Party Claim and requires no more than a monetary payment for which the Indemnified Party is fully indemnified. If the Indemnified Party has assumed the defense of any Third-Party Claim, neither the Indemnified Party nor any of its Affiliates may settle or otherwise dispose of any Third-Party Claim for which the Indemnifier may have a liability under this Agreement without the prior written consent of the Indemnifier, which consent shall not be unreasonably withheld, conditioned or delayed. If the Indemnified Party has assumed the defense or is otherwise negotiating any such Third-Party Claim, the Indemnifier may participate in any proceeding or negotiation with counsel of its choice and at its expense.

(c) Any notice that a Buyer Indemnitee shall be required to give to the Securityholders shall be satisfied by the delivery of notice by the Buyer Indemnitee to the Securityholder Representative, and the Securityholder Representative may respond to the Buyer Indemnitee on behalf of all Securityholders.

9.5 Limitations on Indemnification; Other Remedies. The indemnification provided by SECTION 9 (Indemnification) shall be subject to the following limitations, terms and conditions:

(a) Survival of Representations, Warranties, and Indemnification Obligations. No action for indemnification pursuant to **Section 9.2(a)** shall be brought after the earlier of (i) eighteen (18) months following the Closing Date and (ii) sixty (60) days following the release of the Parent's first audited consolidated financial statements that include the Company and its Subsidiaries (clause (i) or (ii) the "**General Survival Period**"), except for claims arising out of the Fundamental Representations, which shall survive until the sixth (6th) anniversary of the Closing, and the Tax Representations, which shall survive until the fifth (5th) anniversary of the Closing (in each case, the "**Survival Period**"). Any claim for indemnification under this Agreement pursuant to **Section 9.2** shall be deemed time-barred, and no such claim shall be made after the applicable Survival Period; provided, however, that if a claim notice is delivered in good faith with respect to such a claim for indemnification prior to the expiration of the applicable Survival Period, the indemnification claim under this SECTION 9 shall survive until

such indemnification claim is finally resolved pursuant to this SECTION 9. The representations and warranties contained in **Sections 2.1** (Organization; Good Standing; Power), **2.2** (Capitalization; Subsidiaries), **2.3** (Authorization; Execution & Enforceability; No Breach) and **2.19** (Brokers) are sometimes referred to herein as the “**Fundamental Representations**”. The representations and warranties of the Company set forth in this Agreement and related to Taxes, including those set forth in **Section 2.8** (Tax Matters) are sometimes referred to herein as the “**Tax Representations**.”

(b) **Covenants**. The respective covenants, agreements and obligations of the Company, the Buyer, the Securityholders and the Securityholder Representative set forth in this Agreement and the Securityholder Closing Agreements, in any certificate, document or other instrument delivered by such party pursuant to this Agreement, and the Securityholder Closing Agreements shall survive the execution and delivery of this Agreement, any investigation by or on behalf of any party hereto, and the Closing without limitation and shall survive until the expiration of the applicable statute of limitations, or such earlier time period as specified herein or therein, provided that any indemnification obligations with respect thereto shall be subject to the limitations set forth in this **Section 9.5**.

(c) **Basket**.

(i) No indemnification shall be payable pursuant to **Section 9.2(a)** (other than with respect to a breach of a Fundamental Representation or Tax Representation or in the event of fraud or intentional misrepresentation, for which this **Section 9.5(c)** shall not apply) unless the total amount of all indemnifiable Losses incurred by the Buyer Indemnitees, including those subject to all previous claims, exceeds \$2,000,000 (the “**Basket**”), whereupon indemnification shall be payable for the amount of all such Losses in excess of the Basket.

(ii) No indemnification shall be payable pursuant to **Section 9.3(a)** unless the total amount of all indemnifiable Losses incurred by the Securityholders, including those subject to all previous claims, exceeds the Basket, whereupon indemnification shall be payable for the amount of all such Losses in excess of the Basket.

(d) **Cap**. Subject to the remaining provisions of this **Section 9.5**:

(i) each Securityholder’s aggregate liability for all Losses indemnifiable under **Section 9.2(a)** (other than with respect to a breach of a Fundamental Representation or Tax Representation or in the event of fraud or intentional misrepresentation) shall not exceed their respective Pro Rata Share of the Indemnity Escrow Fund, and shall be solely satisfied from the Indemnity Escrow Fund held pursuant to the Escrow Agreement;

(ii) the aggregate liability of a Securityholder for all Losses indemnifiable under **Section 9.2** or otherwise in connection with this Agreement (other than in the event of fraud or intentional misrepresentation) shall not exceed 50% of such Securityholder’s Pro Rata Share of the Merger Consideration, as adjusted pursuant to **Section 1.7**;

(iii) the Buyer's aggregate liability for all Losses for indemnification under **Section 9.3(a)** shall not exceed \$16,000,000, except in the event of fraud or intentional misrepresentation of the Buyer, Parent, Merger Sub I or Merger Sub II; and

(iv) the aggregate liability of the Securityholders for all Losses indemnifiable under **Section 9.2** or otherwise in connection with this Agreement (other than in the event of fraud or intentional misrepresentation) shall not exceed 50% of the Merger Consideration, as adjusted pursuant to **Section 1.7**.

(e) **Milestone Shares Offset**. The Buyer shall have the right to withhold and set off against any amount due to the Securityholders under **Section 1.11** the amount of any claim for indemnification to which a Buyer Indemnitee may be entitled under this Agreement (but only to the extent that such Buyer Indemnitee's right to indemnification for any related Losses has been finally determined in Buyer Indemnitee's favor pursuant to the terms of this Agreement prior to Buyer's exercise of such offset right).

(f) **Indemnity Escrow Fund**. Whenever a Buyer Indemnitee becomes entitled to Losses hereunder, promptly thereafter the Securityholder Representative shall execute joint instructions together with Buyer directing the Escrow Agent to remit from the Indemnity Escrow Fund to the Buyer a number of Parent Common Shares equal to the amount of such Losses divided by the volume-weighted average share price of the Parent Common Shares for the ten (10) consecutive trading days on the Relevant Exchange immediately preceding the date of such instructions (expressed in U.S. dollars, calculated using the exchange rate published by the Bank of Canada at <https://www.bankofcanada.ca/rates/exchange/daily-exchange-rates/> for the last Business Day immediately preceding the date of such instructions); provided that, if the shares remaining in the Indemnity Escrow Fund are not sufficient to satisfy such Losses, to the extent sufficient cash remains in the Indemnity Escrow Fund, the Securityholder Representative shall execute joint instructions together with the Buyer directing the Escrow Agent to remit the excess amount of such Losses in cash (to the extent such amount remains in the Indemnity Escrow Fund) to the Buyer. The remaining portion of the Indemnity Escrow Fund minus the amount of any unresolved indemnification claims or resolved but unreleased indemnification claims of the Indemnified Parties pursuant to SECTION 9 shall be released (i) in the case of cash, to the Paying Agent for further distribution to the Securityholders based on their applicable Pro Rata Share and (ii) in the case of shares, to Parent's transfer agent and registrar for the purpose of reissuing such shares to the Securityholders in accordance with their Pro Rata Shares, as directed by the Securityholder Representative, on the first (1st) Business Day after the end of the General Survival Period (the "**Release Date**"), and each of the Buyer and the Securityholder Representative shall be obligated to promptly execute and deliver written instructions to the Escrow Agent requesting that it release such amounts (the number of Parent Common Shares held back with respect to unresolved indemnification claims or resolved but unreleased indemnification claims shall be calculated on the basis of the amount of such claims divided by the volume-weighted average share price of the Parent Common Shares for the ten (10) consecutive trading days on the Relevant Exchange immediately preceding the Release Date) (expressed in U.S. dollars, calculated using the exchange rate published by the Bank of Canada at <https://www.bankofcanada.ca/rates/exchange/daily-exchange-rates/> for the last Business Day immediately preceding the Release Date).

(g) Injunction. The exclusive remedy provisions shall not prohibit any Party from seeking an equitable remedy, including a preliminary or permanent injunction or specific performance.

(h) No Subrogation. Following the Closing, no Securityholder shall have any right of indemnification, contribution or subrogation against the Company with respect to any indemnification payment made by or on behalf of any Securityholder under Section 9.2.

(i) Merger Consideration Adjustment. The Company, the Parent, the Buyer, the Surviving Company, the Securityholder Representative and the Securityholders agree to treat each indemnification payment pursuant to this SECTION 9 as an adjustment to the Merger Consideration for all Tax purposes and shall take no position contrary thereto unless required to do so by applicable Tax Law pursuant to a determination as defined in Section 1313(a) of the Code.

(j) Exclusive Remedy. The Parties (other than the Securityholder Representative, in its capacity as Securityholder Representative and not on behalf of the Securityholders, with respect to claims against or amongst the Securityholders) acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any Losses under this Agreement (except (a) in the case of fraud or intentional misrepresentation and (b) for any other remedies expressly set forth in Section 11.4) shall be pursuant to the indemnification provisions set forth in this SECTION 9. In furtherance of the foregoing, each of the Parties (other than the Securityholder Representative, in its capacity as Securityholder Representative and not on behalf of the Securityholders, with respect to claims against or amongst the Securityholders) hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of actions for any breach of any such representation, warranty, covenant, agreement, or obligation it may have against the other Parties and their Affiliates arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this SECTION 9.

SECTION 10

TERMINATION

10.1 Termination. This Agreement may be terminated and the Mergers and the other Transactions abandoned at any time before the Effective Time, regardless of any approval by Unitholders as follows and in no other manner:

(a) by written agreement of the Company and the Buyer;

(b) by the Buyer, if the Company shall have materially breached or failed to perform in any material respect any of its obligations, covenants or agreements under this Agreement, or if any of the representations and warranties of the Company set forth in this Agreement shall not be true and correct such that the condition set forth in Section 7.1 (Representations and Warranties) would not be satisfied, and such breach, failure or misrepresentation is not cured to the Buyer's reasonable satisfaction within thirty (30) days after the Buyer gives the Company written notice identifying such breach, failure or misrepresentation;

(c) by the Company, if the Buyer, Parent, Merger Sub I or Merger Sub II shall have materially breached or failed to perform in any material respect any of its obligations, covenants or agreements under this Agreement, or if any of the representations and warranties of the Buyer, Parent, Merger Sub I or Merger Sub II set forth in this Agreement shall not be true and correct such that the condition set forth in **Section 8.1** (Representations and Warranties) would not be satisfied, and such breach, failure or misrepresentation is not cured to the Company's reasonable satisfaction within thirty (30) days after the Company gives the Buyer written notice identifying such breach, failure or misrepresentation;

(d) by the Buyer, if the conditions set forth in SECTION 7 (Conditions to the Obligation of Parent, Buyer, Merger Sub I and Merger Sub II to Close) become incapable of satisfaction;

(e) by the Company, if the conditions set forth in SECTION 8 (Conditions to Company's Obligation to Close) become incapable of satisfaction;

(f) by either the Buyer or the Company if the Closing shall not have occurred on or before September 30, 2021 (the "**Closing Deadline**"), which date may be extended by mutual agreement of the Company and the Buyer; provided that (i) the right to terminate this Agreement under this **Section 10.1(f)** shall not be available to any party whose failure to fulfill any obligation under this Agreement has been a principal cause of or resulted in the failure of the Closing to occur on or before the Closing Deadline, (ii) neither party may terminate this Agreement pursuant to this **Section 10.1(f)** prior to January 1, 2023 (the "**Final Outside Date**") if the Closing has not occurred on or prior to the Closing Deadline solely due to a failure to obtain all necessary approvals under State and Local Cannabis Laws, for so long as the Parties are working in good faith to obtain such approvals, (iii) neither party may terminate this Agreement pursuant to this **Section 10.1(f)** prior to the Final Outside Date if the Closing has not occurred on or prior to the Closing Deadline solely due to the Parties' failure to obtain and satisfy all necessary authorizations, clearances or other requirements pursuant to applicable Antitrust Laws, for so long as the Parties are working in good faith to obtain such approvals, and (iv) the Closing Deadline shall be automatically extended to March 31, 2022, if the Department of Justice or the Federal Trade Commission issue a "Second Request" for additional information or documentary material pursuant to the HSR Act with respect to the Transactions;

(g) by either the Buyer or the Company if: (i) any court of competent jurisdiction or other Governmental Entity shall have issued an Order or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Transactions, and such Order or ruling shall have become final and nonappealable, or (ii) there shall be any Law enacted, promulgated or issued or deemed applicable to the Transactions by any Governmental Entity that would make consummation of the Transactions illegal;

(h) by the Buyer if there shall have been any action taken, final decision made or any Law enacted, promulgated or issued or deemed applicable to the Transactions, by any Governmental Entity which would: (i) prohibit Buyer's or the Company's or any Subsidiary's ownership or operation of any portion of the business of the Company or any of the Subsidiaries, or (ii) compel Buyer or any of its Affiliates or the Company to dispose of or hold separate, as a result of the Transactions, any portion of the business or assets of Buyer or any of its Affiliates or the Company and the Subsidiaries;

(i) by the Buyer if there is a Material Adverse Effect; or

(j) by the Buyer, by written notice given at any time before the Closing Deadline, if the Unitholder Approval has not been obtained within 20 Business Days after the Agreement Date.

10.2 Effect of Termination. If this Agreement is terminated in accordance with **Section 10.2** (Termination), it shall forthwith be void and have no effect, without liability or obligation as a result of such termination on the part of any party, its directors, officers or equityholders, except that the Confidentiality Agreement, this **Section 10.2**, **Section 4.6** (Confidentiality), **Section 4.8** (Public Disclosure), SECTION 11 (Miscellaneous), and Buyer's payment obligations under **Section 4.4(a)** shall survive termination; provided that nothing contained in this Agreement shall relieve any Person from liability for any material breach of this Agreement occurring before such termination.

SECTION 11

MISCELLANEOUS

11.1 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed given (a) when delivered personally by hand, (b) the next Business Day when sent by overnight mail, postage prepaid with proof of delivery from the courier requested, (c) the next Business Day when sent by certified or registered mail, postage prepaid, or (d) when sent if in writing and sent by electronic mail, provided that either (i) receipt of the electronic mail is confirmed by the recipient, or (ii) such notice is also sent within one (1) Business Day by overnight mail (with proof of service), hand delivery, or certified or registered mail (return receipt requested and first-class postage prepaid). Notices shall be sent to the addresses set forth below:

If to the Company:

Green Leaf Medical, LLC
4606 Wedgewood Blvd.
Frederick, MD 21703 USA
Attention: Philip Goldberg, CEO
Telephone: [***]
Email: [***]

with a copy (which shall not constitute notice) to each of:

Kevin I. Goldberg
108 Kepler Drive
Gaithersburg, MD 20878
[***]

and

Dentons Canada LLP
77 King Street West, Suite 400
Toronto, Ontario M5K 0A1
Attention: Eric Foster
Telephone: [***]
Email: [***]

If to the Securityholder Representative:

Shareholder Representative Services LLC
950 17th Street, Suite 1400
Denver, CO 80202
Attention: Managing Director
Email: [***]
Facsimile: [***]
Telephone: [***]

If to the Buyer:

Columbia Care LLC
680 5th Ave, 24th Floor
New York, New York 10019
Attention: Joshua Snyder
Telephone: [***]
Email: [***]

with a copy (which shall not constitute notice) to:

Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts 02210
Attention: Erica Rice
Telephone: [***]
Email: [***]

Any party may by notice given in accordance with this **Section 11.1** to the other parties designate another address or person for receipt of notices hereunder; provided that any party receiving such a designation shall not be required to send any notice hereunder to the new address or person before the fifth (5th) Business Day after receipt thereof.

11.2 Entire Agreement; Amendment; Waiver.

(a) This Agreement, the Ancillary Agreements and the Confidentiality Agreement, the schedules and exhibits hereto and thereto, the Company Disclosure Schedules and the documents and instruments and other agreements among the Parties referenced herein and therein constitute the entire agreement among the Parties with respect to the Transactions, and supersede all prior agreements and understandings, written or oral, with respect thereto, including the Indication of Interest, dated October 20, 2020.

(b) Except as otherwise required by applicable Law, prior to the Closing, this Agreement may be amended at any time, notwithstanding the adoption hereof by the Unitholders, only by a written instrument signed by Buyer, the Company and the Securityholder Representative. Except as otherwise required by applicable Law, after the Closing, this Agreement may be amended at any time, only by a written instrument signed by the Buyer and the Securityholder Representative.

(c) At any time prior to the Effective Time, the Buyer, on the one hand, and the Company, on the other, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations of the other party hereto, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, or (iii) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. From and after the Effective Time, the Buyer, on the one hand, and the Securityholder Representative, on the other, may, to the extent legally allowed, (x) extend the time for the performance of any of the obligations of the other party hereto, (y) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, or (z) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if, and to the extent, set forth, in an instrument in writing signed on behalf of such party.

(d) Except as expressly provided herein and therein, this Agreement, the Ancillary Agreements and the schedules and exhibits hereto and thereto are not intended to confer upon any person any rights or remedies hereunder.

(e) No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written consent of the other parties, except that the Buyer, Merger Sub I and/or Merger Sub II may assign its rights and delegate its obligations hereunder to its Affiliates, so long as the Buyer and Parent remain ultimately liable for all of the Parent's and Buyer's obligations hereunder.

11.3 Governing Law; Venue; Waiver of Jury Trial.

(a) This Agreement shall be governed and construed in accordance with the Laws of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of laws thereof, as to all matters, including matters of validity, construction, effect, performance and remedies.

(b) Each Party irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by another Party hereto or its successors or assigns shall be brought and determined exclusively in the state or federal courts located in the State of Maryland. Each Party hereby irrevocably submits with regard to any action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each Party hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (c) to the fullest extent permitted by applicable Law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER OR RELATING TO THIS AGREEMENT OR ANY ANCILLARY AGREEMENT OR THE TRANSACTIONS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE ESCROW AGREEMENT OR ANY OTHER ANCILLARY AGREEMENT OR THE TRANSACTIONS OR THE FACTS OR CIRCUMSTANCES LEADING TO EACH PARTY'S EXECUTION OR PERFORMANCE OR ANY ACTIONS OF ANY OF THE AFFILIATES OR REPRESENTATIVES OF ANY OTHER PARTY RELATED THERETO.

(d) EACH OF THE SECURITYHOLDER REPRESENTATIVE, THE COMPANY, BUYER, MERGER SUB I AND MERGER SUB II (1) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE THAT SUCH OTHER PARTY WOULD NOT IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, (2) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (3) IT MAKES SUCH WAIVERS KNOWINGLY AND VOLUNTARILY, AND (4) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION 11.3**.

11.4 Specific Performance and Other Remedies. Each party hereby acknowledges that the rights of each party to consummate the Transactions and the covenants of the Parties are special, unique and of extraordinary character and that, in the event that any party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party may be without an adequate remedy at Law. In the event that any party violates or fails or refuses to perform any covenant or agreement made by such party herein, the non-breaching party shall be entitled, in addition to the exercise of other remedies, to seek and (subject to court approval) obtain injunctive and other equitable relief, without necessity of posting a bond, restraining such party from committing such breach or threatened breach. Except as otherwise expressly provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy.

11.5 No Waiver. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

11.6 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and legal representatives.

11.7 Construction. Whenever the context requires:

(a) the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(b) Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. The words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

(c) Whenever this Agreement requires the disclosure of an agreement or Contract on the Company Disclosure Schedule or the delivery to the Buyer of an agreement or Contract, that disclosure requirement or delivery requirement, as applicable, require disclosure or delivery of the entire, unredacted document and shall also require the disclosure or delivery of each and every amendment, extension, exhibit, attachment, schedule, addendum, appendix, statement of work, change order, and any other similar instrument or document relating to that agreement or Contract.

(d) References to "Dollars" and "\$" mean dollars in lawful currency of the United States of America.

(e) All references to accounting terms shall be interpreted in accordance with GAAP unless otherwise specified.

(f) Any reference to any party to this Agreement shall include such party's successors and permitted assigns.

(g) Any reference to the Company or any of the Subsidiaries in this Agreement shall include any of its respective predecessor entities, including any entity that merged with and into such predecessor entity.

(h) Except as otherwise set forth herein, the specificity of any representation or warranty contained herein shall not be deemed to limit the generality of any other representation or warranty contained herein.

11.8 Counterparts; Delivery. This Agreement may be executed by the Parties hereto in two (2) or more separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

11.9 Exhibits and Schedules. The exhibits and schedules (including the Company Disclosure Schedule) are a part of this Agreement as if fully set forth herein. All references herein to Sections, subsections, clauses, exhibits and schedules shall be deemed references to such parts of this Agreement, unless the context shall otherwise require.

11.10 Headings. The table of contents and the headings in this Agreement are for reference only, and shall not affect the interpretation of this Agreement.

11.11 Expenses. Except as set forth herein, all fees and expenses incurred in connection with the Transactions, including all legal, accounting, Tax and financial advisory, consulting, investment banking and all other fees and expenses of third parties shall be the obligation of the party incurring such fees and expenses. Notwithstanding the foregoing, if any action, claim or proceeding relating to this Agreement or any Ancillary Agreements or the enforcement of any provision thereof is brought against any party, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements, in addition to any other relief to which the prevailing party may be entitled.

11.12 Severability. Nothing contained herein shall be construed to require the commission of any act contrary to Law. Should there be any conflict between any provisions hereof and any present or future statute, Law, ordinance, regulation, or other pronouncement having the force of Law, the latter shall prevail, but the provision of this Agreement affected thereby shall be curtailed and limited to the extent necessary to bring it into compliance therewith, and the remaining provisions of this Agreement shall remain in full force and effect.

11.13 No Strict Construction. The Parties hereto have participated jointly in the negotiation and drafting of this Agreement and the other agreements and documents contemplated herein. In the event an ambiguity or question of intent or interpretation arises under any provision of this Agreement or any other agreement or documents contemplated herein, this Agreement and such other agreements or documents shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authoring any of the provisions of this Agreement or any other agreements or documents contemplated herein.

11.14 Securityholder Representative.

(a) By voting in favor of the adoption of this Agreement, the approval of the principal terms of the Mergers, and the consummation of the Mergers or participating in the Mergers and receiving the benefits thereof, including the right to receive the consideration payable in connection with the Mergers, each Securityholder shall be deemed to have approved the designation of, and hereby designates, the Securityholder Representative as the representative, agent and attorney-in-fact for and on behalf of the Securityholders and each Securityholder for all purposes in connection with this Agreement and the agreements ancillary hereto, and without limiting the foregoing (i) agrees that all actions taken by the Securityholder Representative under this Agreement or any Ancillary Agreement shall be binding upon such Securityholder and its successors as if expressly confirmed and ratified in writing by such Securityholder, and (ii) waives any and all defenses which may be available to contest, negate or disaffirm the action of the Securityholder Representative under this Agreement or the Ancillary Agreements. Without limiting the foregoing, the Securityholder Representative shall, on behalf of the Securityholders, have the authority to:

(i) take all action permitted in connection with the implementation of those provisions of this Agreement and the Ancillary Agreements that require or permit action by the Securityholder Representative;

(ii) take all action permitted in connection with the defense and/or settlement of any and all claims for which the Securityholders may be required to provide indemnification pursuant to SECTION 9 (Indemnification) hereof (including rejecting, contesting, negotiating, settling and resolving any such claims) and any claims that may be made against the Escrow Fund;

(iii) comply with Orders of courts and determinations and awards of arbitrators with respect to claims;

(iv) review and take action with respect to Tax Returns or other Tax matters pursuant to SECTION 5;

(v) review and take action pursuant to **Section 1.7(b)** (Post-Closing True-Up) and **1.7(c)** (Resolution of Disputes);

(vi) give and receive all notices and service of process required or permitted to be given or received by the Securityholders or the Securityholder Representative under this Agreement or the Ancillary Agreements;

(vii) execute and deliver all amendments and waivers to this Agreement and the Ancillary Agreements that the Securityholder Representative deemed necessary or appropriate, whether prior to, at or after the Closing; and

(viii) take any and all such additional action or refrain from doing any further act or deed as is contemplated to be taken by or on behalf of the Securityholders by the terms of this Agreement or of the Ancillary Agreements or as may be necessary or appropriate in the judgment of the Securityholder Representative for the accomplishment of the foregoing.

(b) After the Closing, all notices provided to and/or legal process served upon the Securityholder Representative in accordance with this Agreement or the Ancillary Agreements shall be deemed to be provided to and/or served upon the Securityholders and shall be conclusive and binding upon the Securityholders. All decisions, actions, agreements, and instructions by the Securityholder Representative, including any consent, waiver, or agreement between the Securityholder Representative and any Buyer Indemnitee relating to the defense or settlement of any claim for which the Securityholders may be required to provide indemnification pursuant to SECTION 9 (Indemnification) hereof, shall be conclusive and binding upon the Securityholders; and the Buyer, each other Buyer Indemnitee and the Escrow Agent shall be entitled to rely conclusively thereon. The Buyer, each other Buyer Indemnitee and the Escrow Agent shall have no duty to inquire into the authority of any person reasonably believed to be the Securityholder Representative and no responsibility or liability for any action or omission thereof, and no party shall have any cause of action against the Buyer, any other Buyer Indemnitee or the Escrow Agent for any action or omission by such party in reliance upon the instructions or decisions of any person reasonably believed to be the Securityholder Representative.

(c) In the event that more than one Person shall at any time serve collectively as the Securityholder Representative, decisions of such Persons shall, as between them and with respect to the rights of the Securityholders in relation to the Securityholder Representative, be made by majority vote; provided, however that they shall designate a single Person as "Securityholder Representative" for all purposes involving the Buyer, any other Buyer Indemnitee, or the Escrow Agent.

(d) The Securityholder Representative is authorized to act on behalf of the Securityholders notwithstanding any dispute or disagreement among the Securityholders. In taking any actions as Securityholder Representative, the Securityholder Representative may rely conclusively, without any further inquiry or investigation, upon any certification or confirmation, oral or written, given by any person he or it reasonably believes to be authorized thereunto. The Securityholder Representative shall be entitled to: (i) rely upon the Allocation Certificate, (ii) rely upon any signature believed by it to be genuine, and (iii) reasonably assume that a signatory has proper authorization to sign on behalf of the applicable Securityholder or other party. The Securityholder Representative will incur no liability of any kind with respect to any action or omission by the Securityholder Representative in connection with the Securityholder Representative's services pursuant to this Agreement and any agreements ancillary hereto, except in the event of liability directly resulting from the Securityholder Representative's gross negligence or willful misconduct. The Securityholder Representative shall not be liable for any action or omission pursuant to the advice of counsel. The Securityholders will indemnify, defend and hold harmless the Securityholder Representative from and against any and all losses, liabilities, damages, claims, penalties, fines, forfeitures, actions, fees, costs and expenses (including the fees and expenses of counsel and experts and their staffs and all expense of

document location, duplication and shipment) (collectively, “**Representative Losses**”) arising out of or in connection with the Securityholder Representative’s execution and performance of this Agreement and any agreements ancillary hereto, in each case as such Representative Loss is suffered or incurred; provided, that in the event that any such Representative Loss is finally adjudicated to have been directly caused by the gross negligence or willful misconduct of the Securityholder Representative, the Securityholder Representative will reimburse the Securityholders the amount of such indemnified Representative Loss to the extent attributable to such gross negligence or willful misconduct. If not paid directly to the Securityholder Representative by the Securityholders, any such Representative Losses may be recovered by the Securityholder Representative from (i) the funds in the Expense Fund and (ii) any other funds that become payable to the Securityholders under this Agreement at such time as any remaining amounts would otherwise be distributable to the Securityholders; provided, that while this section allows the Securityholder Representative to be paid from the aforementioned sources of funds, this does not relieve the Securityholders from their obligation to promptly pay such Representative Losses as they are suffered or incurred, nor does it prevent the Securityholder Representative from seeking any remedies available to it at law or otherwise. In no event will the Securityholder Representative be required to advance its own funds on behalf of the Securityholders or otherwise. Notwithstanding anything in this Agreement to the contrary, any restrictions or limitations on liability or indemnification obligations of, or provisions limiting the recourse against non-parties otherwise applicable to, the Securityholders set forth elsewhere in this Agreement are not intended to be applicable to the indemnities provided to the Securityholder Representative under this section. The foregoing indemnities will survive the Closing, the resignation or removal of the Securityholder Representative or the termination of this Agreement. The Securityholder Representative undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and/or any Ancillary Agreement to which the Securityholder Representative is a party and no implied covenants or obligations shall be read into this Agreement or any Ancillary Agreements against the Securityholder Representative.

(e) As of the Effective Time, Buyer shall cause the Paying Agent to wire to the Securityholder Representative the Expense Fund, which will be used for the purposes of paying directly, or reimbursing the Securityholder Representative for, any third party expenses pursuant to this Agreement and the agreements ancillary hereto. The Securityholders will not receive any interest or earnings on the Expense Fund and irrevocably transfer and assign to the Securityholder Representative any ownership right that they may otherwise have had in any such interest or earnings. The Securityholder Representative will not be liable for any loss of principal of the Expense Fund other than as a result of its gross negligence or willful misconduct. The Securityholder Representative will hold these funds separate from its corporate funds, will not use these funds for its operating expenses or any other corporate purposes and will not voluntarily make these funds available to its creditors in the event of bankruptcy. As soon as practicable following the completion of the Securityholder Representative’s responsibilities, the Securityholder Representative will deliver any remaining balance of the Expense Fund to the Paying Agent for further distribution to the Securityholders. For tax purposes, the Expense Fund will be treated as having been received and voluntarily set aside by the Securityholders at the time of Closing.

(f) The Securityholder Representative may resign at any time. In the event that the Securityholder Representative resigns from such position or is unable to continue in such position, Securityholders holding among them the rights to receive at least a majority of the Parent Common Shares then remaining in the Escrow Fund to be distributed to the Securityholders (or, if no Escrow Fund remains, representing a majority in interest of the Pro Rata Shares) (the “**Majority Holders**”) shall promptly appoint another representative to fill such vacancy, and such substituted representative shall be deemed to be the Securityholder Representative for all purposes of this Agreement. In the absence of such appointment, the Buyer may apply to a court of competent jurisdiction for the appointment of a successor Securityholder Representative, and the costs, expenses and reasonable attorneys’ fees incurred in connection with such proceeding shall be paid from the Expense Fund or, to the extent exhausted, the Securityholders. The Securityholder Representative may be removed at any time upon the written consent of the Majority Holders with not less than thirty (30) days’ prior written notice to the Buyer; provided, however, that a successor Securityholder Representative must be concurrently appointed and become a party to this Agreement and the Escrow Agreement. The immunities and rights to indemnification shall survive the resignation or removal of Securityholder Representative and the Closing and/or any termination of this Agreement and the Escrow Agreement.

(g) The provisions of this **Section 11.14** (including the powers, immunities and rights to indemnification granted to the Securityholder Representative hereunder): (i) are independent and severable, are irrevocable and coupled with an interest and shall be enforceable notwithstanding any rights or remedies that any Securityholder may have in connection with the Transactions, (ii) shall be irrevocable and survive the death, incompetence, bankruptcy or liquidation of the respective Securityholder and shall be binding on any successor thereto, and (iii) shall survive the delivery of an assignment by any Securityholder of the whole or any fraction of his, her or its interest in the Escrow Fund. Remedies available at Law for any breach of the provisions of this **Section 11.14** may be inadequate; therefore, the Buyer and each other Buyer Indemnitee shall be entitled to seek temporary and permanent injunctive relief without the necessity of proving damages or posting any bond if such person brings an action or proceeding to enforce the provisions of this **Section 11.14**.

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PARENT:

COLUMBIA CARE INC.

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: CEO

BUYER:

COLUMBIA CARE LLC

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: CEO

MERGER SUB I:

VICI ACQUISITION LLC

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: Manager

MERGER SUB II:

VICI ACQUISITION II LLC

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: Manager

[Signature Page to Merger Agreement]

COMPANY:

GREEN LEAF MEDICAL, LLC

By: /s/ Philip Goldberg

Name: Philip Goldberg

Title: CEO

SECURITYHOLDER REPRESENTATIVE:

SHAREHOLDER REPRESENTATIVE

SERVICES LLC, solely in its capacity as

Securityholder Representative:

By: /s/ Sam Riffe

Name: Sam Riffe

Title: Managing Director

[Signature Page to Merger Agreement]

EXHIBIT A

FORM OF NON-COMPETITION AGREEMENT

FORM OF NONCOMPETITION AND NONSOLICITATION AGREEMENT

THIS NONCOMPETITION AND NONSOLICITATION AGREEMENT (this "Agreement") is by and between Columbia Care LLC, a Delaware limited liability company ("Buyer"), and [], an individual ("Securityholder"). Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings assigned to them in the Agreement and Plan of Merger ("Merger Agreement"), among Buyer, Columbia Care Inc., a company continued under the laws of the Province of British Columbia ("Parent"), Vici Acquisition LLC, a Delaware limited liability company ("Merger Sub I"), Vici Acquisition II LLC, a Delaware limited liability company ("Merger Sub II", and together with Merger Sub I, the "Merger Subs"), Green Leaf Medical, LLC, a Maryland limited liability company (the "Company"), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative of the Securityholders (the "Securityholder Representative"). Buyer and Securityholder are sometimes jointly referred to herein as the "Parties."

RECITALS

A. The Parent, the Buyer, the Merger Subs and the Company entered into the Merger Agreement to effectuate a merger (the "Merger"), pursuant to which the Company will merge with and into Merger Sub I, with the Company to survive the first merger, following which, the surviving company will merge with and into Merger Sub II, with Merger Sub II to survive the second merger.

B. Securityholder is an equityholder of the Company, has been actively involved in the management of the Company's business and in the development of the Company's products and technology and has thereby acquired significant experience, skill, and confidential and proprietary information relating to the business and operation of the Company. Securityholder, in the course of operating the business of the Company, has also developed on behalf of the Company significant goodwill and know-how that is now a significant part of the value of the Company.

C. Securityholder has a material economic interest in the consummation of the Merger.

D. Buyer desires to protect its investment in the assets, business, goodwill, and know-how of the Company to be acquired pursuant to the Merger Agreement and accordingly, as a material condition to its willingness to enter into the Merger Agreement and consummate the Merger, has required that Securityholder agree to limit certain activities by Securityholder (as set forth herein) that would compete with or otherwise harm such assets, business, goodwill or know-how.

E. As part of the consideration and inducement to Buyer to enter into the Merger Agreement and acquire the Company and its businesses, Securityholder is willing to agree to and abide by such restrictions.

F. References to Buyer hereinafter shall include all Affiliates of Buyer and, following the Closing Date, shall include the Company.

NOW, THEREFORE, in consideration of the premises, the mutual promises hereinafter set forth, and other good and valuable consideration had and received, the Parties hereto agree as follows:

AGREEMENT

1. Effectiveness. This Agreement shall be effective as of the Closing Date. To the extent the Merger Agreement is terminated for any reason prior to the Closing Date, this Agreement shall immediately upon termination of the Merger Agreement terminate in its entirety without ever having become effective and shall be null and void in all respects.

2. Definitions. For purposes of this Agreement:

(a) “Confidential Information” means (i) any and all trade secrets concerning the business and affairs, or the planned business and affairs, of the Company, its Subsidiaries, and any of their Affiliates including product specifications, data, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current and planned research and development, current and planned distribution methods and processes, customer lists, customer information databases, customer mailing lists, current and anticipated customer requirements, price lists, market studies, business plans, computer software and programs (including object code and source code), data-base technologies, systems, structures and architectures and related processes, formulae, compositions, improvements, devices, know-how, inventions, discoveries, concepts, methods and information and any other information, however documented, that is a trade secret of the Company, its Subsidiaries, and any of their Affiliates; (ii) any and all other information concerning the business and affairs, or the planned business and affairs, of the Company, its Subsidiaries, and any of their Affiliates (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, personnel training and techniques and materials), however documented; and (iii) any and all notes, analyses, compilations, studies, summaries and other material prepared by or for the planned activities of the Company, its Subsidiaries, and any of their Affiliates containing or based, in whole or in part, on any information included in the foregoing, regardless of medium. Confidential Information specifically includes any and all information that Securityholder may have obtained concerning Buyer or Parent in connection with discussions and negotiations concerning the transactions contemplated by the Merger Agreement. Notwithstanding anything in the foregoing to the contrary, “Confidential Information” shall not be deemed to include any information that: (A) is or becomes generally available to the public through no action or inaction of Securityholder in violation of this Agreement; (B) is required to be disclosed by Law or legal process; (C) is or becomes available to Securityholder so long as the source of such information was not known by Securityholder to be bound by a confidentiality obligation to Buyer, Parent, or the Company with respect to such information; or (D) was or is independently developed by Securityholder without violating Securityholder’s obligations hereunder.

(b) “Restricted Business” means the cultivation, growing, producing, distributing, marketing, selling or licensing of cannabis or products derived from cannabis, which, for the avoidance of doubt, does not include providing legal services or legal advice related to cannabis.

(c) “Restricted Employee” means any (A) employee, consultant, agent, or contractor of any of the Company, its Subsidiaries, or any of their Affiliates as of the Closing Date, or (B) former employee, consultant, agent, or contractor of any of the Company, its Subsidiaries, or any of their Affiliates who Securityholder knows to be employed by Buyer or any of its Affiliates as of immediately after the Closing.

(d) “Restricted Territory” means the United States.

(e) “Restriction Period” means the period from the Closing Date until the third (3rd) anniversary of the Closing Date.

3. Noncompetition; Nonsolicitation.

(a) Securityholder acknowledges that due to Securityholder’s position with and relationship to the Company (as referenced in Recital B above), Securityholder has had access to the Company’s Confidential Information (as defined above) and has been responsible for developing and maintaining (in whole or in part) the goodwill and know-how of the Company. Securityholder acknowledges that prior to the Closing Date, the Company, its Subsidiaries, or their Affiliates were engaged in the Restricted Business throughout the United States and/or have substantial and material plans to do so. To protect the Company’s trade secrets, Confidential Information and relationships, goodwill with customers, and know-how during the Restriction Period, Securityholder shall not in any manner within the Restricted Territory, directly or indirectly, including through entities that Securityholder directly or indirectly controls, participate or engage in, own or have any financial or other interest in, lend credit to, lend Securityholder’s name to, manage, operate, join, accept employment or any other service with, or participate in the ownership, management, operation or control of, any entity or business, division, group, or other subset of any business that is engaged in the Restricted Business, whether for Securityholder’s own account or for that of another Person, and whether as shareholder, principal, partner, member, joint venturer, investor, creditor, proprietor, director, officer, employee or consultant or in any other capacity, except (i) as an employee or consultant to Buyer or (ii) as otherwise expressly consented to in writing by Buyer. Notwithstanding the foregoing, this Section 3(a) shall not restrict Securityholder from passively owning (directly or indirectly through a mutual fund or other common investment vehicle) fifteen percent (15.0%) or less of any Person.

(b) During the Restriction Period, Securityholder shall not, without the prior written consent of Buyer, directly or indirectly (including through any Affiliate of Securityholder or any other Person) encourage, induce, attempt to induce, solicit or attempt to solicit any Restricted Employee to leave his or her employment, consulting or independent contractor relationship with Buyer or any of Buyer’s Affiliates; provided that the foregoing shall not apply to any general solicitations not directly targeted at a Restricted Employee.

(c) During the Restriction Period, Securityholder shall not, directly or indirectly (including through any Affiliate of Securityholder or any other Person): (i) solicit any existing (as of the Closing Date) customer, vendor, supplier, licensor, lessor, joint venturer, associate, consultant, agent or partner of the Company, its Subsidiaries, or any of their Affiliates, for the purpose of influencing such Person to provide business or services to Securityholder (or through Securityholder to any other Person) in connection with the Restricted Business or to cease doing business in whole or in part with the Company, its Subsidiaries, or any of their Affiliates or whatever corporate entity or entities through which the Restricted Business is carried on by Buyer after the Closing Date; or (ii) knowingly interfere with, disrupt, or attempt to disrupt the business relationships (contractual or otherwise) existing (now or at any time during the Restriction Period) between the Company, its Subsidiaries, or any of their Affiliates or whatever corporate entity through which the Restricted Business is carried on by Buyer after the Closing Date and any third party (including the Company's customers, vendors, suppliers, licensors, lessors, joint venturers, associates, consultants, agents and partners).

4. Confidential Information.

(a) Securityholder acknowledges that Securityholder has occupied a position of trust and confidence with the Company and with respect to the transactions contemplated by the Merger Agreement prior to the date hereof, and has become familiar with Confidential Information of the Company.

(b) Securityholder acknowledges that, from and after the Closing Date, all Confidential Information known or obtained by Securityholder will constitute property of Buyer. Therefore, Securityholder shall not at any time (i) disclose any Confidential Information to any unauthorized person or entity; or (ii) use any Confidential Information for Securityholder's own account or for the benefit of any third party, whether Securityholder has such information in Securityholder's memory or embodied in writing or other physical form, without the prior written consent of Buyer (which may be granted or withheld for any reason or no reason). Securityholder shall deliver to Buyer or destroy and certify to such destruction (in Securityholder's sole discretion) at any time after Closing upon Buyer's request, any and all copies of Confidential Information (regardless of medium) in Securityholder's possession or control.

5. Understanding of Covenants.

(a) The recitals to this Agreement are incorporated herein by this reference. Securityholder acknowledges and agrees with such recitals, and further agrees that the value of the consideration paid by Buyer in connection with the Merger Agreement is substantial and that preservation of the confidential and proprietary information, goodwill, know-how, stable workforce, and customer relations of the Company and any of their Affiliates is a material part of the consideration which Buyer is receiving under the Merger Agreement.

(b) Securityholder further acknowledges and agrees that Securityholder (i) is familiar with and has carefully considered the covenants set forth above in this Agreement, (ii) is fully aware of Securityholder's obligations hereunder, (iii) has been actively involved in the management of the Company's business, is an equityholder of the Company, is in possession of the Confidential Information, and in continuing to provide services to Buyer following the Closing Date will continue to have access to Confidential Information (as well as other trade secrets and confidential information of Buyer), (iv) understands that one of the material inducements for Buyer to enter into the Merger Agreement is Securityholder's agreement to enter into an agreement

containing the covenants set forth in this Agreement, (v) the goodwill and know-how associated with the Company prior to the transaction contemplated by the Merger Agreement is an integral, substantial and material component of the value of the Company to Buyer and is reflected in the value of the cash or Buyer equity being paid/issued in connection with the Merger for Securityholder's equity in the Company, (vi) Securityholder's agreement to the terms set forth in this Agreement is necessary to preserve the value of the Company for Buyer following the transactions contemplated by the Purchase Agreement, (v) agrees to the reasonableness of the character, duration, geographic area and subject matter scope of the covenants set forth in this Agreement and that such covenants shall continue through the Restriction Period regardless of whether Securityholder receives any compensation from Buyer for employment or services during the Restriction Period, (vi) agrees that the Company currently conducts and/or currently has substantial and material plans to conduct the Restricted Business throughout the United States, (vii) agrees that the covenants set forth above in this Agreement are necessary to protect the Company's Confidential Information, goodwill, know-how, stable workforce, and customer relations, and (viii) that such covenants are separately bargained-for consideration and are material inducements to Buyer to enter into the Merger Agreement.

(c) Securityholder agrees that the covenants set forth above in this Agreement do not confer a benefit upon the Company disproportionate to the detriment of Securityholder. Securityholder represents that the execution of this Agreement, and the performance of Securityholder's obligations under this Agreement, do not and will not conflict with, or result in a violation or breach of, any other Contract of which Securityholder is a party or any Order to which Securityholder is subject. Securityholder represents that Securityholder is competent and has all necessary authority to execute this Agreement, and that Securityholder has entered into this Agreement freely and voluntarily and not under duress.

6. Consideration. As consideration for Securityholder's covenants set forth in Sections 3 and 4 of this Agreement, Buyer has entered into the Merger Agreement, following which Securityholder will receive certain benefits in connection with the Merger in Securityholder's capacity as an equityholder of the Company.

7. Injunctive Relief. Each Party agrees that any breach by the other of this Agreement (given, among other factors, the unique skills, position and exposure to Confidential Information at issue with respect to this Agreement) may cause immediate and irreparable harm to the non-breaching Party, that such harm may be difficult or impossible to measure, and that damages for the non-breaching Party may therefore be an inadequate remedy for any such breach. Therefore, each Party agrees that in the event of a breach or threatened breach of this Agreement, the Company, Buyer or Securityholder (whichever is seeking to enforce this Agreement) shall be entitled to seek an injunction restraining the Party in breach (or threatened to be in breach, as the case may be) from the conduct which would constitute a breach of this Agreement, specific performance and/or other appropriate relief in order to enforce and prevent any violations of this Agreement. Each Party further hereby waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any Law to provide the inadequacy of money damages or to post security as a prerequisite to obtaining equitable relief. Furthermore, the Restriction Period shall be extended by the same time that the Securityholder is in breach of Section 3 of this Agreement.

8. Non-Exclusivity. The rights and remedies of Buyer hereunder are not exclusive of or limited by any other rights or remedies that Buyer may have, whether at law, in equity, by contract or otherwise. Without limiting the generality of the foregoing, the rights and remedies of Buyer hereunder, and the obligations and liabilities of Securityholder hereunder, are in addition to their respective rights, remedies, obligations and liabilities under the law of unfair competition, misappropriation of trade secrets and the like. This Agreement does not limit Securityholder's obligations or Buyer's rights (or any present or future Affiliate of Buyer) under the terms of any employment, proprietary information, confidentiality, invention assignment or other agreement between Securityholder and Buyer.

9. Notices. All notices, requests, claims, demands and other communications under this Agreement will be in writing and will be deemed given (a) on the date of delivery, if delivered in person, by facsimile (upon confirmation of receipt) or by e-mail prior to 5:00 p.m. in the time zone of the receiving party or on the next Business Day, if delivered after 5:00 p.m. in the time zone of the receiving party, (b) on the first Business Day following the date of dispatch, if delivered by a recognized overnight courier service (upon proof of delivery), or (c) upon receipt if delivered personally or by certified mail, postage prepaid, return receipt requested, addressed as follows:

(a) if to Securityholder, to:

[ADDRESS]

Attention:

E-mail: [_____]

(b) if to Buyer, to:

Columbia Care LLC

680 5th Ave, 24th Floor

New York, New York 10019

Attention: Joshua Snyder

with a copy to:

Foley Hoag LLP

155 Seaport Boulevard

Boston, Massachusetts 02210

Attention: Erica Rice

Telephone: [***]

Email: [***]

10. Rules of Construction. The use in this Agreement of the term "including" means "including, without limitation." The use in this Agreement of the term "or" means "and/or" unless the context clearly indicates otherwise. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole, as the same may from time to time be amended, modified, supplemented or restated, and not to any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement. All references to Sections mean the Sections of this Agreement, except where otherwise stated. The title of and the section and paragraph

headings in this Agreement are for convenience of reference only and shall not govern or affect the interpretation of any of the terms or provisions of this Agreement. The use herein of the masculine, feminine or neuter forms shall also denote the other forms, as in each case the context may require or permit. The singular or plural includes the other, as the context requires or permits. Where this Agreement uses specific language to clarify by example a general statement contained herein, such specific language shall not modify, limit or restrict in any manner the construction of the general statement to which it relates. This Agreement uses language that has been chosen carefully by the Parties to express their mutual intent, and no rule of construction shall be applied against either Party.

11. Governing Law; Disputes; Consent to Jurisdiction.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Delaware without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(b) Consent to Jurisdiction. Each of the Parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any Delaware state court, or, if no such state court has proper jurisdiction, the Federal court of the United States of America, sitting in Delaware, and any appellate court from any thereof, in any Proceedings arising out of or relating to this Agreement and any transactions contemplated hereby or for recognition or enforcement of any judgment relating thereto, and each of the Parties hereby irrevocably and unconditionally (i) agrees not to commence any such Proceeding except in such courts, (ii) agrees that any claim in respect of any such Proceeding may be heard and determined in such Delaware state court or, if no such state court has proper jurisdiction, the such Federal court, (iii) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any Proceeding in the state or Federal courts located in any such Delaware state or Federal court, and (iv) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such Proceeding in the state or Federal courts located in any such Delaware state or Federal court. Each of the Parties hereto agrees that a final judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions in the United States and throughout the world by suit on the judgment or in any other manner provided by Law. Nothing in this Agreement will affect the right of any Party to this Agreement to serve process in any other manner permitted by Law.

12. Cooperation. Each Party shall cooperate with the other Party and shall take such further action and shall execute and deliver such further documents as may be necessary or desirable in order to carry out the provisions and purposes of this Agreement.

13. Amendments, Modifications and Waivers. No amendment, modification or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by authorized officer of Buyer and Securityholder. No waiver by Buyer of any default, misrepresentation or breach hereunder by Securityholder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach hereunder by Securityholder or affect in any way any rights of Buyer arising by virtue of any prior or subsequent such occurrence.

14. Independent Counsel. Each Party acknowledges that it has been represented by independent counsel of its choice, or has had the opportunity to be represented by independent counsel of its choice, and that to the extent, if any, that it desired, has availed itself of this right and opportunity throughout all negotiations that have preceded the execution of this Agreement, and that it has executed the same with the consent and upon the advice of such independent counsel. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting Party has no application and is expressly waived.

15. Integration. This Agreement is based on the premises and mutual promises contained herein and also upon the Merger Agreement. This Agreement, and the Merger Agreement upon which this Agreement is based, are the entire agreement of the parties pertaining to the subject matter of this Agreement, and all prior or contemporaneous negotiations, agreements, understandings, or representations, whether written or oral, that pertain to the subject matter of this Agreement, are expressly superseded hereby and are of no further force and effect. Each of the parties acknowledges that it has not relied on any promise, representation or warranty, expressed or implied, not contained in this Agreement or the Merger Agreement.

16. Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors, assigns, heirs and/or personal representatives, provided that neither this Agreement nor any interest herein shall be assigned or otherwise transferred, by operation of law or otherwise, by Securityholder without the prior written consent of Buyer. Nothing in this Agreement shall confer, whether expressly or by implication, any rights or remedies under or by reason of this Agreement on any person or entity other than the Parties, Affiliates of Buyer and the respective permitted successors and assigns of any of the foregoing.

17. Separate Covenants. This Agreement shall be deemed to consist of a series of separate covenants, one for each line of business included within the Restricted Business and each county, state, country or other region included within the Restricted Territory. The Parties expressly agree that the character, duration, geographic area and subject matter scope of this Agreement are reasonable in light of the circumstances as they exist on the date upon which this Agreement has been executed, including but not limited to Buyer's need to protect the value of the Company's assets, relationships, goodwill, know-how, and business it is acquiring. However, should a determination nonetheless be made by a court of competent jurisdiction at a later date that the character, duration, geographical area or subject matter scope of this Agreement exceeds that permitted by applicable Law in a particular jurisdiction, then the Parties agree that such provision(s) will be reformed to the maximum character, duration, geographical area and subject matter scope, as the case may be, permitted by applicable Law in such jurisdiction, without affecting the enforceability of any provisions of this Agreement in other jurisdictions. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because, taken together, they are more extensive (after giving effect to any reformation contemplated by the preceding sentence) than necessary or appropriate to assure Buyer of the intended benefit of this Agreement, it is expressly understood and agreed among the Parties hereto that those of such covenants that, if eliminated, would permit the remaining separate covenants to be enforced in such proceeding shall, for the purpose of such proceeding, be deemed eliminated from the provisions hereof in that jurisdiction.

18. Severability. The Parties desire and intend that the provisions of this Agreement be enforced to the fullest extent permissible under the Law and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, in the event that any court of competent authority holds any provision of this Agreement to be invalid, prohibited or unenforceable for any reason in any jurisdiction, then as to such jurisdiction, the offending provision shall be deemed severed from this Agreement and shall be ineffective within that jurisdiction, without invalidating the remaining provisions of this Agreement within that jurisdiction or affecting the validity or enforceability of any provisions of this Agreement in any other jurisdiction. Notwithstanding the foregoing, if an offending provision as described above could be more narrowly drawn or otherwise "blue-penciled," modified or reformed so as not to be invalid, prohibited or unenforceable in the jurisdiction where it was held to be offending, then it shall, as to such jurisdiction, be deemed more narrowly drawn, blue-penciled, modified or reformed, by the minimum necessary to render it valid and enforceable in that jurisdiction, (i) with the nature and extent of such redrawing, blue-penciling, modification or reformation to be determined by a court of competent authority in accordance with applicable procedural and substantive law, and (ii) without invalidating the remaining provisions of this Agreement within that jurisdiction or affecting the validity or enforceability of any provisions of this Agreement in any other jurisdiction.

19. Obligations. Securityholder's obligations under this Agreement shall remain in effect without regard to Securityholder's employment or severance of employment with the Company, Company's Affiliates, Buyer or Buyer's Affiliates; provided, however, that all of Securityholder's obligations hereunder shall immediately cease if Buyer, Parent, the Company, or one of their Affiliates materially breaches its obligations to Securityholder under the Merger Agreement or any employment agreement with the Securityholder.

20. Counterparts; Signatures. The Parties may execute this Agreement in counterparts, each of which shall be deemed to be an original instrument, but both of which together shall constitute but one agreement. The delivery of a signature to this Agreement by facsimile or electronic mail shall be sufficient for all purposes between the Parties.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Buyer has caused this Agreement to be executed by its duly authorized representatives, and Securityholder has executed this Agreement, in each case, as of the date first written above.

SECURITYHOLDER

[Signature Page – Non-Competition Agreement]

BUYER

Columbia Care LLC,
a Delaware limited liability company

By: _____
Name:
Title:

[Signature Page – Non-Competition Agreement]

EXHIBIT B

FORM OF EMPLOYMENT AGREEMENT



Columbia Care

December 21, 2020

[Name]

[Email]

Re: Offer of Employment with Columbia Care Inc.

Dear [Name]:

It is with great pleasure that, contingent upon and subject to the closing of the agreement and plan of merger by and among Columbia Care Inc and Green Leaf Medical LLC, dated December 21, 2020 (the "Closing") I offer you employment with Columbia Care Inc. (together with its subsidiaries and affiliates, the "Company"). Your initial position will report to **David Hart, Chief Operating Officer**. Your date of hire as a regular, full-time employee will be the date of the Closing (the "Start Date") or a date determined by the completion of your background and reference checks.

Base Compensation: You will be paid an annual salary of **\$300,000**. The base wages will be paid in accordance with the Company's standard payroll practices and subject to customary deductions and withholdings as required by law. You will be eligible to participate in annual merit wage reviews in accordance with the Company's compensation practices. To be eligible for a merit increase, you must be employed by September 30 of the previous year.

Discretionary Bonus and Expense Reimbursement: You will be eligible to participate in the Vice President annual bonus program, subject to its terms and conditions and at the discretion of the Company, with the potential to earn an incentive bonus equivalent to a target of up to **50% Bonus Target** of your annualized base wages, as calculated by the Company. The performance bonus is based upon the Company's assessment of your performance as well as business conditions at the Company. The company may also make adjustments in the terms and targeted amount of your annual performance bonus in its sole and absolute discretion. If you begin employment with the Company between January 1 and September 30th, you will be eligible to earn a pro-rated performance bonus based on the length of time that you have been employed with the Company during this calendar year. If you begin employment between October 1 and December 31st, you will not be eligible to participate in the bonus program until the following calendar year. You must be employed by the Company at the time a performance bonus is paid to earn any part of a bonus. Also, the Company will reimburse your reasonable out-of-pocket expenses and other expenses related to your work based on the Company's expense reimbursement policy, as may be amended from time to time.

Long-Term Incentive Grant: Subject to approval by the Company's Compensation Committee, at the next available grant date you will be granted an equity incentive award valued at **\$350,000**. You may be granted Restricted Stock Units (as defined in the Columbia Care Inc. Omnibus Long-Term Incentive Plan, as amended from time to time) or another type of award, subject to all of the terms and conditions under the applicable Company plan, including, but not limited to, any associated award agreements and any other documents associated with the grant. Such terms and conditions may include restrictive covenants, such as non-competition provisions. The vesting schedule and price per Unit will be determined in accordance with the applicable plan. You should consult with a tax advisor concerning the tax risks associated with any equity grant.

Benefits: As a regular, full-time employee, you will be eligible to participate in the employee benefit program that the Company offers to its employees in comparable positions, which currently include Medical, Dental, Vision, Life and Disability Insurance, Holiday and Sick Time, subject to plan terms and generally applicable Company policies, as amended from time to time. You will also be entitled to accrue up to fifteen (15) days of vacation and five (5) days of sick time each calendar year, pursuant to the Company's applicable policy(ies) as may exist and be amended from time to time. Descriptions of the Company's benefits will be available upon request. The Company retains the right to amend, modify, or cancel any benefits program in its sole and absolute discretion. Where a particular benefit is subject to a formal plan (for example, medical insurance), eligibility to participate in and receive any particular benefit is governed solely by the applicable plan document.

Non-Solicitation, Non-Disclosure and Invention Assignment Agreement: As part of your employment and continued employment with the Company, you will be exposed to, and provided with, valuable confidential and/or trade secret information concerning the Company and its present and future business plans and operations. As a result, in order to protect the Company's substantial investment of time and money in the creation and maintaining of its confidential information and good-will with its customers, clients, and collaborators, your offer of employment and your continued employment is contingent upon your signing the Company's *Non-Solicitation, Non-Disclosure and Invention Assignment Agreement* (the "Restrictive Covenant Agreement"), a copy of which is attached to this Offer as **Exhibit A** and your continued willingness to abide by its terms.

By the same token, the Company expects you to abide by and honor the terms of any agreements you may have with your present or prior employers. By signing below, you confirm that you do not have any agreements with non-competition, customer non-solicitation, non-disclosure or other similar provision that would prevent you from fulfilling your job duties for the Company. Additionally, we expect that you have not taken any documents or other confidential information from your employer. We want to make it perfectly clear you should not bring with you to the Company, or use in the performance of your duties for our Company, any proprietary business or technical information, materials or documents of a former employer, or otherwise disclose or use any former employer's confidential information.

Work Authorization: This offer of employment is contingent on you being legally authorized to work in the United States, and you will need to complete an I-9 Employment Verification Form no later than your first day of work.

Term of Employment: The employment term of this Offer is for the time period from the Start Date until September 30, 2023 (the “Term”). During the Term, the Company will not terminate your employment other than for Cause. “Cause” means your: (i) engaging in illegal conduct that was or is materially injurious to the Company; (ii) violating a federal or state law or regulation applicable to the Company’s business which violation was or is reasonably likely to be injurious to the Company, except for any violation of the Controlled Substances Act arising from the Company’s cultivation and distribution of marijuana; (iii) material breach of the material terms of this Offer, including Exhibit A, and/or any other restrictive covenant agreement, confidentiality agreement or invention assignment agreement between you and the Company; (iv) commission of a felony or the misappropriation of material property belonging to the Company; (v) engaging in any act that constitutes theft, fraud, embezzlement, misrepresentation, conflict of interest, or breach of fiduciary obligations to the Company; (vi) gross negligence or willful failure to follow lawful directions of the Board, the Chief Executive Officer, or the Chief Operating Officer, other than due to illness or incapacity; (vii) unauthorized use or disclosure of proprietary information of the Company, which use or disclosure causes material harm; or (viii) material and intentional violation of any material policies of the Company.

Entire Agreement and Governing Law: This Offer, together with its Exhibit(s), will constitute the entire agreement as to your employment relationship with the Company and will supersede any prior agreements or understandings, whether in writing or oral. The terms of this letter and the resolution of any disputes as to the meaning, effect, performance or validity of this letter or arising out of, related to, or in any way connected with this letter, your employment with the Company or any other relationship between you and the Company (the “Disputes”) will be governed by the laws of the State of New York, excluding laws relating to conflicts or choice of law. In addition, you and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in the State of New York in connection with any Disputes or any claim related to any Disputes.

Offer Expiration: This offer will expire at 5:00 PM, Eastern Time, on December 21, 2020. Please indicate your acceptance of this offer and the terms and conditions thereof by signing both this Offer and returning fully signed copies to me.

We are looking forward to you joining the Columbia Care team! We are confident that you will find a great deal of challenge, satisfaction, and opportunity for personal and professional growth at the Company.

Sincerely,

Bryan L Olson
Chief People & Administrative Officer

YOU ACKNOWLEDGE THAT YOU HAVE CAREFULLY READ THIS OFFER, INCLUDING ITS EXHIBIT(S), AND UNDERSTAND AND AGREE TO ALL OF THE PROVISIONS IN THIS OFFER AND ITS EXHIBIT(S).

Accepted and agreed by:

Employee Signature

Date: _____

EXHIBIT A**Non-Solicitation, And Non-Disclosure Assignment Agreement**

In consideration and as a condition of my employment and continued employment by Columbia Care Inc. (together with its subsidiaries and affiliates, the "Company" or "Columbia Care"), I hereby agree as follows:

1. Proprietary Information. I agree that all information, whether or not in writing, whether or not in hard-copy or electronic format or communicated orally, concerning the Company's business, technology, business relationships or financial affairs that the Company has not released to the general public (collectively, "Proprietary Information"), and all tangible embodiments thereof, are and will be the exclusive property of the Company. By way of illustration, Proprietary Information may include but is not limited to trade secrets and other information or material that has not been made generally available to the public, such as: (a) corporate information, including plans, files, lists, strategies, methods, policies, resolutions, notes, email correspondence, negotiations or litigation; (b) marketing, branding and advertising information, including strategies, plans, methods, market research data, customer identities or other information about customers, prospect identities or other information about prospects, or market analyses or projections; (c) financial information, including financial or business plans, data and affairs, financial statements, bank statements, cost and performance data, debt arrangements, equity structure, investors and holdings, investor documents such as private placement memorandum, purchasing and sales data and price lists; and (d) operational and technological information, including plans, specifications, manuals, forms, templates, software, designs, methods, procedures, formulas, discoveries, inventions, improvements, biological or chemical materials, concepts and ideas, and all internal sales, marketing, public affairs, operations and finance operating systems and data therein; (e) personnel information, including personnel lists, reporting or organizational structure, resumes, personnel data, salary, bonus, incentive data, compensation structure, performance evaluations and termination arrangements or documents; and (f) other proprietary information, including creative properties, manufacturing and product conversion, production techniques, grow method, nutrient method, industrial agriculture, patient data, client data, data conclusions, mining data, mining methods, technology/technological initiatives, intellectual property/intellectual property assets, license pursuit plans, product rates and pricing, pricing factors, profit and profit margin data and databases, cost and performance data, license application materials, cultivation plans, security plans, manufacturing/processing plans, dispensing/distribution plans, property/facility specs and details, property facility layouts, internal management tools and systems, products and product research and development plans, testing data, formulas, research data, chemical formulations and other formulations, analysis, customers, clients, contracts and the like. Proprietary Information includes, without limitation, (1) information received in confidence by the Company from its customers or suppliers or other third parties, and (2) all biological or chemical materials and other tangible embodiments of the Proprietary Information.

2. No Unauthorized Disclosure or Use. I will not, at any time, without the Company's prior written permission, either during or after my employment, disclose or transfer any Proprietary Information to anyone outside of the Company, or use or permit to be used any Proprietary Information for any purpose other than the performance of my duties as an employee of the Company. I will cooperate with the Company and use my best efforts to prevent the unauthorized disclosure of all Proprietary Information. I will deliver to the Company all copies and other tangible embodiments of Proprietary Information in my possession or control upon the earlier of a request by the Company or termination of my employment.

Further, notwithstanding my nondisclosure obligations described in this Section 2, I have been advised that 18 USC Section 1833(b) provides that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made: (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. I have been further advised that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret information in the court proceeding, so long as the individual (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

3. Rights of Others. I understand that the Company is now and may hereafter be subject to non-disclosure or confidentiality agreements with third persons that require the Company to protect or refrain from use of confidential or proprietary information. I agree to be bound by the terms of such agreements in the event I have access to such confidential or proprietary information. I further agree that I will not use such confidential or proprietary information for any purpose other than in connection with my employment with the Company, including, but not limited, not using such information to buy or sell any securities of any clients or former clients of the Company. I acknowledge that the Company makes no representations or warranties as to the accuracy or completeness of any confidential or proprietary information from third persons, or Proprietary Information from the Company. The Company shall not have any liability to you for the accuracy or completeness of Proprietary Information.

4. Commitment to Company; Avoidance of Conflict of Interest. While an employee of the Company, I will devote the vast majority of my business/professional time and attention to the Company's business. It is understood by the Company that Kevin Goldberg has a private law practice that he devotes limited professional time to, and that Kevin Goldberg and Philip Goldberg are entrepreneurs and involved in other endeavors including, but not limited to Sports Betting venture in Maryland (Gold Star Gaming, LLC), together the "Other Activities." The Company acknowledges that Kevin Goldberg and Philip Goldberg may participate in the Other Activities, but only to the extent that such participating does not interfere with performing their employment duties with the Company.

5. Developments. I hereby do assign and transfer and, to the extent any such assignment cannot be made at present, will assign and transfer, to the Company and its successors and assigns, all my right, title and interest in and to all Developments (as defined below) that: (a) are created, developed, made, conceived or reduced to practice by me (alone or jointly with others) or under my direction (collectively, "conceived") during the period of my employment and six (6) months thereafter and that relate to the business of the Company or to products, methods or services being researched, developed, manufactured or sold by the Company; (b) result from tasks assigned to me by the Company; or (c) result from the use of premises, Proprietary Information or personal property (whether tangible or intangible) owned, licensed or leased by the Company (collectively, "Company-Related Developments"), and all related patent rights, trademarks, copyrights and other intellectual property rights in all countries and territories worldwide claiming, covering or otherwise arising from or pertaining to Company-Related Developments (collectively, "Intellectual Property Rights"). I further agree that "Company-Related Developments" include, without limitation, all Developments that (i) relate to the business of the Company or to products, methods or services being researched, developed, manufactured or sold by the Company, and (ii) were not subject to an obligation to assign to another entity when conceived. I will make full and prompt disclosure to the Company of all Company-Related Developments, as well as all other Developments conceived by me during the period of my employment and six (6) months thereafter. I acknowledge that all work performed by me as an employee of the Company is on a "work for hire" basis. I hereby waive all claims to any moral rights or other special rights that I may have or accrue in any Company-Related Developments.

5.1 "Developments" mean inventions, discoveries, designs, developments, methods, modifications, improvements, processes, algorithms, databases, computer programs, formulae, techniques, trade secrets, graphics or images, audio or visual works, and other works of authorship.

5.2 If, in the course of my employment with the Company, I incorporate a Development conceived by me before my employment that are not Company-Related Developments ("Prior Inventions") into a Company product, process or research or development program or other work done for the Company, I hereby grant to the Company a nonexclusive, royalty-free, fully paid-up, irrevocable, perpetual, worldwide license (with the full right to sublicense through multiple tiers) to make, have made, modify, use, offer for sale, import and sell such Prior Invention. Notwithstanding the foregoing, I will not incorporate, or permit to be incorporated, Prior Inventions in any Company-Related Development without the Company's prior written consent.

5.3 I understand that to the extent this Agreement is required to be construed in accordance with the laws of any state which precludes a requirement in an employee agreement to assign certain classes of inventions made by an employee, this Section 5 will be interpreted not to apply to any invention which a court rules and/or the Company agrees falls within such classes. If applicable, this Agreement shall be construed in accordance with the provisions of Section 2870 of the California Labor Code (a copy of which is attached as Appendix 1 hereto), and accordingly this Agreement shall not be interpreted to assign to or vest in the Company any rights in any inventions in violation of the California Labor Code.

5.4 To preclude any possible uncertainty, I have set forth on Exhibit A attached hereto a complete list of Developments that I have, alone or jointly with others, conceived, developed or reduced to practice prior to the commencement of my employment with the Company that I consider to be my property or the property of third parties and that I wish to have excluded from the scope of this Agreement ("Prior Inventions"). If disclosure of any such Prior Invention would cause me to violate any prior confidentiality agreement, I understand that I am not to list such Prior Inventions in Exhibit A but am only to disclose a cursory name for each such invention, a listing of the party(ies) to whom it belongs and the fact that full disclosure as to such inventions has not been made for that reason. I have also listed on Exhibit A all patents and patent applications in which I am named as an inventor, other than those which have been assigned to the Company ("Other Patent Rights").

6. Documents and Other Materials. I will keep and maintain adequate and current records of all Proprietary Information and Company-Related Developments conceived by me, which records will be available to and remain the sole property of the Company at all times. All files, letters, notes, memoranda, reports, records, data, sketches, drawings, notebooks, layouts, charts, quotations and proposals, specification sheets, program listings, blueprints, models, prototypes, materials or other written, photographic or other tangible material containing or embodying Proprietary Information, whether created by me or others, which come into my custody or possession, are the exclusive property of the Company to be used by me only in the performance of my duties for the Company. At any time upon the request of the Company, and in any event upon the termination of my employment for any reason, I will deliver to the Company all of the foregoing, and all other materials of any nature pertaining to the Proprietary Information of the Company and to my work, and will not take or keep in my possession any of the foregoing or any copies. Any property situated on the Company's premises or owned by the Company, including laboratory space, computers, disks and other storage media, filing cabinets or other work areas, is subject to inspection by the Company at any time with or without notice, and I shall have no expectation of privacy in any such property.

7. Enforcement of Intellectual Property Rights. I will cooperate fully with the Company, both during and after my employment with the Company, with respect to the procurement, maintenance and enforcement of Intellectual Property Rights, as well as all other patent rights, trademarks, copyrights and other intellectual property rights in all countries and territories worldwide owned by or licensed to the Company. I will sign, both during and after the term of this Agreement, all papers, including copyright applications, patent applications, declarations, oaths, assignments of priority rights, and powers of attorney, which the Company may deem necessary or desirable in order to protect its rights and interests in any Company-Related Development or Intellectual Property Rights. If the Company is unable, after reasonable effort, to secure my signature on any such papers, I hereby irrevocably designate and appoint each officer of the Company as my agent and attorney-in-fact to execute any such papers on my behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in the same.

8. Non-Solicitation. I acknowledge and agree that the Company has invested substantial time, money and resources in the development of its Proprietary Information, including as it pertains to its customers, clients, and collaborators. I further acknowledge that during the course of my employment, I will have access to and may use and work with such Proprietary Information that pertains to the customers, clients, and collaborators of the Company, and I agree that any Proprietary Information associated with any customer, client, or collaborator belongs exclusively to the Company.

8.1 In order to protect the Company's Proprietary Information and good will, during my employment and for a period of one (1) year following the termination of my employment for any reason (the "Covenant Period"), I agree and covenant that I will not directly or indirectly, and in any manner, contact, solicit, canvass, approach, entice or attempt to persuade any existing or prospective vendor, service provider, customer, or client to (i) withdraw, curtail or cancel its business with the Company, or (ii) otherwise interfere with their relationship with the Company, for the purpose of competing with the business of the Company. For purposes of this Section 8, the term "**existing**" means any party with whom Employee dealt on behalf of the Company or about whom Employee possessed confidential or Proprietary Information through Employee's employment with the Company at any time during the Employment Period; the term "**prospective**" means any party with whom the Company was in active negotiations to establish a relationship with at any time during the three (3) year period immediately preceding the termination of Employee's employment and with whom Employee was involved in any manner in the attempt to establish the relationship or about whom Employee gained confidential or Proprietary Information; and the terms "**service provider**," "**vendor**," "**client**" or "**customer**" of the Company shall mean and refer to (i) each person or entity who has provided and/or received services or products from the Company during the Employment Period and Covenant Period, and (ii) each person or entity solicited by the Company to provide and/or receive services or purchase products during the Employment Period and Covenant Period.

8.2 During the Employment Period and at any time prior to the expiration of the Covenant Period, I will not directly or indirectly, and in any manner, employ, solicit, entice or attempt to entice away any director, officer, consultant or employee of the Company, either for my benefit, or for the benefit of any competitor of the Company or other third party to leave the Company or engage with another company or business which is competitive with the Company, nor will I otherwise interfere with or attempt to interfere with the Company's relationship with its directors, officers, consultants and employees. Employee further agrees not to participate in or facilitate the hire, directly or indirectly or through another entity, of any person who is employed or engaged by the Company, or who was employed or engaged by the Company within two (2) months of any attempt to hire such person. The parties expressly acknowledge and agree that the placement of any general classified or "help wanted" advertisements and/or general solicitations to the public at large shall not constitute a violation of this Section 8.2.

8.3 During the Employment Period and for an indefinite period thereafter, I will not use the name of the Company in the conduct of any business activities or for my personal use (except, for Employee's use on his resume) without the prior written consent of the Company, as applicable, except as necessary to perform my employment functions during the Employment Period.

8.4 I acknowledge and agree that if I violate any of the provisions of this Section 8, the running of the Covenant Period will be extended by the time during which I engage in such violation(s).

9. Prior Agreements. I hereby represent that, except as I have fully disclosed previously in writing to the Company, I am not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of my employment with the Company or to refrain from competing, directly or indirectly, with the business of such previous employer or any other party. I further represent that my performance of all the terms of this Agreement does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by me in confidence or in trust prior to my employment with the Company. I will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

10. Remedies Upon Breach. I understand that the restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company and I consider them to be reasonable for such purpose. Any breach of this Agreement is likely to cause the non-breaching party substantial and irrevocable damage and therefore, in the event of such breach, the non-breaching party, in addition to such other remedies that may be available, will be entitled to specific performance and other injunctive relief without the posting of a bond, as well as liquidated damages. If either party violates this Agreement, in addition to all other remedies available at law, in equity, and under contract, it is agreed that the prevailing party shall be entitled to recovery its reasonable attorney fees, costs and expenses from the non-prevailing party.

11. Publications And No Disparagement. I will obtain the Company's written approval before publishing or submitting for publication any material that relates to my work at the Company and/or incorporates any Proprietary Information. I will not make any public statement which is intended to either (i) be derogatory or critical of, or negative toward, Columbia Care or its managers, or (ii) to malign, harm, disparage, defame or damage the reputation of Columbia Care or its managers.

12. Corporate Compliance. I agree that I will abide by all policies and procedures that the Company may have in effect from time to time, including without limitation, any Code of Conduct or corporate compliance program. I further acknowledge that failure to abide by policies and procedures may result in discipline, including immediate termination of my employment. Nothing herein limits my employment with the Company, pursuant to Section 12 above.

13. Survival and Assignment by the Company. I understand that my obligations under this Agreement will continue in accordance with its express terms regardless of any changes in my title, position, duties, salary, compensation or benefits or other terms and conditions of employment. I further understand that my obligations under this Agreement will continue following the termination of my employment regardless of the manner of such

termination and will be binding upon my heirs, executors and administrators. The Company will have the right to assign this Agreement to its affiliates, successors and assigns for no additional consideration. I expressly consent to be bound by the provisions of this Agreement for the benefit of the Company or any parent, subsidiary or affiliate to whose employ I may be transferred without the necessity that this Agreement be resigned at the time of such transfer. I acknowledge that the term "the Company," as used in this Agreement, shall also mean any such successor entity as the context requires.

15. Severability. In case any provisions (or portions thereof) contained in this Agreement will, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If, moreover, any one or more of the provisions contained in this Agreement will for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it will then appear.

16. Protected Disclosures. I understand that nothing contained in this Agreement limits my ability to communicate with any federal, state or local governmental agency or commission, including to provide documents or other information, without notice to the Company. I also understand that nothing in this Agreement limits my ability to share compensation information concerning myself or others, except that this does not permit me to disclose compensation information concerning others that I obtain because my job responsibilities require or allow access to such information.

17. Entire Agreement. This Agreement, read in conjunction with the Definitive Agreement, constitutes the entire and only agreement between the Company and me respecting the subject matter hereof, and supersedes all prior agreements and understandings, oral or written, between us concerning such subject matter; *provided, however*, that this Agreement shall supplement, and shall not limit or be limited by, any other agreement I have with, or obligation I have to, the Company regarding noncompetition, no solicitation, confidentiality, assignment of inventions, and related covenants. No modification, amendment, waiver or termination of this Agreement or of any provision hereof will be binding unless made in writing and signed by an authorized officer of the Company. Failure of the Company to insist upon strict compliance with any of the terms, covenants or conditions hereof will not be deemed a waiver of such terms, covenants or conditions.

18. Interpretation, Governing Law, Forum Selection Clause. This Agreement and any claims arising under or relating to this Agreement (or any other claims arising out of the relationship between the parties) shall be governed by and construed in accordance with the laws of the State of New York and shall in all respects be interpreted, enforced and governed under the internal and domestic laws of such state, without giving effect to the principles of conflicts of laws of such state. Either party seek an injunction from any court of competent jurisdiction to prevent a disclosure of any Proprietary Information in breach or violation of this Agreement. The Place of

arbitration shall be New York City in the State of New York and New York law shall apply. Only a single, mutually acceptable arbitrator shall be used. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Each of the parties hereby irrevocably submits to the jurisdiction of such binding arbitration for the purposes of any such dispute, controversy or claim.

19. Execution of Agreement. This Agreement shall be binding and effective upon the undersigned's signature.

BY SIGNING BELOW, I CERTIFY THAT I HAVE READ THIS AGREEMENT CAREFULLY AND AM SATISFIED THAT I UNDERSTAND IT COMPLETELY.

IN WITNESS WHEREOF, the undersigned has executed this agreement as a sealed instrument as of the date set forth below.

Signed:

(Employee's full name)

Type or print name:

Date:

EXHIBIT A

DATE:

TO: Columbia Care, Inc. ("Company")

FROM:

SUBJECT: Prior Inventions

The following is a complete list of all inventions or improvements relevant to the subject matter of my employment by the Company that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my engagement by the Company:

No inventions or improvements

See below:

Additional sheets attached

The following is a list of all patents, patent applications and other patent rights that I have invented:

None

See below:

California Labor Code Sections 2870

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either: (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer. (b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

Sections 2871

No employer shall require a provision made void and unenforceable by Section 2870 as a condition of employment or continued employment. Nothing in this article shall be construed to forbid or restrict the right of an employer to provide in contracts of employment for disclosure, provided that any such disclosures be received in confidence, of all of the employee's inventions made solely or jointly with others during the term of his or her employment, a review process by the employer to determine such issues as may arise, and for full title to certain patents and inventions to be in the United States, as required by contracts between the employer and the United States or any of its agencies.

Sections 2872

If an employment agreement entered into after January 1, 1980, contains a provision requiring the employee to assign or offer to assign any of his or her rights in any invention to his or her employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Section 2870. In any suit or action arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

AGREEMENT AND PLAN OF MERGER

by and among

FUTUREVISION HOLDINGS, INC.,

THE STOCKHOLDERS THEREOF,

COLUMBIA CARE INC.

COLUMBIA CARE LLC,

MAIA ACQUISITION IA INC.,

MAIA ACQUISITION II INC.,

and

FUTUREVISION REPRESENTATIVE, LLC,

AS THE STOCKHOLDER REPRESENTATIVE

June 15, 2021

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1	
THE MERGERS AND OTHER TRANSACTIONS	2
1.1 Certain Definitions	2
1.2 The Mergers	15
1.3 Closing	16
1.4 Effective Time	16
1.5 Certificates of Incorporation and Bylaws	16
1.6 Directors and Officers	16
1.7 Merger Consideration	17
1.8 Effect of the Mergers	20
1.9 Payments by the Buyer	21
1.10 Milestone Payment	21
1.11 Fractional Shares	23
1.12 Tax Withholding	23
1.13 Further Actions	23
SECTION 2	
REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY	23
2.1 Organization; Good Standing; Power	24
2.2 Capitalization; Subsidiaries	24
2.3 Authorization; Execution & Enforceability; No Breach	25
2.4 Financial Statements	26
2.5 Absence of Undisclosed Liabilities	27
2.6 Absence of Changes	27
2.7 Assets	28
2.8 Tax Matters	28
2.9 Contracts	31
2.10 Intellectual Property Rights	33
2.11 Litigation	34
2.12 Labor Matters	34
2.13 Employee Benefits	35
2.14 Compliance with Laws; Permits	38

TABLE OF CONTENTS

(continued)

	Page
2.15 Real Property	39
2.16 Environmental Matters	41
2.17 Affiliate Transactions	42
2.18 Insurance	42
2.19 Brokers	42
2.20 Accounts Receivable	43
2.21 Vendors	43
2.22 Bank Accounts	43
2.23 Inventory	43
2.24 Compliance with Privacy and Security Laws	43
SECTION 3	
REPRESENTATIONS AND WARRANTIES OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II	45
3.1 Organization; Authority	45
3.2 Binding Effect	45
3.3 No Breach; Consents	46
3.4 Actions and Proceedings	46
3.5 No Prior Operations of Merger Sub I or Merger Sub II	46
3.6 Brokers	46
3.7 Reporting Issuer; Compliance with Laws and Exchange Filings	46
3.8 Listing of Parent Common Shares	47
3.9 Parent Shares; Capitalization	47
3.10 Sufficiency of Funds	47
3.11 Trade or Business	47
3.12 Independent Investigation	47
SECTION 4	
REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS	47
4.1 Title to Shares	47
4.2 Binding Effect; No Conflict	48
4.3	48

TABLE OF CONTENTS
(continued)

	Page
4.3 Affiliate Transactions	48
4.4 Litigation	48
4.5 Investment Representations	48
SECTION 5	
COVENANTS OF THE PARTIES	51
5.1 Conduct of the Business	51
5.2 Access	53
5.3 Efforts; Cooperation	54
5.4 Nonsolicitation	54
5.5 Confidentiality	55
5.6 Public Disclosure	55
5.7 Resignation of Officers and Directors	55
5.8 Certain Deliveries	55
5.9 Waiver of Conflicts Regarding Representation; Attorney Client Privilege	56
5.10 License Agreement	57
SECTION 6	
TAX COVENANTS	57
6.1 Allocation of Taxes for a Straddle Period	57
6.2 Tax Returns	57
6.3 Other Tax Return Matters	58
6.4 Cooperation on Tax Matters	58
6.5 Refunds and Amendments	59
6.6 Transfer Charges	59
6.7 Tax Treatment	59
SECTION 7	
CONDITIONS TO EACH PARTY'S OBLIGATION TO CLOSE	59
7.1 Stockholder Approval	59
7.2 Legal Proceedings	59

TABLE OF CONTENTS

(continued)

	Page
7.3 Regulatory Approval	60
7.4 Futurevision 2020	60
7.5 Offer Letters	60
7.6 Non-Competition Agreements	60
SECTION 8	
CONDITIONS TO THE OBLIGATION OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II TO CLOSE	60
8.1 Representations and Warranties	60
8.2 Covenants	60
8.3 No Material Adverse Effect	61
8.4 Certification	61
8.5 Secretary Certificate	61
8.6 Escrow Agreement	61
8.7 Required Consents	61
8.8 Good Standing Certificates	61
8.9 Resignation of the Company Directors and Officers	61
8.10 Termination of Affiliate Transactions	61
8.11 W-9s	61
8.12 Lock-Up Agreements	61
8.13 Certain Deliveries	61
8.14 No Company Debt or Liens	61
8.15 Longmont	62
8.16 Amendment of Intercompany Debt	62
SECTION 9	
CONDITIONS TO COMPANY'S OBLIGATION TO CLOSE	62
9.1 Representations and Warranties	62
9.2 Covenants	62
9.3 Certification	62
9.4 Escrow Agreement	62
9.5 Longmont	62

TABLE OF CONTENTS
(continued)

9.6	Removal of Guarantees	Page 62
SECTION 10		
INDEMNIFICATION		63
10.1	Obligation of the Stockholders to Indemnify	63
10.2	Obligation of the Buyer to Indemnify	64
10.3	Notice and Opportunity to Defend	64
10.4	Limitations on Indemnification; Other Remedies	65
SECTION 11		
TERMINATION		68
11.1	Termination	68
11.2	Effect of Termination	69
SECTION 12		69
12.1	Notices	69
12.2	Entire Agreement; Amendment; Waiver	70
12.3	Governing Law; Venue; Waiver of Jury Trial	71
12.5	Specific Performance and Other Remedies	73
12.6	No Waiver	73
12.7	Binding Effect	73
12.8	Construction	73
12.9	Counterparts; Delivery	74
12.10	Exhibits and Schedules	74
12.11	Headings	74
12.12	Expenses	74
12.13	Severability	74
12.14	No Strict Construction	74
12.15	Stockholder Representative	75

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this “**Agreement**”) dated as of June 15, 2021 (the “**Agreement Date**”) is by and among COLUMBIA CARE INC., a company continued under the laws of the Province of British Columbia (the “**Parent**”), COLUMBIA CARE LLC, a Delaware limited liability company and newly-formed, wholly-owned subsidiary of Parent (the “**Buyer**”), MAIA ACQUISITION IA INC., a Delaware corporation and newly-formed, wholly-owned subsidiary of the Buyer (“**Merger Sub I**”), MAIA ACQUISITION II INC., a Delaware corporation and newly-formed, wholly-owned subsidiary of the Buyer (“**Merger Sub II**”), FUTUREVISION HOLDINGS, INC., a Delaware corporation (the “**Company**”), the Stockholders set forth on **Section 1** hereto (each, a “**Stockholder**” and together, the “**Stockholders**”) and Futurevision Representative, LLC, a Colorado limited liability company, solely in its capacity as the representative of the Stockholders (the “**Stockholder Representative**”, together with the Company, the Parent, the Buyer, and Merger Sub I and Merger Sub II, the “**Parties**”).

RECITALS

A. The Parent, the Buyer, Merger Sub I, Merger Sub II and the Company intend to effectuate (i) a merger (the “**First Merger**”) of Merger Sub I with and into the Company in accordance with this Agreement and the Delaware General Corporation Law (the “**DE Act**”), with the Company to be the surviving company of the First Merger and a wholly-owned subsidiary of the Buyer, and, as part of the same overall transaction, (ii) a merger (the “**Second Merger**” and, together with the First Merger, the “**Mergers**”) of the surviving company of the First Merger with and into Merger Sub II, with Merger Sub II to be the surviving company of the Second Merger.

B. Each of the Parties intends that (i) for U.S. federal income tax purposes, the Mergers, taken together, constitute an integrated plan described in Revenue Ruling 2001-46, 2001-2 C.B. 321, (ii) the Mergers, taken together, will qualify as a “reorganization” within the meaning of Section 368(a) of the Code and the Treasury Regulations promulgated thereunder to which each of the Buyer and the Company are to be parties under Section 368(b) of the Code, and (iii) this Agreement is to be, and is hereby adopted as, a “plan of reorganization” within the meaning of Section 368 of the Code and the Treasury Regulations promulgated thereunder.

C. The Board of the Company (the “**Company Board**”) has unanimously (i) determined that the Mergers are fair to and in the best interests of, the Stockholders, (ii) adopted and approved this Agreement, the Mergers and the other Transactions, and (iii) resolved to recommend that the Stockholders adopt and approve this Agreement, the Mergers and the other Transactions.

D. The respective boards of directors and managers of each of the Parent, the Buyer, Merger Sub I and Merger Sub II have determined that the Mergers are in the best interests of their respective companies and equity holders, and have adopted and approved this Agreement, the Mergers and the other Transactions.

E. To induce the Parent, the Buyer, Merger Sub I and Merger Sub II to enter into this Agreement, certain beneficial owners of the Stockholders have agreed to execute and deliver a Non-Competition Agreement to Buyer at closing, each substantially in the form attached hereto as **Exhibit A** (the “**Non-Competition Agreements**”).

F. Simultaneously with the execution of this Agreement, Parent, Buyer, Merger Sub I and Merger Sub II are entering into an Agreement and Plan of Merger with Futurevision 2020, LLC (“**Futurevision 2020**”), pursuant to which, through a series of mergers, Futurevision 2020 will merge into Merger Sub II and become a wholly-owned subsidiary of Buyer (the “**Futurevision 2020 Agreement**”), with Merger Sub II to be the surviving company thereof.

G. Simultaneously with the execution of this Agreement, Buyer and the members of Medicine Man Longmont, LLC (“**Longmont**”), an Affiliate of the Company, are entering into an option agreement substantially in the form attached hereto as **Exhibit D** (the “**Longmont Option**”), pursuant to which the Buyer shall have an irrevocable and exclusive option to acquire Longmont.

NOW THEREFORE, in consideration of the covenants, promises and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

SECTION 1

THE MERGERS AND OTHER TRANSACTIONS

1.1 Certain Definitions. For purposes of this Agreement:

“**1933 Act**” has the meaning given in **Section 4.5(b)**.

“**Accounts Receivable**” means all receivables (including notes, book debts and other amounts due or accrued, whether billed or unbilled), arising from or related to or in respect of the Business, whether or not in the Ordinary Course of Business, together with any unpaid financing charges accrued thereon and the benefit of all security for such accounts receivable, notes and debts, including all receivables reflected or which will be reflected in the Recent Balance Sheet.

“**Action**” means any action, suit or claim, legal, administrative or arbitration proceeding, or investigation.

“**Adjustment Escrow Amount**” means an amount equal to \$25,000 (together with any interest and other income earned thereon).

“**Affiliate**” means, with respect to the Person to which it refers, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such Person.

“**Agreement**” has the meaning given in the preamble.

“**Agreement Date**” has the meaning given in the preamble.

“**Allocation Certificate**” has the meaning given in **Section 1.7(a)**.

“**Ancillary Agreements**” means the Escrow Agreement, the Lock-Up Agreement, the Non-Competition Agreements, the Longmont Option, the Certificates of Merger and all other documents, instruments and certificates entered into pursuant hereto or in furtherance of the Transactions.

“**Attorney Client Communications**” has the meaning given in **Section 5.9(b)**.

“**Base Cash Purchase Price**” means an amount equal to \$4,388,644.60, as may be adjusted pursuant to **Section 1.7(d)**.

“**Basket**” has the meaning given in **Section 10.4(c)**.

“**Business**” means the business conducted by the Company and its Subsidiaries on the Agreement Date, including the cultivation and sale of cannabis.

“**Business Assets**” has the meaning given in **Section 2.7(a)**.

“**Business Day**” means Monday through Friday, but excluding federal and state holidays in New York, New York or Denver, Colorado.

“**Buyer**” has the meaning given in the preamble.

“**Buyer Indemnitees**” has the meaning given in **Section 10.1**.

“**Buyer Parties**” has the meaning given in **Section 5.9(a)**.

“**CARES Act**” means the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136).

“**Cash**” means the consolidated cash, cash equivalents, checking account balances, certificates of deposits, time deposits, commercial paper, government securities, marketable securities and short term investments held by the Company, computed as of the applicable date and in accordance with GAAP. Cash shall (i) be calculated net of issued but uncleared checks and drafts, (ii) include checks and drafts deposited for the account of the Company, including deposits in transit, and (iii) be calculated net of overdrawn accounts. Cash may be a positive or negative amount.

“**Certificates of Merger**” has the meaning given in **Section 1.3**.

“**Change in Control Payment**” means any new or increased commission, severance, bonus, increased vesting or benefit accruals, or other payment of any kind payable by the Company to management or other Employees that is triggered (in whole or in part) by or upon the consummation of the Transactions, in each case plus the employer’s portion of any applicable employment or payroll Taxes with respect to such amount and regardless of whether such commission, obligation, severance, bonus or other payment is due, paid or payable prior to, on or after the Closing. For the avoidance of doubt, “Change in Control Payment” shall exclude any amounts included as a “Transaction Expense” for purposes of this Agreement.

“Change Notice” has the meaning given in [Section 1.7\(b\)\(i\)](#).

“Closing” has the meaning given in [Section 1.3](#).

“Closing Balance Sheet” means an unaudited, consolidated pro forma balance sheet of the Company as of 11:59 Eastern Time on the day immediately preceding the Closing Date based on the historical performance of the Company for the same period and prepared in accordance with GAAP consistent with past practices (except for the absence of footnotes).

“Closing Cash” means the amount of Cash as of immediately prior to the Effective Time.

“Closing Cash Merger Consideration” means an amount in cash (without interest) equal to (A) the Base Cash Purchase Price, plus (B) the Closing Cash, minus (C) the Company Debt Payoff Amount, minus (D) the amount of any Transaction Expenses not otherwise paid as of immediately prior to the Effective Time, minus (E) the amount of any Estimated Pre-Closing Taxes not otherwise paid as of immediately prior to the Effective Time, minus (F) the aggregate amount of all Change in Control Payments not otherwise paid as of immediately prior to the Effective Time, minus (G) the Net Working Capital Deficiency, if any, plus (H) the Net Working Capital Surplus, if any. The Closing Cash Merger Consideration shall be subject to adjustment in accordance with [Section 1.7\(b\)](#) (Post-Closing True-Up).

“Closing Date” has the meaning given in [Section 1.3](#).

“Closing Deadline” has the meaning given in [Section 11.1\(f\)](#).

“Closing Parent Share Price” means \$5.7532.

“Closing Share Merger Consideration” means the number of Parent Common Shares equal to (i) the quotient of (A) the Closing Share Purchase Price divided by (B) the Closing Parent Share Price.

“Closing Share Purchase Price” means an amount equal to \$17,554,578.40, as may be adjusted pursuant to [Section 1.7\(d\)](#).

“COBRA” has the meaning given in [Section 2.13\(c\)](#).

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Company” has the meaning given in the preamble.

“Company Board” has the meaning given in the recitals.

“Company Debt” means with respect to the Company and its Subsidiaries (i) all obligations for borrowed money or extensions of credit (including all sums due on early termination and repayment or redemption calculated to the Closing Date and any advances), (ii) all obligations evidenced by bonds, debentures, notes or other similar instruments (including all sums due on early termination and repayment or redemption calculated to the Closing Date), (iii) all obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the Ordinary Course of Business, (iv) all obligations as lessee capitalized in accordance with GAAP, (v) all obligations, contingent or otherwise, directly or indirectly guaranteeing any obligations of any other Person, (vi) all obligations to reimburse the issuer in respect of letters of credit or under performance of surety bonds, or other similar obligations, (vii) all obligations in respect of bankers’ acceptances and under reverse purchase agreements, (viii) all obligations in respect of futures contracts, swaps and other derivative financial instruments (determined on a net basis as if such contract or obligation was being terminated early on such date), (ix) all direct or indirect guarantee obligations in respect of obligations of the kind referred to in clauses (i) through (viii) above, and (x) all obligations of the kind referred to in clauses (i) through (ix) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and Contract rights) owned by the Company, whether or not the Company has assumed or become liable for the payment of such obligation. For the avoidance of doubt, “Company Debt” shall exclude any amounts included in the definition of “Intercompany Debt”, “Net Working Capital”, “Transaction Expenses” or “Change in Control Payments”.

“Company Debt Payoff Amount” has the meaning given in Section 1.7(a)(iii).

“Company Disclosure Schedule” has the meaning given in the introduction to Section 2.

“Company Organizational Documents” means the articles of incorporation of Futurevision Holdings, Inc., dated December 20, 2015, and the bylaws of Futurevision Holdings, Inc., dated December 21, 2015.

“Company Parties” has the meaning given in Section 5.9(a).

“Company Permits” has the meaning given in Section 2.14(b).

“Confidentiality Agreement” means the Mutual Confidentiality Agreement, by and between Parent and Futurevision Ltd., dated as of December 21, 2020.

“Consent” means any filing with, notice to, or approval, consent or waiver of any Governmental Entity or any other Person.

“Contingent Workers” has the meaning given in Section 2.12(a).

“Contract” means any agreement, contract, license, lease, obligation, undertaking or other commitment or arrangement, whether written or oral, that is legally binding upon a Person or any of its property, including all amendments, waivers or other changes thereto.

“CSE” has the meaning set forth in Section 3.7.

“DE Act” has the meaning given in the recitals.

“**Effective Time**” has the meaning given in **Section 1.4**.

“**Employee**” means any current, former, or retired employee, officer, manager, or director of the Company.

“**Employee Benefit Plan**” has the meaning given in **Section 2.13(a)**.

“**Environmental Laws**” means any and all Laws relating to the environment or public health or safety, including ambient air, surface water (including water management and runoff), land surface or subsurface strata, or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or Hazardous Substances or wastes (including radioactive waste or nuclear waste or noxious noise or odor into the environment), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, recycling, removal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic, hazardous or medical substances or wastes (including petroleum, petroleum distillates, asbestos or asbestos containing material, volatile organic compounds and polychlorinated biphenyls). Environmental Laws shall include the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Federal Water Pollution Control Act (Clean Water Act) (33 U.S.C. § 1251 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) (7 U.S.C. § 136 et seq.), and the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRTKA) (42 U.S.C § 11001 et seq.).

“**Environmental Liabilities**” means all Liabilities arising from environmental, health or safety conditions or a Release or threat of Release resulting from the Company, or any Release for which the Company is otherwise responsible under any Environmental Law.

“**Environmental Lien**” means any Lien in favor of any Governmental Entity for Environmental Liabilities.

“**Environmental Permit**” means all Permits, licenses and approvals required under Environmental Laws, including all environmental, health and safety permits, licenses, approvals, authorizations, variances, agreements and waivers of and from Governmental Entities necessary for the conduct of the business and the operation of the Business Assets.

“**Equity Equivalents**” means with respect to any Person, (i) any capital stock, membership interests or other share capital, equity or ownership interest or voting security, (ii) any securities (including debt securities) directly or indirectly convertible into or exchangeable or exercisable for any capital stock, membership interests or other share capital, equity or ownership interest or voting security, or containing any profit participation features, (iii) any rights, warrants or options directly or indirectly to subscribe for or to purchase any capital stock, membership interests, other share capital, equity or ownership interest or voting security, or securities containing any profit participation features, or to subscribe for or to purchase any securities (including debt securities) convertible into or exchangeable or exercisable for any capital stock, membership interests, other share capital, equity or ownership interest or voting security or securities containing any profit participation features, (iv) any share appreciation rights, phantom

share rights, other rights the value of which is linked to the value of any securities or interests referred to in clauses (i) through (iii) above or other similar rights or (v) any securities (including debt securities) issued or issuable with respect to the securities or interests referred to in clauses (i) through (iv) above in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” has the meaning given in Section 2.13(a).

“Escrow Agent” means Century Bank and Trust Company.

“Escrow Agreement” means an escrow agreement by and among the Buyer, the Stockholder Representative and the Escrow Agent in substantially the form of Exhibit B hereto.

“Escrow Amount” means the Adjustment Escrow Amount and the Indemnity Escrow Amount.

“Estimated Closing Working Capital Statement” has the meaning given in Section 1.7(a)(i).

“Estimated Company Debt” means the Company Debt as of immediately prior to the Effective Time.

“Estimated Net Working Capital” means Net Working Capital estimated as of 11:59 PM Eastern Time on the day immediately preceding the Closing Date.

“Estimated Pre-Closing Taxes” means Pre-Closing Taxes estimated as of immediately prior to the Effective Time.

“Exchanges” has the meaning set forth in Section 3.7.

“Federal Cannabis Law” means any U.S. federal laws, civil, criminal or otherwise, to the extent that such law is directly or indirectly related to the cultivation, harvesting, production, manufacturing, processing, marketing, distribution, sale or possession of cannabis, marijuana or related substances or products containing cannabis, marijuana or related substances, including but not limited to the prohibition on drug trafficking under the Controlled Substances Act (21 U.S.C. § 801, 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; provided that all references herein to “Law” shall not be interpreted to include any Federal Cannabis Law.

“Final Adjustment Amount” has the meaning given in Section 1.7(b)(ii).

“Financial Statements” has the meaning given in Section 2.4(a).

“**Fundamental Representations**” has the meaning given in [Section 10.4\(a\)](#).

“**Futurevision 2020**” has the meaning given in the recitals.

“**Futurevision 2020 Agreement**” has the meaning given in the recitals.

“**Futurevision, Ltd.**” means Futurevision, Ltd. f/k/a Medicine Man Production, a Colorado limited liability company and subsidiary of the Company.

“**GAAP**” means generally accepted accounting principles in the United States of America.

“**General Representations**” has the meaning given in [Section 10.4\(a\)](#).

“**Governmental Entity**” means any foreign, federal, national, state, local or other court or governmental, regulatory or administrative agency, body or authority, including any stock exchange or Securities Commission.

“**Hazardous Substance**” means any substance which is included within the definition of a “hazardous substance”, “pollutant”, “toxic substance”, “toxic waste”, “hazardous waste”, “contaminant” or other words of similar import in any applicable federal, state or local environmental law, statute, ordinance, rule or regulation.

“**Husch Blackwell**” has the meaning given in [Section 5.9\(a\)](#).

“**Indemnified Party**” has the meaning given in [Section 10.3\(a\)](#).

“**Indemnifier**” has the meaning given in [Section 10.3\(a\)](#).

“**Indemnity Escrow Amount**” means an amount in cash equal to \$522,457.69.

“**Independent Accountant**” means an independent accounting firm mutually agreeable to both the Buyer and the Stockholder Representative.

“**Insurance Policy**” has the meaning given in [Section 2.18](#).

“**Intellectual Property Rights**” shall mean the intellectual property rights arising under the Laws of any jurisdiction and/or international treaties and conventions throughout the world, including rights in: (i) trademarks, service marks, trade names, brand names, logos, trade dress and all registrations and applications for registration of the foregoing, together with the goodwill associated with any of the foregoing; (ii) to the extent protectable under applicable intellectual property Laws, internet domain names, IP addresses and any social media accounts, usernames, handles and similar online identifiers with Facebook, Twitter, Instagram, Pinterest and other similar companies; (iii) copyrights (whether registered or unregistered), including copyrights in computer programs and software (including all source code and object code), and all registrations and applications for registration of such copyrights and all issuances, extensions and renewals of such registrations and applications; (iv) patents and patent applications and all divisions, continuations, continuations-in-part; reissues, extensions, reexaminations and renewals

of such patents and applications and all rights to claim priority in or to any of the foregoing and to the extent protectable under applicable intellectual property Laws, inventions (whether patentable or unpatentable and whether or not reduced to practice) invention disclosures and improvements; and (v) confidential or proprietary information, including trade secrets under applicable Law, customer lists, know-how, formulas, databases, compounds and other confidential or proprietary business information.

“Intercompany Debt” means all obligations for borrowed money owed by the Company or an Affiliate to the Company or another Affiliate.

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

“IT Assets” shall mean all software and applications (on premises or cloud-based), databases, systems (telecommunications and otherwise), servers, computers, hardware, firmware, middleware, networks, routers, hubs, switches and all other information technology equipment, and all associated documentation owned, leased, licensed, or used in the conduct of the Business.

“Knowledge” (including any derivation thereof such as “known” or “knowing”) with respect to the Company means the actual knowledge of Andy Williams and Sally Vander Veer and the knowledge that such persons would have after reasonable inquiry.

“Law” means any U.S. or foreign federal, national, state, local or other Governmental Entity law, statute, ordinance, rule, order, regulation, writ, injunction, directive, Order, judgment, administrative interpretation, treaty, decree, administrative or judicial decision and any other executive, legislative, regulatory or administrative proclamation, and any amendment, extension or re-enactment of any of the foregoing; provided that all references herein to “Law” shall not be interpreted to include any Federal Cannabis Law.

“Leased Real Property” has the meaning given in [Section 2.15\(b\)](#).

“Liabilities” means any liabilities of any nature, whether accrued, absolute, contingent or otherwise (including, liabilities as guarantor or otherwise with respect to obligations of others, liabilities for Taxes due or then accrued or to become due, and contingent liabilities relating to activities of the Company or the conduct of the Business, regardless of whether claims in respect thereof have been asserted).

“Licensed Intellectual Property” means all Intellectual Property Rights in which the Company holds any rights or interests granted by any third party and that is used or held for use in the conduct of the Business as currently conducted.

“Licensed Provider” has the meaning given in [Section 2.14\(d\)](#).

“Lien” means any lien, charge, security interest, condition, restriction, mortgage, pledge, community property interest, right of first refusal, option, easement, reservation, tenancy, assignment, right of pre-emption or any other encumbrance whatsoever.

“**Lock-Up Agreement**” means the Lock-Up Agreement to be entered into by each Stockholder in accordance with the terms of this Agreement, substantially in the form attached hereto as **Exhibit C**.

“**Longmont**” has the meaning given in the recitals.

“**Longmont Intercompany Loan**” means that certain Line of Credit Promissory Note, dated October 12, 2017, by and between Longmont and Futurevision, Ltd., for a maximum line of credit of \$2,000,000, as amended by that certain Amended and Restated Line of Credit Promissory Note, dated January 1, 2020, increasing the maximum line of credit to \$5,000,000.

“**Longmont Option**” has the meaning given in the recitals.

“**Loss**” means, as to any Person, any claim, loss, fines, royalty, liability, damage, deficiency, diminution in value, lost profit, Tax, interest, penalty, cost, fees or expense (including interest and penalties imposed or assessed by any judicial or administrative body or arbitrator and reasonable attorneys’, accountants’, or other experts’ or advisors’ fees and expenses), whether or not arising out of Third-Party Claims or otherwise incurred, and including the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; provided, however, that a diminution in the market value of the Parent Common Shares shall not be, in and of itself, deemed a Loss hereunder.

“**made available**” means posted to the virtual data room populated by the Company and to which the Buyer or one or more of its representatives has access to at least two (2) Business Days prior to the Agreement Date.

“**Material Adverse Effect**” means any result, occurrence, fact, change, event or effect that, individually or in the aggregate with any other results, occurrences, facts, changes, events or effects, has had a material adverse effect on the business, assets, financial condition, operations or results of operations of the Company and its Subsidiaries, taken as a whole; provided, however, that “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Company operates; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required by this Agreement; (vi) any changes in applicable Federal Cannabis Laws, Laws, or accounting rules, including GAAP; (vii) failure to meet internal or published projections, forecasts, or revenue or earning predictions; provided, that the underlying causes of such failures shall not be excluded from the definition of “Material Adverse Effect”; (viii) natural disasters, weather conditions, epidemics, pandemics, disease outbreaks public health emergencies, or other force majeure events; (ix) changes requested or consented to by Parent or Buyer, regardless of whether permitted or required under this Agreement; provided, however, that any event, occurrence, fact, condition or change referred to in clauses (i) through (ix) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Company compared to other participants in the industries in which the Company operates.

“**Material Contracts**” has the meaning given in [Section 2.9\(b\)](#).

“**Material Vendor**” has the meaning given in [Section 2.9\(b\)](#).

“**Merger Consideration**” means the payments which the Stockholders are entitled to receive hereunder.

“**Merger Sub I**” has the meaning given in the preamble.

“**Merger Sub II**” has the meaning given in the preamble.

“**Mergers**” has the meaning given in the recitals.

“**Milestone Determination Date**” has the meaning set forth in [Section 1.10\(a\)](#).

“**NEO**” has the meaning set forth in [Section 3.7](#).

“**Net Working Capital**” means the consolidated total current assets of the Company taken as a whole less the consolidated total current liabilities of the Company taken as a whole as of 11:59 PM Eastern Time on the date immediately preceding the Closing Date, as determined in accordance with GAAP, without giving effect to the consummation of the Transactions; provided, however that (i) current assets shall exclude Closing Cash, inter-company Accounts Receivable, interest receivable, all current and deferred Tax assets, and security deposits; (ii) current assets shall include all other Accounts Receivable, work-in-progress, inventory, and prepaid amounts and advance payments; (iii) current liabilities shall exclude Intercompany Debt, Transaction Expenses, current income Tax liabilities and deferred Tax liabilities, and (iii) current liabilities shall include accounts payable, credit card debt, accrued expenses, excise and payroll tax, and payroll liabilities. Attached hereto as [Schedule 1.1\(B\)](#) is a calculation of Net Working Capital as though April 30, 2021 were the Closing Date.

“**Net Working Capital Deficiency**” means the amount by which the Net Working Capital is less than the Net Working Capital Target.

“**Net Working Capital Surplus**” means the amount by which the Net Working Capital is greater than the Net Working Capital Target.

“**Net Working Capital Target**” means \$2,075,000.

“**Offer Letters**” has the meaning given in [Section 8.11](#).

“**Opt-Out Notifications**” has the meaning given in [Section 2.24\(f\)](#).

“**Order**” means any consent, decree, injunction, judgment, order, ruling, assessment or writ of any Governmental Entity or arbitration tribunal (in each case, whether final or preliminary).

“**Ordinary Course of Business**” means the ordinary course of the Company’s business taken as a whole and consistent with past practice.

“**OSC**” has the meaning given in [Section 4.5\(g\)](#).

“**Owned IP**” means the Intellectual Property Rights owned or purported to be owned by the Company.

“**Parent**” has the meaning given in the preamble.

“**Parent Common Shares**” means common shares in the capital of Parent.

“**Permit**” means any permit, license, variance, franchise, security clearance, Order, approval, consent, certificate, registration, accreditation or other authorization issued or granted by, exemption of, or registration or filing with any Governmental Entity and other similar rights.

“**Permitted Liens**” means (i) landlord’s, mechanic’s, carrier’s, workmen’s, repairmen’s or other similar statutory Liens arising or incurred in the Ordinary Course of Business for amounts which are not due and payable and which shall be paid in full and released prior to or at Closing, (ii) Liens for Taxes or assessments and similar charges, which are not yet due and payable and for which appropriate reserves have been established in accordance with GAAP, and (iii) that certain UCC-1 Financing Statement, filed on November 10, 2019 with the Colorado Secretary of State against Futurevision Ltd., Master ID: 20192094432, Validation Number 20192094432.

“**Person**” means any individual, company, partnership, joint venture, corporation, limited liability company, trust, unincorporated organization, group, firm, association, joint-stock company, Governmental Entity or other entity.

“**Personal Information**” means all data that is protected as “protected health information,” “personal information,” or “personally identifiable information,” the collection, retention, disclosure, processing, storage, or transfer of which is regulated by any applicable Law.

“**PPACA**” has the meaning given in [Section 2.13\(c\)](#).

“**Pre-Closing Tax Period**” means all taxable periods ending on or before the Closing Date (including the portion of any Straddle Period ending on the Closing Date).

“**Pre-Closing Taxes**” means (i) all Taxes (or the non-payment thereof) of or imposed on the Company or any of its Subsidiaries for each Pre-Closing Tax Period (including, for the avoidance of doubt, any employment, payroll or similar Taxes deferred under the CARES Act), (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company or any of its Subsidiaries (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulations Section 1.1502-6 or any analogous or similar U.S. state or local, or non-U.S. Law, (iii) Taxes arising from this transaction (including the Stockholders share of all Transfer Charges), (iv) any and all Taxes of any Person (other than the Company or any of its Subsidiaries) imposed on the Company or any such Subsidiary of the Company as a transferee or successor, by Contract or pursuant to any Law, which Taxes relate to an event or transaction occurring before the Closing, and (v) notwithstanding any other provision in this Agreement to the contrary, reasonable costs and expenses of the defense of, or participation in the defense of, any audit, examination or investigation of the Company or any of its Subsidiaries by any Governmental Entity with respect to the items described in clauses (i)-(iv) of this sentence or to any Tax Return relating thereto (including any administrative or judicial proceeding relating thereto).

“**Privacy and Security Laws**” has the meaning given in [Section 2.4\(a\)](#).

“**Pro Rata Share**” means the quotient obtained by dividing (i) the amount of the Merger Consideration payable hereunder to such Stockholder by (ii) the total amount of the Merger Consideration payable hereunder to all Stockholders.

“**Real Property Leases**” has the meaning given in [Section 2.15\(b\)](#).

“**Recent Balance Sheet**” has the meaning given in [Section 2.4\(a\)](#).

“**Recent Balance Sheet Date**” has the meaning given in [Section 2.4\(a\)](#).

“**Registered Owned IP**” has the meaning given in [Section 2.4\(a\)](#).

“**Regulatory Approval Materials**” has the meaning given in [Section 5.3\(a\)](#).

“**Release**” means any actual or threatened release, spill, emission, leaking, pumping, injection, deposit, disposal, arrangement for disposal, discharge, dispersal, pouring, emptying, escaping, dumping, discarding, leaching or migration of a Hazardous Substance into the indoor or outdoor environment including the movement of Hazardous Substance through or in the ambient air, soil, surface water, groundwater, land surface or subsurface strata, including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Substance.

“**Representative**” has the meaning given in [Section 5.4\(a\)](#).

“**Sale Engagement**” has the meaning given in [Section 5.9\(a\)](#).

“**Second Effective Time**” has the meaning given in [Section 1.4](#).

“**Second Merger**” has the meaning given in the recitals.

“**Shares**” means the common stock of the Company, no par value.

“**Signing Disk**” has the meaning given in [Section 5.8](#).

“**State and Local Cannabis Laws**” means Laws regarding the cultivation, manufacture, possession, use, sale or distribution of cannabis or cannabis products promulgated by state and local Governmental Entities in the states and municipalities in which the Company operates or is organized or domiciled.

“**Stockholder**” has the meaning given in the preamble.

“**Stockholder Approval**” has the meaning given in [Section 2.3\(a\)](#).

“**Stockholder Closing Agreements**” means the Non-Competition Agreements and the Lock-Up Agreements.

“**Stockholder Indemnitee**” has the meaning given in Section 10.2.

“**Stockholder Representative**” means the person or persons appointed as the Stockholder Representative from time to time pursuant to Section 12.16.

“**Straddle Period**” means any Tax period of the Company or the Surviving Company that begins on or before and ends after the Closing Date.

“**Subsidiary**” means any corporation or other organization, whether incorporated or unincorporated, of which (i) at least 25% of the securities or other interests having by their terms (A) ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization or (B) the right to appoint the manager, general partner, or other person(s) controlling the management of such organization are directly or indirectly owned or controlled by the Company, or (ii) the Company is a general partner or managing member.

“**Surviving Company**” has the meaning given in Section 1.2.

“**Tax**” or “**Taxes**” means (i) any and all federal, provincial, state, local or non-U.S. taxes, charges, fees, levies, imposts, duties and other similar assessments or charges of any kind whatsoever, imposed by any Governmental Entity, including, without limitation, ad valorem taxes, add-on minimum taxes, alternative minimum taxes, capital taxes, customs duties, employment taxes, environmental taxes, escheat or unclaimed property obligations, estimated taxes, excise taxes, franchise taxes, goods and services taxes, gross receipts taxes, imputed underpayments, income taxes (whether imposed on or measured by net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits), license taxes, net worth taxes, occupation taxes, payroll taxes, premium taxes, property taxes, recording taxes, retirement taxes, sales taxes, services taxes, severance taxes, social security premiums, stamp taxes, transfer taxes, unemployment taxes, use taxes, value-added taxes, windfall profits taxes, withholding taxes or other withholding obligations, together with all interest, penalties, fines, additions to tax imposed with respect to the foregoing or other amounts imposed with respect to the foregoing; (ii) any liability for any amounts described in clause (i) as a result of being or ceasing to be a member of any “affiliated group” of corporations within the meaning of Section 1504 of the Code (or any similar affiliated, combined, consolidated or unitary group or arrangement for group relief for state, local or non-U.S. Tax purposes), including any liability under Treasury Regulations §1.1502-6 (or any similar provision of federal, state, local, or non-U.S. Law); and (iii) any liability for any amounts of the type described in clause (i) or (ii) arising under Contract, by operation of Law, by reason of being a transferee, successor or otherwise.

“**Tax Return**” means (i) any return, declaration, report, claim for refund, estimate, election, information return, or statement, and any schedule, attachment, or amendment thereto, including without limitation any consolidated, combined or unitary return or other document, filed or required to be filed with any Taxing Authority in connection with the determination, assessment, collection, imposition, payment, refund or credit of any Tax or the administration of the Laws relating to any Tax, and (ii) TD F 90-22.1 (and its successor form, FinCEN Form 114).

“**Taxing Authority**” means any Governmental Entity responsible for the administration, imposition or collection of any Tax.

“**Technology License Agreement**” has the meaning given in [Section 5.10](#).

“**Third-Party Acquisition**” has the meaning given in [Section 5.4\(a\)](#).

“**Third-Party Claim**” has the meaning given in [Section 10.3\(a\)](#).

“**Transaction Expenses**” means any incurred and unpaid expenses of the Company relating to the negotiation and consummation of the Agreement, the Ancillary Agreements, the Merger and the other Transactions, including (i) fees and expenses of brokers, financial advisers, legal counsel and accountants, and (ii) fifty percent (50%) of the costs and expenses relating to the Escrow Agent.

“**Transactions**” means the Mergers and the other transactions contemplated by this Agreement and the Ancillary Agreements.

“**Transfer Agent**” has the meaning given in [Section 4.5\(i\)](#).

“**Transfer Charges**” has the meaning given in [Section 6.5](#).

“**Treasury Regulations**” means the income tax regulations, including temporary regulations, promulgated by the U.S. Department of the Treasury under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“**U.S. Securities Act**” has the meaning given in [Section 4.5\(i\)](#).

“**Union**” has the meaning given in [Section 2.12\(c\)](#).

“**Verified Allocation Certificate**” has the meaning given in [Section 1.7\(b\)\(i\)](#).

1.2 **The Mergers.** Upon the terms and subject to the conditions hereof, and in accordance with the DE Act, at the Effective Time, Merger Sub I shall be merged with and into the Company and the separate limited liability company existence of Merger Sub I shall cease. Following the First Merger, the Company shall continue as the surviving company and as a wholly-owned subsidiary of the Buyer (sometimes referred to herein as the “**First Merger Surviving Company**”). Immediately thereafter, upon the terms and subject to the conditions hereof, and in accordance with the DE Act, the Buyer shall cause the First Merger Surviving Company to merge with and into Merger Sub II and the separate corporate existence of the First Merger Surviving Company shall cease. Following the Second Merger, Merger Sub II shall continue as the surviving company and as a wholly-owned subsidiary of the Buyer (sometimes referred to herein as the “**Surviving Company**”). The Merger shall have the effects provided in this Agreement and the applicable provisions of the DE Act.

1.3 Closing. Subject to the satisfaction or written waiver of the conditions set forth in Section 7 (Conditions to Each Party's Obligation to Close), Section 8 (Conditions to the Obligation of the Parent, the Buyer, Merger Sub I and Merger Sub II to Close) and Section 9 (Conditions to Company's Obligation to Close), the closing of the Transactions (the "**Closing**") shall take place remotely by exchange of documents, on such date and at such time as the Parties may agree, but not later than the fifth (5th) Business Day after the satisfaction or written waiver of the conditions set forth in Section 7 (Conditions to Each Party's Obligation to Close), Section 8 Conditions to the Obligations of Parent, Buyer, Merger Sub I and Merger Sub II) to Close) and Section 9 (Conditions to Company's Obligation to Close), other than those conditions that are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions (the "**Closing Date**"). On or prior to the Closing Date, the Parties shall (a) execute certificates of merger for each of the Mergers (collectively, the "**Certificates of Merger**") in accordance with the DE Act, (b) cause the Certificates of Merger to be filed with the Secretary of State of Delaware in accordance with the DE Act, and (c) take all such further actions as may be required or appropriate to make the Mergers effective.

1.4 Effective Time. The First Merger shall be effective at such time as the Certificate of Merger with respect to the First Merger is duly filed with the Secretary of State of Delaware or at such later date or time as may be agreed by the Company and the Buyer in writing and specified in the Certificate of Merger with respect to the First Merger in accordance with the DE Act (the "**Effective Time**"). The Second Merger shall be effective at such time as the Certificate of Merger with respect to the Second Merger is duly filed with the Secretary of State of Delaware or at such later day or time as may be agreed by the Company and the Buyer in writing and specified in the Certificate of Merger with respect to the Second Merger in accordance with the DE Act (the "**Second Effective Time**"). For the avoidance of doubt, the Second Effective Time shall occur after the Effective Time.

1.5 Certificates of Incorporation and Bylaws. At the Effective Time, the certificate of incorporation of Merger Sub I, as in effect immediately before the Effective Time, shall be the certificate of incorporation of the First Merger Surviving Company until thereafter amended; provided, however, that the certificate of incorporation of Merger Sub I shall be amended to change the name of the company set forth therein from "Maia Acquisition IA Inc." to "Futurevision Holdings, Inc." At the Effective Time, the bylaws of Merger Sub I, as in effect immediately before the Effective Time, shall be the bylaws of the First Merger Surviving Company until thereafter amended. At the Second Effective Time, the certificate of incorporation of the Merger Sub II, as in effect immediately before the Second Effective Time, shall be the certificate of incorporation of the Surviving Company until thereafter amended; provided, however, that the certificate of incorporation of Merger Sub II shall be amended to change the name of the company set forth therein from "Maia Acquisition II Inc." to "Columbia Care CO Inc." At the Second Effective Time, the bylaws of Merger Sub II, as in effect immediately before the Second Effective Time, shall be the bylaws of the Surviving Company until thereafter amended.

1.6 Directors and Officers. The directors and officers of Merger Sub I immediately before the Effective Time shall be the directors and officers of the First Merger Surviving Company immediately after the Effective Time, each to hold office in accordance with the First Merger Surviving Company's certificate of incorporation and bylaws thereof. The directors and officers of Merger Sub II immediately before the Second Effective Time shall be the directors and officers of the Surviving Company immediately after the Second Effective Time, each to hold office in accordance with the Surviving Company's certificate of incorporation and bylaws thereof.

1.7 Merger Consideration.

(a) Allocation Certificate. At least three (3) Business Days prior to the Closing Date, the Company shall deliver to the Buyer a certificate (the "**Allocation Certificate**") signed by the Chief Financial Officer of the Company, setting forth and certifying on behalf of the Company that the following are good faith estimates of the Company:

(i) an estimated Closing Balance Sheet;

(ii) a statement (the "**Estimated Closing Working Capital Statement**") of the Estimated Net Working Capital of the Company and an estimate of the Net Working Capital Deficiency or the Net Working Capital Surplus, which Estimated Closing Working Capital Statement shall be prepared in accordance with the definition of Net Working Capital, without giving effect to the consummation of the Transactions and subject to the adjustments specified in the definition of Net Working Capital;

(iii) the Estimated Company Debt not paid as of immediately prior to the Effective Time, including a description and amount for each element thereof, together with payoff letters, in form and substance satisfactory to the Buyer, indicating the amount necessary to discharge in full such Company Debt at Closing (the "**Company Debt Payoff Amount**") and, if such Company Debt is secured, an undertaking by such holder to discharge at Closing any Liens securing such Company Debt;

(iv) the Company's estimate of Transaction Expenses not paid as of immediately prior to the Effective Time, including a description and amount for each element thereof and the wire instructions for each Person to whom such a payment in respect thereof shall be due and payable in connection with the Closing;

(v) the Estimated Pre-Closing Taxes not paid as of immediately prior to the Effective Time, including a description and amount for each element thereof;

(vi) (A) the aggregate amount of all Change in Control Payments, together with a description and the amount of each element thereof and (B) any Change in Control Payments that are due and payable in connection with the Closing, together with a description and the amount of each element thereof;

(vii) the Company's estimate of aggregate Closing Cash;

(viii) the Company's estimate of the Closing Cash Merger Consideration and the Closing Share Merger Consideration, and (A) the applicable portion of the Closing Cash Merger Consideration and the Closing Share Merger Consideration payable to each Stockholder, and (B) each Stockholder's Pro Rata Share of the Escrow Amount expressed as a percentage and a dollar amount; and

(ix) the (A) identity, mailing address and email address of each Stockholder, (B) the number of Shares held by each Stockholder and certificate numbers (as applicable) with respect to the Shares held by such Stockholder and (C) wire instructions for each Stockholder.

The Company shall give the Buyer timely reasonable access to all supporting records and work papers used in preparation of the Estimated Closing Working Capital Statement and Allocation Certificate, which, when in form and substance reasonably satisfactory to and approved by the Buyer, shall be used for purposes of the payments to be made at Closing, though remain subject to adjustment pursuant to **Section 1.7(b)** (Post-Closing True-Up). The Allocation Certificate shall be subject to the Buyer's approval prior to the Closing (not to be unreasonably withheld, conditioned or delayed) and shall be prepared in accordance and full compliance with the terms and conditions of the Company's organizational documents then in effect and any other applicable Contracts governing the distribution of equity proceeds to any Stockholder, and the Parent, the Buyer and the Surviving Company shall each be entitled to rely upon and shall incur no liability as a result of its reliance on the Allocation Certificate delivered by the Company (or any updates or supplements thereto delivered by the Company prior to the Closing).

(b) Post-Closing True-Up.

(i) Within ninety (90) days after the Closing Date, the Buyer shall provide to the Stockholder Representative the Closing Balance Sheet, together with the Buyer's determination of (A) the Closing Cash, (B) the Company Debt, (C) the Transaction Expenses not otherwise paid immediately prior to the Effective Time, (D) the aggregate amount of Change in Control Payments not otherwise paid immediately prior to the Effective Time, (E) the Net Working Capital Deficiency or the Net Working Capital Surplus, and (F) the Closing Cash Merger Consideration (collectively, the "**Verified Allocation Certificate**"). The Buyer will make available at the Stockholder Representative's reasonable request all records and work papers of the Buyer used in calculating such amounts. If the Stockholder Representative disagrees with any of the amounts set forth in the Verified Allocation Certificate, the Stockholder Representative may provide a written notice of proposed changes to any such calculation specifying in reasonable detail all disputed items and the basis therefor (a "**Change Notice**") to the Buyer within ninety (90) days after the receipt of the Verified Allocation Certificate (and in the event no Change Notice is provided during such period, the Stockholder Representative will be deemed to have agreed to and accepted each such calculation as of the end of such period). The Buyer shall reasonably promptly cooperate with the Stockholder Representative in providing such information as the Stockholder Representative reasonably requests in connection with the review of the Verified Allocation Certificate. If the Stockholder Representative provides a Change Notice to the Buyer within such period, the Verified Allocation Certificate and the components thereof included in the Change Notice shall be finally determined in accordance with the resolution of dispute procedures set forth in **Section 1.7(c)** (Resolution of Disputes).

(ii) Based on the foregoing, if a Change Notice is validly delivered pursuant to **Section 1.7(b)** (Post-Closing True-Up) and resolved pursuant to **Section 1.7(c)** (Resolution of Disputes), the following amount (the “**Final Adjustment Amount**”) shall be determined equal to the difference of (A) the Closing Cash Merger Consideration as calculated based on the Verified Allocation Certificate as finally determined in accordance with **Section 1.7(c)** (Resolution of Disputes) minus (B) the Closing Cash Merger Consideration specified in the Allocation Certificate. If the Final Adjustment Amount is a positive number, the Buyer shall (1) pay the Final Adjustment Amount to the Stockholders, and (2) execute instructions directing the Escrow Agent to remit the Adjustment Escrow Amount to the Stockholders, in each case such payment will be made to Stockholders based on their Pro Rata Share. If the Final Adjustment Amount is a negative number, the Stockholder Representative and the Buyer shall execute joint instructions directing the Escrow Agent to remit such amount from the Adjustment Escrow Amount to the Buyer, and if the Adjustment Escrow Amount is insufficient, the Buyer, in its sole discretion, may elect to recover any remainder from (x) the Indemnity Escrow Amount, (y) the Stockholders (based on their Pro Rata Shares), or (z) any combination of (x) and (y). If there is a remaining Adjustment Escrow Amount following the foregoing, the Buyer shall promptly execute instructions directing the Escrow Agent to remit such remainder from the Adjustment Escrow Amount to the Stockholders, based on their Pro Rata Shares.

(iii) The Company, the Buyer, the Surviving Company, the Stockholder Representative and the Stockholders agree to treat any adjustment to the Merger Consideration pursuant to this **Section 1.7(b)** (Post-Closing True-Up), if any, as an adjustment to the Merger Consideration for all Tax purposes and shall take no position contrary thereto unless required to do so by applicable Tax Law pursuant to a determination as defined in Section 1313(a) of the Code.

(c) Resolution of Disputes. The Buyer and the Stockholder Representative will attempt in good faith promptly to resolve any differences with respect to the calculations under **Section 1.7(b)** (Post-Closing True-Up) that are raised within the applicable period. If the Buyer and the Stockholder Representative resolve their disagreement, they shall set forth the agreement in a written document executed by the Buyer and the Stockholder Representative and such written document shall be deemed final and binding for all purposes of this Agreement. If they are unable to resolve any differences within thirty (30) days after timely delivery of an applicable Change Notice, such remaining differences will be submitted to an Independent Accountant for prompt determination. The Independent Accountant will determine those matters in dispute and will render a written report as to the disputed matters, which report shall be conclusive and binding upon the parties. The fees and expenses of the Independent Accountant shall initially be borne fifty percent (50%) by the Stockholders and fifty percent (50%) by the Buyer; provided that upon resolution of the dispute by the Independent Accountant, the prevailing party, if any, shall be entitled to be reimbursed in proportion to the amount by which the other party’s determinations of the items in dispute differed from the amount determined by the Independent Accountant. Such amount shall be determined by the Independent Accountant.

(d) Merger Consideration Composition. Notwithstanding the foregoing or anything in this Agreement to the contrary, the Buyer, in its sole discretion, may pay all or a portion of the Merger Consideration that would have otherwise been payable as Closing Share Merger Consideration in cash if any only if all of the following conditions are met: (i) the closing share price of the Parent Common Shares on January 25, 2021 is at least 30% lower than the closing share price of the Parent Common Shares on the date hereof, (ii) the Buyer compensates the

Stockholders for any tax consequences incurred as a result of the increase in cash consideration and (iii) the Closing Share Purchase Price plus the Base Cash Purchase Price is no less than \$33,600,000, after any adjustments in accordance with this **Section 1.7(d)**. If the Buyer elects to pay any portion of the Closing Share Merger Consideration in cash, the total Merger Consideration shall be reduced by \$0.20 for each \$1.00 paid in cash. By way of illustration, if the Buyer elects to pay \$1,000,000 in cash, the total Merger Consideration would be reduced to \$41,800,000, of which \$32,400,000 would be paid in Parent Common Shares and \$9,400,000 would be paid in cash.

1.8 Effect of the Mergers.

(a) At the Effective Time, by virtue of the First Merger and without any action on the part of the Parent, the Buyer, the Merger Sub I, the Company or the Stockholders:

(i) Cancellation of Certain Shares. Any Shares that are owned by the Company (as treasury Shares or otherwise) shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(ii) Conversion of Shares into Merger Consideration. Each Share issued and outstanding immediately prior to the Effective Time shall be cancelled and extinguished and converted into the right of the holder of such Share to receive the consideration set forth in the Allocation Certificate.

(iii) First Merger Surviving Company. The First Merger shall have the effects set forth herein and in the applicable provisions of the DE Act. Without limiting the generality of the foregoing, and subject thereto, from and after the Effective Time, all property, rights, privileges, immunities, powers, franchises, licenses, and authority of the Company and Merger Sub I shall vest in the Company as the surviving company, and all debts, liabilities, obligations, restrictions, and duties of each of the Company and Merger Sub I shall become the debts, liabilities, obligations, restrictions, and duties of the First Merger Surviving Company.

(iv) Shares in the First Merger Surviving Company. On the First Merger, (i) all of the equity of Merger Sub I issued and outstanding immediately prior to the Effective Time shall be converted into and exchangeable for a proportion of the stock of the First Merger Surviving Company equal in value to the value of the equity of Merger Sub I immediately prior to the First Merger, and (ii) the balance of the stock in the First Merger Surviving Company shall be issued to Buyer as consideration for Buyer satisfying, or causing to be satisfied, all the payments required to be made under this Agreement (including, for greater certainty, in consideration for Buyer causing Parent to deliver the Closing Share Merger Consideration), such that 100% of the stock of the First Merger Surviving Company shall be held by Buyer following the First Merger. As compensation for Parent issuing the Closing Share Merger Consideration (and, if applicable, as compensation for any other payments made by Parent hereunder), Buyer shall issue its Shares to Parent or agree to compensate Parent in such other manner as may be agreed to between Buyer and Parent.

(b) At the Second Effective Time, by virtue of the Second Merger and without any action on the part of the Parent, the Buyer, Merger Sub II, the First Merger Surviving Company or the Stockholders, all of the equity of Merger Sub II and the First Merger Surviving Company issued and outstanding immediately prior to the Second Effective Time shall be converted into and exchangeable for 100% of the stock of the Surviving Company.

1.9 Payments by the Buyer. At the Closing, by wire transfer (or other method of delivery as may be agreed) of immediately available funds:

(a) the Buyer shall deliver or cause to be delivered to the holders of the Company Debt the amount set forth in the respective payoff letters delivered pursuant to Section 1.7(a)(iii);

(b) the Buyer shall deliver or cause to be delivered to the relevant payees of the Transaction Expenses the amounts set forth with respect to Transaction Expenses specified in the Allocation Certificate;

(c) the Buyer shall deliver or cause to be delivered to the Stockholders the amount of the Closing Cash Merger Consideration, less the Escrow Amount;

(d) the Buyer shall have delivered or caused to be delivered to each Stockholder, such Stockholder's Pro Rata Share of the Closing Share Merger Consideration as set out in the Allocation Schedule, as evidenced by statements from the Parent's registrar and transfer agent showing the issuance of the Closing Share Merger Consideration in the names of the Stockholder in certificated form, in non-certificated book-entry form, via direct registration statements (DRS) or other similar instrument and in the amounts specified on the Allocation Schedule; and

(e) the Buyer shall deliver to the Escrow Agent the Escrow Amount, to be held in escrow pursuant to the provisions of the Escrow Agreement to provide for any payments to the Buyer pursuant to Section 1.7(b) and 1.7(c) and as security for the Stockholders' indemnification obligations under Section 910.

1.10 Milestone Payment.

(a) Within five (5) Business Days of the release of Parent's audited financial statements for the fiscal year ending December 31, 2021 (or the Company's audited financial statements if the Closing has not occurred prior to December 31, 2021) (such date, the "**Milestone Determination Date**"):

(i) the Buyer shall deliver or cause to be delivered to the Stockholders an amount in cash equal to 20% of the Milestone Amount; and

(ii) the Buyer shall have delivered or caused to be delivered to each Stockholder, such Stockholder's Pro Rata Share of the Milestone Shares, as evidenced by statements from the Parent's registrar and transfer agent showing the issuance of the Milestone Shares in the names of the Stockholder in certificated form, in non-certificated book-entry form, via direct registration statements (DRS) or other similar instrument.

(b) For purposes of this **Section 1.10**, the capitalized terms used herein are defined as follows:

(i) “**2021 EBITDA**” means the cumulative earnings before interest, Taxes, depreciation and amortization of the Company and its Subsidiaries for the calendar year ending December 31, 2021.

(ii) “**Milestone Amount**” means an amount equal to the lesser of (A) \$4,179,662 and (B) (i) the 2021 EBITDA *multiplied* by 5.75, *minus* (ii) \$21,943,223.

(iii) “**Milestone Share Price**” means the greater of (i) the volume-weighted average price of the Parent Common Shares on the NEO for the ten (10) trading day period ending on (and including) the trading day immediately preceding the Milestone Determination Date and (ii) the closing price of the Parent Common Shares on the NEO on the day that is two (2) Business Days prior to the date on which the Milestone Shares are actually issued, less the maximum discount permissible by the Exchanges. The Milestone Share Price shall be expressed in U.S. dollars, calculated using the exchange rate published by the Bank of Canada at <https://www.bankofcanada.ca/rates/exchange/daily-exchange-rates/> for the day that is two (2) Business Days prior to the Milestone Determination Date.

(iv) “**Milestone Shares**” means a number of Parent Common Shares equal to (A) the Milestone Amount *multiplied* by .8, divided by (B) the Milestone Share Price.

(c) **Sale of the Company**. At any time prior to the payment of the Milestone Amount to the Stockholders pursuant to **Section 1.10(a)**, if Buyer effects a sale, exchange or other transfer, directly or indirectly, in one transaction or a series of related transactions, of all or substantially all of the assets of the Company or any of its Subsidiaries, or a merger, consolidation, recapitalization or other transaction in which any Person other than Parent becomes the beneficial owner, directly or indirectly, of 50% or more of the combined voting power of all interests in the Company or any of its Subsidiaries, Buyer shall (i) remain responsible for all of its obligations with respect to payment of the Milestone Amount set forth in **Section 1.10(a)**; and (ii) make provision for the transferee or successor to assume and succeed to the obligations of Buyer in this **Section 1.10**.

(d) **Post-Closing Operation of the Company**. Notwithstanding anything herein to the contrary, following the Closing and until December 31, 2021, the Buyer and its Affiliates, including Parent, shall:

- (i) act in good faith with respect to the oversight and control of the business and affairs of the Company and its Subsidiaries;
- (ii) use commercially reasonable efforts to continue the Business and provide capital as reasonably required for such continued operations;
- (iii) not willfully divert any sales or income away from the Company or its Subsidiaries;
- (iv) use commercially reasonable efforts to promote the Company and its Subsidiaries and preserve the goodwill and material business relationships of the Company and its Subsidiaries; and

(v) not, directly or indirectly, take any actions in bad faith that would have the purpose of avoiding or reducing payment of the Milestone Amount.

1.11 Fractional Shares. No fractional Parent Common Shares shall be issued to any Person pursuant to this Agreement. Notwithstanding any other provision of this Agreement, the number of Parent Common Shares to be issued at any time to a Person who would otherwise have been entitled to receive a fraction of a Parent Common Share shall be rounded down to the nearest whole number.

1.12 Tax Withholding. The Parent, the Buyer, the Company, the First Merger Surviving Company and the Surviving Company, as the case may be, shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement, the Letters of Transmittal or any Ancillary Agreement, to or for the benefit of any Person such amounts as it reasonably believes that it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or non-U.S. Tax Law. To the extent that amounts are so withheld and properly paid over to the applicable Governmental Entity, such withheld amounts shall be treated for purposes of this Agreement as having been paid to such Person in respect of which such deduction and withholding was made.

1.13 Further Actions. If, at any time after the Effective Time, any further action is necessary or desirable to vest the First Merger Surviving Company with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the Company and Merger Sub I, the officers and directors from time to time of the First Merger Surviving Company are fully authorized in the name of the Company and Merger Sub I, as the case may be, or otherwise to take, and will take, all such lawful and necessary action as is consistent with this Agreement. If, at any time after the Second Effective Time, any further action is necessary or desirable to vest the Surviving Company with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the First Merger Surviving Company and Merger Sub II, the officers and directors from time to time of the Surviving Company are fully authorized in the name of the First Merger Surviving Company and Merger Sub II, as the case may be, or otherwise to take, and will take, all such lawful and necessary action as is consistent with this Agreement.

SECTION 2

REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

The Company hereby makes to the Parent, the Buyer, Merger Sub I and Merger Sub II the representations and warranties regarding itself and each of its Subsidiaries contained in this Section 2 as of the Agreement Date and as of the Closing, subject to the exceptions and qualifications disclosed by the Company in the written schedules provided to the Parent, the Buyer Merger Sub I and Merger Sub II, dated as of the Agreement Date (the “**Company Disclosure Schedules**”). The term “Company” as used throughout Section 2 shall be deemed to refer to the Company and each of its Subsidiaries, except that the representations in Section 2.2 and Section 2.3 shall refer only to the Company. The Company Disclosure Schedules shall be arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in this Section 2. The disclosures in any section or subsection of the Company Disclosure Schedules corresponding to any section or subsection of this Section 2 shall qualify other sections and subsections in this Section 2 only to the extent readily apparent that such disclosures qualify such other sections and subsections.

2.1 Organization; Good Standing; Power.

(a) The Company is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation or organization and is licensed or qualified to conduct its business and is in good standing in each jurisdiction where such licensing or qualification is material to the business it is conducting or the operation, ownership or leasing of its properties (which such jurisdictions are set forth on **Schedule 2.1(a)**). The Company possesses full power and authority necessary to own and operate its properties and assets and to carry on its businesses as presently conducted and as contemplated to be conducted immediately after the Closing.

(b) The Company has made available true, complete and correct copies of the articles of incorporation and by-laws (and any other comparable organizational documents) of the Company, each as amended and in effect as of the date of this Agreement.

(c) No dissenters' or appraisal rights shall be available to the Stockholders with respect to the Merger or the Transactions.

2.2 Capitalization; Subsidiaries.

(a) **Schedule 2.2(a)** sets forth, as of the date of this Agreement, all of the issued and outstanding Shares of the Company and identifies, as of the date of this Agreement, by name and number of Shares held, the holder thereof. No Person that is not set forth on **Schedule 2.2(a)** has any right, interest or claim in or to any Equity Equivalents of the Company, and other than as set forth opposite such Person's name on **Schedule 2.2(a)**, no Person set forth on **Schedule 2.2(a)** has any right, interest or claim in or to any additional or different Equity Equivalents of the Company. The outstanding Shares (i) are issued and outstanding as of the date of this Agreement, (ii) have been duly authorized and validly issued and are fully-paid and nonassessable, (iii) have been issued in compliance with applicable Law and (iv) are held and owned beneficially and of record by the Stockholders as set forth on **Schedule 2.2(a)**, free and clear of any Liens. The calculations of the amounts payable to each Stockholder set forth in the Allocation Certificate pursuant to **Section 1.7(a)(viii)**, when delivered will be accurate and correct in all material respects and are compliant with the Company's organizational documents and related issuance documents.

(b) All transfers and sales of all issued and outstanding Shares prior to the Agreement Date have been duly authorized and fully paid and each such transfer and sale is valid. Such issued and outstanding Shares were offered, issued, sold and delivered in compliance with all applicable Laws governing the issuance of securities and were not issued or transferred in violation of (or subject to) any preemptive rights (including any preemptive rights set forth in the organizational documents or other governing documents of the Company), rights of first refusal or offer or other similar rights. Other than shares held by the Stockholders, the Company does not have any outstanding Equity Equivalents. There are no declared or accrued but unpaid dividends or other distributions with respect to any of the Shares. There are no (x) outstanding obligations of the Company (contingent or otherwise) to repurchase or otherwise acquire or retire any of

Equity Equivalents of the Company, or (y) voting trusts, proxies or other agreements between or among the Company or any of the Company's members with respect to the voting or transfer of any Equity Equivalents of the Company (other than this Agreement). No outstanding Shares are subject to vesting or forfeiture rights or repurchase by the Company.

(c) **Schedule 2.2(c)** contains a true and accurate schedule of each of the Subsidiaries of the Company, including each Subsidiary's corporate form, jurisdiction of formation and list of officers, directors and beneficial owners. The Company is not a participant in any joint venture, partnership or similar arrangement. Except as set forth in **Schedule 2.2(c)**, the Company has not made any investment and does not hold or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, limited liability company, association or other business entity. Except as set forth in **Schedule 2.2(c)**, each Subsidiary of the Company is owned, directly or indirectly, 100% by the Company and there are no outstanding subscriptions, options, warrants, commitments, preemptive rights, agreements, arrangements or commitments of any kind relating to the issuance or sale of, or outstanding securities convertible into or exercisable or exchangeable for, any shares of capital stock of any class or other equity interests of any such Subsidiary. Each Subsidiary of the Company is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, with full corporate power and authority to conduct its business as is now being conducted and to own or use the properties and assets that it purports to own or use. Each Subsidiary of the Company is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it or the nature of the activities conducted by it makes such qualification or licensing necessary, except where the failure to be so qualified or licensed and in good standing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

2.3 Authorization; Execution & Enforceability; No Breach.

(a) The execution, delivery and performance of this Agreement and each Ancillary Agreement by the Company and the consummation of the Transactions contemplated hereby and thereby are within its power and have been duly and validly authorized by all necessary corporate action on the part of the Company and, other than receipt of the Stockholder Approval (as defined below), no further limited liability company action is required on the part of the Company to authorize this Agreement and any Ancillary Agreements to which it is a party and the Transactions contemplated hereby and thereby. This Agreement and each Ancillary Agreement has been duly executed and delivered by the Company, and (assuming due authorization, execution and delivery by the other parties hereto) constitutes the valid and binding obligation of the Company, enforceable against the Company, in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in an Action at law or in equity). The written consent and release of the Company by all of the Stockholders, delivered to Buyer on even date herewith (the "**Stockholder Approval**") is the only approval of holders of Equity Equivalents that is necessary to consummate the Mergers and the Transactions contemplated hereby under the DE Act and the Company's organizational documents.

(b) Except for the filing of the Certificates of Merger and the filings, applications, submissions, notices and approvals required under State and Local Cannabis Laws, no filing with or notice to, and no permit, authorization, registration, consent or approval of, any Governmental Entity is required on the part of the Company for the execution, delivery and performance by the Company of this Agreement or any Ancillary Agreement to which it is or will be a party nor the consummation of the Transactions contemplated hereby or thereby.

(c) Neither the execution, delivery nor performance by the Company of this Agreement or any Ancillary Agreement to which it is or will be a party, nor the consummation of the Transactions contemplated hereby or thereby, will (i) result in a breach or infringement of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the passage of time, the giving of notice or both), (iii) result in the creation of any Lien (except for a Permitted Lien), (iv) give any third party the right to modify, cancel, terminate, suspend, revoke or accelerate or increase any obligation under, (v) result in a violation of, (vi) require the consent, notice or other action by any third party under or (vii) create in any third party the right to terminate, modify, accelerate, cancel or change any right or obligation or deny any benefit arising under (A) the organizational documents of the Company, (B) any Law to which the Company is subject or (C) any Contract to which the Company is subject.

2.4 Financial Statements.

(a) **Schedule 2.4(a)** sets forth true, complete and correct copies of (i) the audited consolidated balance sheet of the Company as of December 31, 2020 and the related statements of income, cash flows and members' equity for the respective years then ended, and (ii) the unaudited consolidated balance sheet (the "**Recent Balance Sheet**") of the Company as of March 31, 2021 (the "**Recent Balance Sheet Date**") and the unaudited statements of income, members' equity and cash flows of the Company for the three (3) month period then ended. Collectively, the financial statements referred to in the immediately preceding sentence are sometimes referred to herein as the "**Financial Statements.**" The Financial Statements (including the notes thereto, if any) have been prepared from, and are consistent with, the books and records of the Company (which are true, correct and complete), and fairly present the financial condition of the Company in all material respects as of the dates thereof, and the results of operations and cash flows for the periods then ended, and have been prepared in accordance with GAAP (except that the interim Financial Statements are subject to normal and recurring year-end adjustments, none of which are, individually or in the aggregate, material in amount or effect and do not include footnotes). Except as set forth on **Schedule 2.4(a)**, since January 1, 2018, there has been no change in any of the accounting (and Tax accounting) policies, practices or procedures of the Company.

(b) The Company has established and adhered to a system of internal accounting controls that are designed to provide reasonable assurance regarding the reliability of financial reporting. Since January 1, 2015, there have been no (i) any significant deficiency or material weakness in any system of internal accounting controls used by the Company, (ii) any fraud or other wrongdoing that involves any of the management or other employees of the Company who have a role in the preparation of financial statements or the internal accounting controls used by the Company or (iii) to the Company's Knowledge, any claim or allegation regarding any of the foregoing.

(c) **Schedule 2.4(c)** sets forth a list of all Company Debt as of the date of this Agreement and identifies for each item of such Company Debt the outstanding principal and accrued but unpaid interest as of the date of this Agreement.

2.5 **Absence of Undisclosed Liabilities.** The Company has no Liabilities, except for (a) Liabilities set forth on the Recent Balance Sheet (or notes thereto), or (b) Liabilities that have arisen after the Recent Balance Sheet Date in the Ordinary Course of Business, and are not, individually or in the aggregate, material in amount, none of which is a Liability resulting from noncompliance with any applicable Law or Permits, breach of contract, breach of warranty, tort, infringement, misappropriation, dilution or Action.

2.6 **Absence of Changes.**

(a) Since December 31, 2020 through the Closing Date, there has not been any result, occurrence, fact, change, event or effect which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on **Schedule 2.6(b)**, since December 31, 2020 through the Closing Date, the Company has operated in the Ordinary Course of Business and without any material change of policy or procedure, and the Company has not:

(i) incurred or suffered any material loss, damage, destruction or other casualty to any of the assets, properties or rights used or held by the Company (whether or not covered by insurance);

(ii) mortgaged, pledged or subjected to any Lien any of the assets of the Company, except for Permitted Liens;

(iii) entered into, terminated (other than at its stated expiration date), amended in any material respect, suspended or canceled any Material Contract or Permit;

(iv) sold, transferred or otherwise disposed of any assets or rights of the Company, other than sales, transfers or other dispositions made in the Ordinary Course of Business;

(v) settled or compromised any material Actions;

(vi) incurred any material capital expenditures;

(vii) entered into any employment, retention, severance, consulting, or similar Contract with any Employee, or authorized or granted any increase in the compensation or benefits of any of the Employees, other than changes to the Employee Benefit Plans, other than in the Ordinary Course of Business; or

(viii) made any material change in any method of accounting or accounting practice, including, without limitation, its practices in connection with the treatment of expenses, accounts receivable, accounts payable or valuations of inventory.

2.7 Assets.

(a) The Company has good and valid title to, a valid leasehold interest in, or a valid license or other contractual right to use the properties and assets, tangible or intangible, shown on the Recent Balance Sheet or acquired thereafter (the “**Business Assets**”), free and clear of all Liens, other than any Permitted Liens. Each Business Asset, as applicable, is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to reasonable wear and tear) and is suitable for the purposes for which it is presently used. Except as set forth on **Schedule 2.7(b)**, the Business Assets constitute all of the assets, rights and properties necessary, and are sufficient, for the conduct of the Business as currently conducted. Except as set forth on **Schedule 2.7(a)**, all properties used in the operations of the Company are reflected in the Recent Balance Sheet to the extent required by GAAP.

(b) **Schedule 2.7(b)** lists all machinery, equipment, tools, furniture, fixtures, leasehold improvements, office equipment, motor vehicles, mobile equipment, rolling stock and other items of depreciable (or fully depreciated) tangible personal property owned by the Company with a net book value in excess of \$50,000. **Schedule 2.7(b)** also lists all items of personal property leased or subleased to the Company and identifies the applicable Contract with respect thereto.

2.8 Tax Matters.

(a) The Company has duly and timely filed all Tax Returns required to be filed by or with respect to it under applicable Laws, and all such Tax Returns are true, complete and correct in all material respects and have been prepared in compliance with all applicable Laws.

(b) The Company has paid all Taxes due and owing by it (whether or not such Taxes are related to, shown on or required to be shown on any Tax Return), and has properly and timely withheld or deducted and paid over to the appropriate Taxing Authority all Taxes which it has been required to withhold or deduct from amounts paid or owing or deemed paid or owing or benefits given to any Employee, equityholder, member, creditor or other third party.

(c) The Company is not currently the beneficiary of any extension of time within which to file any Tax Return or pay any Taxes, which extension is still in effect (other than valid automatic extensions received in the Ordinary Course of Business).

(d) The Company has not (i) waived any statute of limitations with respect to any Taxes or Tax Returns of the Company or (ii) consented in writing to any extension of time with respect to any Tax assessment or deficiency of the Company, which waiver or extension of time is currently in effect. The Company has not granted any powers of attorney concerning any Taxes or Tax Returns, which powers of attorney are still in effect.

(e) No Tax audits, investigations, actions, or assessments or administrative or judicial Actions are pending or are threatened with respect to the Company, and there are no matters under discussion, audit or appeal with any Taxing Authority with respect to Taxes or Tax Returns of the Company.

(f) There are no Liens for Taxes on any of the assets of the Company, other than Liens for Taxes not yet due and payable and for which appropriate reserves have been established according to GAAP on the Financial Statements.

(g) No claim has ever been made by a Taxing Authority in a jurisdiction where the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction, which claim has not been resolved.

(h) The Company (i) has never been a member of any affiliated group (other than any such group the common parent of which is the Company) filing or required to file a consolidated, combined, unitary, or other similar Tax Return, (ii) has no Liability for the Taxes of any Person other than itself under Section 1.1502-6 of the Treasury Regulations (or any similar provision of U.S. state or local or non-U.S. Law), as a transferee or successor, by Contract or otherwise, (iii) is not party to or bound by and does not have any obligations under any Tax allocation, Tax sharing, Tax indemnification or other similar Contract and (iv) is not party to any Contract or arrangement to pay, indemnify or make any payment with respect to any Tax liabilities of any member, manager, director, officer or other Employee or contractor of the Company or any Stockholder.

(i) Since March 31, 2021, the Company has not made any material change (or filed for or requested any change) in financial or Tax accounting methods or practices or made, changed, revoked or modified any material Tax election, filed any amended Tax Return, settled or compromised any Tax liability, voluntarily approached any Taxing Authority in respect of any Taxes or Tax Returns relating to a prior Tax period (including through any voluntary disclosure process), consented to any claim or assessment related to any Taxes, entered into any closing or other agreement (including any extension or waiver of any statute of limitations) with any Taxing Authority with respect to any Taxes or Tax Returns, or changed its fiscal or Tax year.

(j) The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, (ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date, (iii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law) executed prior to the Closing, (iv) intercompany transaction or excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local or non-U.S. Tax Law), (v) installment sale or open transaction disposition made prior to the Closing, (vi) prepaid amount or advance payment received on or prior to the Closing Date, or (vii) election under Section 108(i) of the Code (or any corresponding provision of state, local, or non-U.S. Law).

(k) The Company has not been a resident for Tax purposes in any jurisdiction, other than the jurisdiction of its formation, nor has the Company had any branch, agency, permanent establishment or other taxable presence in any jurisdiction.

(l) The Company has been validly classified as either an "S corporation" within the meaning of Sections 1361 and 1362 of the Code or as a "qualified subchapter S subsidiary" within the meaning of Section 1361(b)(3)(B) of the Code at all times since its formation.

(m) The Company has not engaged in any “listed transaction” within the meaning of Sections 6111 and 6112 of the Code or any similar provisions of U.S. state or local or non-U.S. Law.

(n) The Company has not requested or received a written ruling from any Taxing Authority or signed any binding agreement with any Taxing Authority or made or filed any election, designation or similar filing with respect to Taxes of the Company.

(o) The unpaid Taxes of the Company (including, for the avoidance of doubt, any employment, payroll or similar Taxes deferred under the CARES Act) (i) did not, as of the Recent Balance Sheet Date, exceed the reserve for Tax liabilities (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Recent Balance Sheet (rather than in any notes thereto) and (ii) will not exceed that reserve as adjusted for operations and transactions through the Closing Date in accordance with the past custom and practice of the Company in filing its Tax Returns.

(p) The Company has duly and timely collected all amounts on account of any transfer taxes, including goods and services, harmonized sales and state, provincial or territorial sales taxes, required by applicable Laws to be collected by it and has duly and timely remitted to the appropriate Taxing Authority any such amounts required by Law to be remitted by it.

(q) **Schedule 2.8(g)** lists all Tax Returns filed with respect to the Company for taxable periods ended on or after December 31, 2016, identifies those Tax Returns that have been audited, and identifies those Tax Returns that currently are the subject of audit. The Company has delivered to the Buyer correct and complete copies of all income and other material Tax Returns, examination reports and statements of deficiencies assessed against or agreed to by the Company for taxable periods ended on or after December 31, 2016.

(r) No property owned by the Company (i) is “tax-exempt use property” within the meaning of Section 168(h)(1) of the Code; (ii) directly or indirectly secures any debt the interest of which is tax-exempt under Section 103(a) of the Code; (iii) is “tax-exempt bond financed property” within the meaning of Section 168(g) of the Code; (iv) is “limited use property” within the meaning of Rev. Proc. 76-30 or Rev. Proc. 2001-28; (v) is subject to Section 168(g)(1)(A) of the Code; or (vi) is subject to any provision of Tax Law comparable to any of the provisions listed above. No property owned by the Company is (i) required to be treated as being owned by another person pursuant to the so-called “safe harbor lease” provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended; (ii) subject to a lease under Section 7701(h) of the Code or under any predecessor section; or (iii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

(s) The Company (i) has not applied for, and has not received, any loan or other financial assistance under the CARES Act or the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139), or (ii) has so applied for, or received, any such loan or other financial assistance and was eligible to make such application or receive such loan or other financial assistance, undertook its analysis to determine its eligibility and to make certifications regarding necessity in good faith, and has complied with all applicable conditions (including to maintain eligibility for any available loan forgiveness).

2.9 Contracts.

(a) Schedule 2.9(a) sets forth an accurate and complete list (by each applicable subsection referenced below in this Section 2.9(a)) of each of the following Contracts to which the Company is a party or by which the Company is otherwise bound:

(i) any Contract providing for (A) payment by any Person to the Company in excess of \$100,000 annually or (B) the purchase of products or services by the Company from any Person in excess of \$100,000 annually;

(ii) any Contract that involves non-cancelable, or non-cancelable without a material penalty, commitments to make capital expenditures in excess of \$50,000 annually;

(iii) any Contract establishing any joint ventures, strategic alliance, partnership, sharing of profit arrangement, and minority equity investments;

(iv) (A) any Contract for the employment or service of any officer, individual Employee or individual service provider or providing for the payment of any severance, retention, or Change in Control Payment or (B) any other Person providing for (x) fixed and/or variable compensation in the aggregate in excess of \$100,000 annually or (y) commission based arrangements;

(v) any Contract or indenture under which the Company has (A) created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) Company Debt, (B) granted a Lien (other than a Permitted Lien) on its properties or assets, whether tangible or intangible, to secure such Company Debt or (C) extended credit to any Person (including any loan or advance);

(vi) any Contract under which the Company is a (A) lessee of or holds or operates any personal property, owned by any other Person or (B) lessor of or permits any other Person (other than the Company) to hold or operate any personal property owned or controlled by it;

(vii) any collective bargaining agreement, labor peace agreement or any other Contract with any labor union, works council, trade association, or other agreement or Contract with any employee organization;

(viii) any (A) license, royalty, indemnification, covenant not to sue, escrow, co-existence, concurrent use, consent to use or other Contract relating to any Intellectual Property Rights (including any Contracts relating to the licensing of Intellectual Property Rights by the Company to a third party or by a third party to the Company) and (B) other Contracts affecting the Company's ability to own, enforce, use, license, or disclose any Intellectual Property Rights (clauses (A) and (B), collectively, "**IP Licenses**"), provided that commercial "shrink-wrap" software and "shrink-wrap" software licenses ("**Off-the-Shelf Software Licenses**") shall not be required to be set forth on Schedule 2.9(a), but shall constitute Material Contracts;

(ix) any agent, sales representative, referral, marketing or distribution agreement;

(x) any Contract that limits the ability of the Company to engage in any line of business or that contains a covenant not to compete applicable to the Company;

(xi) any Contract wherein or whereby the Company has agreed to, or assumed, any obligation or duty to indemnify, reimburse, hold harmless, guarantee, or otherwise assume or incur any obligation or liability and such obligation or duty is uncapped or otherwise not limited (including by reference to standard of conduct) or provides a right of rescission;

(xii) any Contract that contains "most favored nations" pricing terms or grants to any customer, supplier or vendor any right of first offer or right of first refusal or exclusivity or any similar requirement;

(xiii) any Contract that contains any "non-solicitation," "no hire" or similar provisions which restrict the Company from soliciting, hiring, engaging, retaining or employing any other Person's current or former employees;

(xiv) any settlement, conciliation or similar agreement entered into in the past three (3) years or under which there are continuing obligations or Liabilities on the part of the Company;

(xv) any Contract for the disposition of any portion of the assets or Business (other than sales of products in the Ordinary Course of Business) or for the acquisition by the Company of the assets or business of any other Person (other than purchases of inventory or components in the Ordinary Course of Business);

(xvi) any Contract between or among the Company, on the one hand, and any Stockholder or any of its Affiliates (other than the Company), on the other hand, or any Contract between the Company, on the one hand, and any current officer, director, manager or Employee of the Company (other than employment and employment-related Contracts made in the Ordinary Course of Business), on the other hand; and

(xvii) any commitment or arrangement to enter into any of the foregoing.

(b) (i) Each of the Contracts set forth or required to be set forth on **Schedule 2.9** and each of the Real Property Leases (collectively, the "**Material Contracts**") is in full force and effect and constitutes a valid, binding and enforceable obligation of the Company and the other parties thereto, (ii) the Company is not or, to the Knowledge of the Company, is not alleged to be in breach of or default in any material respect under any Material Contract, and (iii) to the Knowledge of the Company, no counterparty is in breach of or default in any material respect under any Material Contract. The Company has not received notice of an intention by a

counterparty to a Material Contract to terminate such Contract or amend the terms of such Contract, other than in the Ordinary Course of Business. To the Knowledge of the Company, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. The Company has not waived any material rights under any Material Contract. The Company has provided the Buyer (x) a true, complete and correct copy of each written Material Contract, together with all amendments, waivers or other changes thereto and (y) a true, complete and correct description of the terms and conditions of each oral Material Contract.

2.10 Intellectual Property Rights.

(a) **Schedule 2.10(a)** sets forth (with the application or registration number/date, title or mark, country or other jurisdiction and owner(s), as applicable) a complete and accurate list of all Owned IP that is registered, patented, or the subject of a pending application (“**Registered Owned IP**”). All Owned IP, including the Registered Owned IP, is valid, subsisting and enforceable. The Owned IP and Licensed Intellectual Property constitute all Intellectual Property Rights used in or necessary to conduct the Business as currently conducted. The Intellectual Property Rights owned and the Licensed Intellectual Property, except for Off-the-Shelf Software Licenses, used by the Company immediately prior to the Closing will continue to be owned or available for use by the Company on identical terms and conditions immediately after the Closing.

(b) To the Knowledge of the Company, no Action is or has been pending or threatened in writing (or otherwise threatened) that challenges the legality, validity, enforceability, use or ownership of any item of Owned IP or that alleges that the operation of the Business infringes, violates or misappropriates the Intellectual Property Rights of any Person. To the Knowledge of the Company, no operations of the Company or any product, ingredient or process that is used, manufactured, sold or distributed by or for the Company, as such operations are conducted or as such product, ingredient or process is used, manufactured, sold or distributed has infringed, violated or misappropriated the Intellectual Property Rights of any Person. To the Knowledge of the Company, no Person is infringing, violating or misappropriating any Owned IP. Except as set forth on **Schedule 2.10(b)**, the Company is not subject to any Order or contractual obligation that limits the Company’s right to use or enforce the Owned IP, other than any limitations set forth in any registration or application for Owned IP.

(c) The Company (i) exclusively owns and possesses, free and clear of all Liens, other than Permitted Liens, all right, title and interest in and to the Owned IP; and (ii) has the right to use all Licensed Intellectual Property pursuant to a license that is valid and enforceable.

(d) Each Employee and contractor of the Company that has made a contribution to the development of any Owned IP either (i) has assigned to the Company all Intellectual Property Rights and inventions (whether patentable or unpatentable) such Person has conceived, created, authored, developed, or invented in connection with such material contribution, or (ii) developed such development as a “work made for hire” for the Company or in other circumstances under which, by operation of Law, the Intellectual Property Rights in such development are owned by the Company.

(e) In the past twelve (12) months, there have been no material failures, crashes, security breaches or other adverse events affecting the IT Assets used by the Company, which have caused material disruption to the Business. The Company has taken commercially reasonable steps to implement security, backup, and disaster recovery measures and technology consistent with industry practices and, to the Knowledge of the Company, there has been no unauthorized or improper access of the IT Assets. All IT Assets are owned by the Company, or used pursuant to a valid license.

2.11 Litigation. Except as set forth in Schedule 2.11, (a) there have been no Actions (i) pending or threatened against or affecting the Company or its assets, properties or rights or against any of its directors, managers, officers or employees (in each case, in their capacity as such) or (ii) initiated or threatened by or on behalf of the Company, and (b) there have been no outstanding Orders to which the Company or any of its Affiliates is a party or to which the Company or any of its Affiliates or its or their assets or properties is or are bound. No event has occurred or circumstances exist that may give rise to, or serves as a basis for, any such Action or Order.

2.12 Labor Matters.

(a) Schedule 2.12(a) sets forth a list of, as of the Recent Balance Sheet Date, (i) all current Employees with the country, state and city/town in which the Employee normally works, (ii) the position, date of hire, accrued vacation, current annual base rate of compensation (or with respect to Employees compensated on an hourly or per diem basis, the hourly or per diem rate of compensation), any bonus, contingent or deferred compensation, and estimated or target total annual incentive compensation of each such person, (iii) the exempt or non-exempt classification of such person under the Fair Labor Standards Act and any other applicable Law regarding the payment of wages, and (iv) the total annual compensation for such person during the fiscal year ended December 31, 2020 (including any bonus, contingent or deferred compensation). Schedule 2.12(a) also contains a complete and accurate list of all of the independent contractors, consultants, temporary employees or leased employees of the Company ("**Contingent Workers**") as of the Agreement Date, showing for each Contingent Worker such individual's role in the business, fee or compensation arrangements, notice requirements to terminate the agreement, and other contractual terms with the Company.

(b) To the extent that any Contingent Workers are used, the Company has properly classified and treated them in accordance with applicable Laws and for purposes of all wage, hour, classification and Tax Laws and employee benefit plans and perquisites. The Company currently classifies and has properly classified each of its employees as exempt or non-exempt for the purposes of the Fair Labor Standards Act and state, local and foreign wage and hour Laws, and is and has been otherwise in compliance with such Laws.

(c) The Company is not a party to or otherwise bound by any collective bargaining agreement, labor peace agreement or relationship with any labor union, works council, trade association or other employee organization (collectively, "**Union**"). There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, picket, unfair labor practice charges, grievances or other similar labor dispute affecting the Company or any of its employees. The Company has no duty to bargain with any Union. The Company: (i) has not

experienced any strikes, work stoppages, walkouts or other material labor disputes and no such dispute is pending or threatened, (ii) has not committed any material unfair labor practice, (iii) has not experienced any union organizational or decertification activities and no such activities are currently underway or threatened by, on behalf of or against any labor union, works council, trade association or other employee organization with respect to employees of the Company; (iv) has not implemented any plant closing or layoff of employees that could implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar foreign, state, provincial or local plant closing or mass layoff Law or (v) has not been subject to any pending or threatened Action in any forum, relating to the foregoing clauses (i) – (iv), and neither the Company nor its employees, officers, directors or agents have committed any act or omission giving rise to material Liability for any violation or breach identified in this **Section 2.12(c)**.

(d) The Company has paid all wages, salaries, wage premiums, bonuses, vacation pay, commissions, fees, and other compensation due and payable to its current and former employees and Contingent Workers pursuant to applicable Law, Contract or policy, and no current or former Contingent Workers may claim status as an employee or payment of any benefits or entitlements, including any unpaid employment tax or government contribution or benefit, as an employee of the Company.

(e) Except as set forth on **Schedule 2.12(e)**, to the Knowledge of the Company, no officer, group of employees or Contingent Workers of the Company (including salespersons) has informed the Company in writing of any plan to terminate employment with or services for the Company, and no such person or persons has any plans to terminate employment with or services for the Company, in either case, within the first twelve (12) months following the Closing Date, except, in each case, in the Ordinary Course of Business.

(f) The Company is and has been in compliance in all material respects with all Laws relating to employment or the workplace, including provisions relating to wages, hours, employee classification, collective bargaining, safety and health, work authorization, equal employment opportunity, immigration, U.S. or foreign visa requirements, unemployment compensation, worker's compensation, employee privacy and right to know and discrimination against race, color, national origin, religious creed, physical or mental disability, sex, age, ancestry, medical condition, marital status, sexual orientation or other ground protected by applicable Law. No investigation by any Governmental Entity of the employment policies or practices of the Company is pending or threatened. No litigation, arbitration or administrative proceeding is pending or threatened against the Company relating to its employment policies or practices. During the past five (5) years, the Company has not been a party to a settlement agreement with a current or former employee that relates primarily to allegations of sexual harassment or sexual misconduct. During the past five (5) years no allegations of sexual harassment or sexual misconduct have been made against any officer, director or employee of the Company in his or her capacity as an officer, director or employee of the Company.

2.13 Employee Benefits.

(a) **Schedule 2.13(a)** sets forth a true, complete and correct list of each “employee benefit plan” (as such term is defined in Section 3(3) of ERISA, whether or not subject to ERISA), medical, dental, life insurance, equity or equity-based compensation, stock option, stock purchase, employee stock ownership, bonus or other incentive compensation, employment, consulting, profit sharing, disability, fringe benefit, salary continuation, severance, change in control, retention, retirement, pension, deferred compensation, vacation, sick pay or paid time off plan, program, arrangement or policy, and each other benefit or compensation plan, policy, agreement (including employment and consulting agreements), program or arrangement, whether oral or written, funded or unfunded, that the Company maintains, sponsors, contributes to or is required to contribute to, or under or with respect to which the Company has any current or potential Liability, including on account of an ERISA Affiliate, (each, an “**Employee Benefit Plan**” and collectively, the “**Employee Benefit Plans**”).

(b) With respect to each Employee Benefit Plan, the Company has provided true, complete and correct copies of, as applicable: (i) the current plan and trust documents, or, if terminated, the plan document and trust as of the plan termination date, with all amendments thereto (or for each Employee Benefit Plan that is not written, a description thereof); (ii) the most recent summary plan description and all related summaries of material modifications; (iii) the most recent determination or opinion letter received from the IRS; (iv) the three (3) most recent annual reports (Form 5500-series, with all applicable schedules and attachments); (v) all current related insurance Contracts, other funding arrangements and administrative services agreements; (vi) all material notices or correspondence from or with any Governmental Entity since December 31, 2018; and (vii) all other material documents pursuant to which such Employee Benefit Plan is maintained, funded and administered.

(c) Each Employee Benefit Plan (and each related trust, insurance Contract or fund) has been established, maintained, funded and administered in accordance with its terms (and the terms of any applicable collective bargaining agreement, if applicable) and in compliance with all applicable requirements of ERISA, the Code and other applicable Laws, including the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended, and any guidance issued thereunder (“**PPACA**”). The Company and each Person that at any relevant time could be, is or has been treated as a single employer with the Company under Section 414 of the Code (each, an “**ERISA Affiliate**”) have complied and are in compliance with the requirements of Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code, and any similar state Laws (“**COBRA**”) and PPACA. The Company has not incurred, or is not reasonably expected to incur or to be subject to, any Tax, penalty or other liability that may be imposed under PPACA.

(d) Each Employee Benefit Plan that is intended to be “qualified” under Section 401(a) of the Code either has received a current favorable determination from the IRS or may rely upon a current favorable opinion letter from the IRS that such Employee Benefit Plan is so qualified, and, to the Knowledge of the Company, nothing has occurred that could adversely affect the qualification of such Employee Benefit Plan.

(e) With respect to each Employee Benefit Plan, all contributions, distributions, reimbursements and payments (including all employer contributions, employee salary reduction contributions, and premium payments) that are due have been made within the time periods prescribed by the terms of each Employee Benefit Plan, ERISA, the Code and other applicable Laws, and all contributions, distributions, reimbursements or payments for any period ending on or before the Closing Date that are not yet due have been made or properly accrued. No Employee Benefit Plan has any unfunded Liability not accurately reflected on the Financial Statements.

(f) Neither the Company nor any ERISA Affiliate maintains, sponsors, contributes to, has any obligation to contribute to, or has any current or potential Liability under or with respect to (i) any “defined benefit plan” as defined in Section 3(35) of ERISA or any other plan that is or was subject to the funding requirements of Section 412 of the Code or Section 302 or Title IV of ERISA, (ii) any “multiemployer plan” as defined in Section 3(37) or 4001(a)(3) of ERISA, (iii) any multiple employer welfare arrangement (within the meaning of Section 3(40) of ERISA), (iv) any multiple employer plan (as described in Section 413(c) of the Code) or (v) any plan, program or arrangement that provides for post-retirement or post-employment medical, life insurance or other similar benefits (other than health continuation coverage required by COBRA for which the covered Person pays the full cost of coverage). Neither the Company nor any ERISA Affiliate has any current or potential Liability to the Pension Benefit Guaranty Corporation or otherwise under Title IV of ERISA. The Company has no Liability (whether current or contingent) as a result of at any time being treated as a single employer under Section 414 of the Code with any other Person.

(g) All required reports and descriptions (including Form 5500 annual reports, summary annual reports, and summary plan descriptions) have been timely filed and distributed in accordance with the applicable requirements of ERISA and the Code with respect to each Employee Benefit Plan.

(h) With respect to each Employee Benefit Plan, (i) there have been no non-exempt “prohibited transactions” (as defined in Section 406 of ERISA or Section 4975 of the Code), (ii) no “fiduciary” (as defined under ERISA) has any Liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of such Employee Benefit Plan, and (iii) no Action (other than routine claims for benefits) is pending or threatened, and there are no facts that would give rise to or could reasonably be expected to give rise to any such Action. No act, omission or transaction has occurred which would result in the imposition on the Company of (A) breach of fiduciary duty liability damages under Section 409 of ERISA, (B) a civil penalty assessed pursuant to subsections (c), (i) or (l) of Section 502 of ERISA or (C) a Tax, penalty or assessment imposed pursuant to Chapter 43 of Subtitle D of the Code.

(i) The Company has correctly classified those individuals performing services for the Company as common law employees, leased employees, exempt or non-exempt employees, independent contractors or agents of the Company, as the case may be, and the Company has no Liability for improper classification of any such individual, including for unpaid overtime or by reason of an individual who performs or performed services for the Company in any capacity being improperly excluded from participating in an Employee Benefit Plan.

(j) The consummation of the Transactions, alone, or in combination with any other event, shall not (i) entitle any current or former employee or other individual service provider of the Company (or the beneficiaries of such individuals) to any severance, change in control, retention, or other payment or benefit under any Employee Benefit Plan or otherwise or (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation or

benefits due to any such employee or other individual service provider (or their beneficiaries), or otherwise give rise to any obligation to fund or any Liability under any Employee Benefit Plan or otherwise. No amount that could be received (whether in cash, property or the vesting of property, or any form of benefit) as a result of the execution of this Agreement or the consummation of the transactions contemplated hereby (either alone or upon the occurrence of any subsequent termination of employment) would result, separately or in the aggregate, in the payment of an “excess parachute payment” within the meaning of Section 280G of the Code or an amount that would be subject to an excise tax under Section 4999 of the Code.

(k) Each Employee Benefit Plan that is a “nonqualified deferred compensation plan” (as defined under Section 409A(d)(1) of the Code) has been operated and administered in compliance with, and is in documentary compliance with, Section 409A of the Code and the Treasury Regulations and other official guidance promulgated thereunder. The Company has no indemnity or gross-up obligation on or after the Closing for any Taxes imposed under Section 409A of the Code (or any corresponding provisions of state, local, or foreign Tax Law).

2.14 Compliance with Laws; Permits.

(a) Except with respect to Federal Cannabis Law, the Company is and has been in material compliance with all Laws of any Governmental Entity applicable to the Company. Except as set forth on **Schedule 2.14(a)**, the Company has not received any written notice from a Governmental Entity that alleges that it is not in compliance with any Law, and the Company has not been subject to any adverse inspection, finding, investigation, penalty assessment, audit or other compliance or enforcement action.

(b) The Company holds and is, and has been, in material compliance with all Permits required for the conduct of the Business and the ownership of its assets and properties. **Schedule 2.14(b)** sets forth an accurate and complete list of all of such Permits (collectively, the “**Company Permits**”), including with respect to each Company Permit: (i) the operations, activities, locations and/or facilities authorized, covered by, or subject to such Company Permit; (ii) the issuer of such Company Permit; (iii) the expiration or renewal date for such Company Permit and (iv) any conditions provided in such Company Permit. All conditions of or restrictions on such Company Permits that may materially affect the ability to perform any cannabis related activity authorized by the Laws of the states and municipalities in which the Company operates, whether or not embodied in the Company Permit, are disclosed in **Schedule 2.14(b)**. Each Company Permit is in full force and effect, and is not subject to any pending or, to the Knowledge of the Company or any of its officers, directors, and employees, threatened administrative or judicial proceeding to revoke, cancel, suspend or declare such Permit invalid. The Company Permits are the only licenses, permits, franchises, authorizations and approvals required for the conduct of the Business. The Company has not violated a material term of any Company Permit or a material condition under which any Company Permit was granted. All renewals for the Company Permits have been timely applied for and no event or circumstance has occurred or exists that would prohibit or prevent the re-issuance to the Buyer or the Company of any of the Company Permits. All fees and charges with respect to such Company Permits as of the Agreement Date have been paid in full and will be paid through the Closing Date.

(c) Except as set forth on **Schedule 2.14(c)**, the Company has not received any written notice from any Governmental Entity having jurisdiction over its operations, activities, locations, or facilities, of (A) any deficiencies or violations of, or (B) (i) any remedial or corrective actions required in connection with, any Company Permits or their renewal, (ii) no Action is being or, to the Knowledge of the Company, has been threatened or contemplated with which (1) could reasonably be expected to result in the issuance of any such notice or (2) could prevent or impair the operations and activities engaged in pursuant to such Company Permits, and (iii) to the Knowledge of the Company, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Company Permits. Without limiting the foregoing, neither the Company nor any Affiliate of the Company has made any bribe, rebate, payoff, influence payment, kickback or other payment unlawful under any applicable Law.

(d) The Company's activities have been and are being conducted in a manner consistent with the following priorities: (i) preventing the distribution of marijuana to minors; (ii) preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; (iii) preventing the diversion of marijuana from states where it is legal under state law in some form to other states; (iv) preventing state-authorized marijuana activity from being used as a cover or pretext for trafficking of other illegal drugs or other illegal activity; (v) preventing violence and the use of firearms in the cultivation and distribution of marijuana; (vi) preventing drugged driving and exacerbation of other adverse health consequences associated with marijuana use; (vii) preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by growing marijuana on public lands; and (viii) preventing marijuana possession and use on federal property.

(e) To the Knowledge of the Company, each Person who is required to have a Permit under applicable law or regulation to provide any cannabis or cannabis-related services for which the Company has hired or engaged with such Person (the "**Licensed Provider**") has all Permits necessary for the conduct of their business activities involving the Company. Except as set forth on **Schedule 2.14(e)**, (i) the Company has not received any notice from any Governmental Entity having jurisdiction over the Licensed Provider's operations, activities, locations, or facilities, of (A) any deficiencies or violations of, or (B) any remedial or corrective actions required in connection with any Permit held by a Licensed Provider or their renewal, and (ii) no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit held by a Licensed Provider necessary for its cannabis or cannabis-related activities and operations involving the Company.

(f) The Company's Affiliates and Stockholders have complied with all restrictions on ownership, control and participation in the Company and its Business under all applicable State and Local Cannabis Laws and have made no false statement, representation or omission to any Governmental Entity in connection with the Company, its Business, or its Permits.

2.15 Real Property.

(a) The Company does not own any real property.

(b) **Schedule 2.15(b)** sets forth a true, correct and complete list of all real property leased by the Company, whether as lessee or lessor (the “**Leased Real Property**”), each Contract relating to the use and/or occupancy of such Leased Real Property, including all leases, subleases, agreements to lease or other occupancy agreements (written or oral) entered into by the Company, including all amendments thereto (the “**Real Property Leases**”), and any lease guarantees, tenant estoppels, subordinations, non-disturbance and attornment agreements, including all amendments thereto, and all condominium documents and service agreements relating thereto. **Schedule 2.15(b)** also lists (i) the street address of each Real Property Lease; (ii) the landlord under the Real Property Lease, the rent currently being paid pursuant to each Real Property Lease, and the expiration of the term of such Real Property Lease; and (iii) the current use under such Real Property Lease. The Company has a valid and enforceable leasehold interest in all its Leased Real Property reflected in the Financial Statements or acquired after the Recent Balance Sheet Date. All Leased Real Property is free and clear of all Liens, other than Permitted Liens.

(c) The Company has delivered or made available to Buyer true, complete and correct copies of all Real Property Leases. Each Real Property Lease is in full force and effect; all rents and additional rents due to date on each Real Property Lease have been paid and neither the Company nor any other party to any such Real Property Lease has received notice of any breach or default nor repudiated any material provision thereof. The Company has not received a notice of cancellation or termination with respect to any Real Property Lease. There exists no event that, with notice or lapse of time, or both, would constitute a material breach or default by the Company or any other party thereto, under any of the Real Property Leases. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased or subleased Leased Real Property.

(d) The Leased Real Property comprises all of the real property used or intended to be used in, or otherwise related to, the Business. The use and operation of the Leased Real Property in the conduct of the Business does not violate in any material respect any Law, covenant, condition, restriction, easement, license, Permit or Contract. To the Knowledge of the Company, there are no material Actions pending nor threatened against or affecting the Leased Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

(e) Except as set forth on **Schedule 2.15(e)**, no consent of any landlord or any other party is required under any Real Property Lease as the result of the Transactions contemplated hereby or to keep such Real Property Lease in full force and effect after the execution and delivery of this Agreement and the consummation of the Transactions contemplated hereby.

(f) All improvements necessary for the Business and constituting part of the Leased Real Property have been completed and the Company has not received any written notice that the Leased Real Property is not in compliance with applicable Law and, to the Knowledge of the Company, there are presently in effect all Permits required by Law. The Company has not received any written notice that there does not exist at least the minimum access required by applicable subdivision or similar Law to the Leased Real Property.

2.16 Environmental Matters.

(a) The operations of the Business, and all products manufactured and services provided by the Business, have been and through the Closing Date will be in compliance in all respects with all applicable Environmental Laws and Environmental Permits issued thereunder, except where the failure to be in such compliance would not reasonably be expected to have a Material Adverse Effect.

(b) The Company has obtained all Environmental Permits required for the Leased Real Property or the Business and all such Environmental Permits are valid, in good standing and in full force and effect, and the Company is in compliance with all terms and conditions of such Environmental Permits, except where the failure to be in such compliance would not reasonably be expected to have a Material Adverse Effect. The Company has not received any written notice regarding any actual or alleged violation of or material liability under Environmental Laws. The Company has not assumed or provided an indemnity with respect to any Liabilities of any other Person arising under Environmental Laws.

(c) The Company has not generated, transported, treated, stored, or disposed of any Hazardous Substances at or on the Leased Real Property or any part thereof or in any area surrounding or adjacent thereto, or on, under or at any real property leased or licensed by the Company, in each case, except in compliance with applicable Environmental Laws, and, to the Knowledge of the Company, there has been no Release of any Hazardous Substances by any Person at or on the Leased Real Property that requires reporting or remediation by such Person pursuant to any applicable Environmental Law. To the Knowledge of the Company, the Leased Real Property is free from Hazardous Substances. To the Knowledge of the Company, no part of the currently operated or Leased Real Property of the Company has ever been used as a disposal site or storage site (whether temporary or permanent) of any Hazardous Substances and, to the Knowledge of the Company, such properties are free from Hazardous Substances. To the Knowledge of the Company, all containers for or containing Hazardous Substances used, generated or disposed of by the Company in the conduct of the Business, have been identified, dated, logged, manifested and disposed of in full compliance with all applicable Environmental Laws, whether or not on the Leased Real Property. No Hazardous Substances handler, treatment, storage or disposal facility is used by the Company in connection with the conduct of the Company's business or the operation of the Business Assets, including the Leased Real Property. None of the Leased Real Property is located in an active or inactive hazardous waste disposal site. There are no pending or written threatened investigations of the Business or the Leased Real Property regarding violations of or liabilities under Environmental Laws.

(d) The Company has not: (i) received written notice under the citizen suit provisions of any Environmental Law; (ii) received any written request for information, notice, demand letter, administrative inquiry or written complaint or claim from any Governmental Entity under any Environmental Law; (iii) been subject to or threatened in writing with any governmental or citizen enforcement action with respect to any Environmental Law; or (iv) received written notice of any unsatisfied liability under any Environmental Law. The Company is not subject to any outstanding Order pursuant to Environmental Laws. Neither the Company, nor the Leased Real Property or operations has been named as a potentially responsible party or is subject to any outstanding written order from or agreement with any Governmental Entity or other Person or is

subject to any judicial or docketed administrative proceeding respecting (x) Environmental Laws, (y) Remedial Action or (z) any Environmental Liabilities. To the Knowledge of the Company, there are no conditions or circumstances associated with the Leased Real Property or operations of the Company which may give rise to Environmental Liabilities. Neither the Company nor any of its Affiliates have received any notice or claim to the effect that it is or is reasonably expected to be liable to any Person as a result of a Release or threatened Release or any notice letter or request for information under the Comprehensive Environmental Response, Compensation, and Liability Act.

(e) No Environmental Lien, including any unrecorded Environmental Lien of which the Company has notice, has attached to the Leased Real Property or any Business Asset.

(f) The Company provided to the Buyer true and correct copies of all material environmental studies, audits, reviews, reports and assessments, if any, conducted by or on behalf of or in possession, custody or control of the Company bearing on Environmental Liabilities relating to the past or current operations or facilities of the Company.

2.17 Affiliate Transactions. Except as set forth on Schedule 2.17, (a) the Company is not a party to any contract or arrangement with, or indebted, either directly or indirectly, to any of its officers, directors, managers, Stockholders or, to the Knowledge of the Company, any of their respective relatives or Affiliates, other than (i) the compensation disclosed with respect to employees on Schedule 2.12(a) and (ii) at-will employee offer letters; (b) none of such Persons is indebted to the Company, or, to the Knowledge of the Company, has any direct or indirect ownership interest in, or any contractual or business relationship with, any Person with which the Company is or was affiliated or with which the Company has a business relationship, or any Person which, directly or indirectly, competes with the Company; and (c) none of the Company's officers, directors, managers, or equityholders has any interest in any property, real or personal, tangible or intangible, including inventions, copyrights, trademarks, or trade names, used in or pertaining to the Business, or to the Knowledge of the Company, any supplier, distributor or customer of the Company.

2.18 Insurance. Schedule 2.18 sets forth, as of the Agreement Date, a description of each insurance policy (each, an "Insurance Policy") carried by, or maintained on behalf of, the Company. Such Insurance Policies are in full force and effect and shall remain in full force and effect immediately following the consummation of the Transactions contemplated by this Agreement. The Company (a) is not in default under any Insurance Policy and (b) has never been denied insurance coverage. There are no claims under the Insurance Policies which are reasonably likely to exhaust the applicable limit of liability and the Company has reported in a timely manner all reportable events to its insurers. All premiums due and payable under the Insurance Policies have been timely paid, and the Company is in material compliance with the terms of the Insurance Policies.

2.19 Brokers. Except as set forth on Schedule 2.19, no broker, finder or investment banker is entitled to any brokerage commissions, finders' fees or similar compensation in connection with the Transactions contemplated by this Agreement based on any arrangement or agreement to which the Company is a party or to which the Company is subject for which the Surviving Company, the Buyer, Merger Sub I or Merger Sub II could become obligated after the Closing.

2.20 Accounts Receivable

(a) Since the Recent Balance Sheet Date, except as set forth on **Schedule 2.20(a)**, and subject to established reserves as shown on the Recent Balance Sheet, all of the material billed Accounts Receivable and other advances of the Company are valid and enforceable claims arising in the Ordinary Course of Business and have not accelerated any such collections;

(b) **Schedule 2.20(b)**, sets forth, by payor name and amount, all billed receivables of the Company as of the Recent Balance Sheet Date and includes an accurate aging of all such receivables.

(c) There are no Liens (other than Permitted Liens) on such receivables or any part thereof, and no agreement for deduction, free goods, discount or other deferred price or quantity adjustment has been made with respect to any such receivables by the Company, except in the Ordinary Course of Business.

2.21 Vendors. **Schedule 2.21** sets forth a list as of the Agreement Date of the top ten (10) suppliers and vendors to the Company (based on total amount purchased from such supplier or vendor) for (i) the calendar year ended December 31, 2020, and (ii) the three (3) month period ended on the Recent Balance Sheet Date (each a “**Material Vendor**”, and collectively, the “**Material Vendors**”), showing the approximate total spend by the Company from each such supplier or vendor during such period and the percentage of total spend of the Company represented by such spend. Since the December 31, 2020, (a) no Material Vendor has canceled or otherwise terminated, or threatened to cancel, or, to the Knowledge of the Company, intends to cancel or terminate, its relationship with the Company, and (b) no Material Vendor has materially decreased or otherwise materially adversely modified or threatened to materially decrease or materially limit or otherwise materially adversely modify its business with the Company.

2.22 Bank Accounts. **Schedule 2.22** contains a true, complete and correct list of (a) all banks or other financial institutions with which the Company has an account or maintains a lock box or safe deposit box, showing the type of each such account, lock box and safe deposit box and (b) the names of the Persons authorized as signatories thereon or to act or deal in connection therewith.

2.23 Inventory. All of the Company’s inventories, materials, and supplies consist of items of quality and quantity, in materially good condition and usable or salable in the Ordinary Course of Business. The values of the inventories stated in the Financial Statements reflect the Company’s normal inventory valuation policies and were determined in accordance with GAAP.

2.24 Compliance with Privacy and Security Laws

(a) The Company has established and implemented such policies, programs, procedures, contracts and systems, as are necessary to comply with (i) applicable state and federal laws governing the privacy and security of health information pertaining to individuals, including regulations promulgated pursuant thereto, and (ii) applicable state and federal laws governing the privacy and security of Personal Information (collectively, the “**Privacy and Security Laws**”).

(b) All Personal Information that has been collected, acquired, stored, disposed, processed, maintained, or otherwise used by the Company has been collected, acquired, stored, disposed, processed, maintained, and otherwise used in compliance with all applicable industry standards and requirements, in each case to the extent applicable to the Company, and the Company's own applicable policies and procedures related to rights of publicity, privacy, data protection, information security, or the collection, use, storage or disposal of Personal Information collection, used or held for use by the Company in the conduct of their businesses. There has been no loss of, or unauthorized access, use, disclosure or modification of any Personal Information that would require notification to individuals under Privacy and Security Laws.

(c) The Company has established, and is in compliance with, its currently posted privacy policy available on its website(s), and its current internal information security and human resources policies and procedures (and has been in compliance with all historically posted privacy policies and all historic information security and human resources policies and procedures) pertaining to the collection, access, storage, transfer, receipt and use of Personal Information, and has never collected, accessed, stored, transferred, received, or used any Personal Information in a manner alleged to be violative of such privacy policies, information security policies and human resource policies and procedures. Each such privacy policy, information security policy, human resources policy and procedure, and all materials distributed or marketed by the Company have at all times made all disclosures to employees, users, customers, and prospective customers, as the case may be, required by applicable Privacy and Security Laws and none of such disclosures made or contained in any such materials have been alleged to be inaccurate, misleading, or deceptive or in violation of any applicable Privacy and Security Laws. The Company has made available to Parent a true, correct, and complete copy of each Company privacy policy, information security policy, and human resources policy pertaining to Personal Information in effect at any time since inception of the Company.

(d) The Company has not received a notice of noncompliance with any Privacy and Security Law, guidelines or industry standards, and no claim or proceeding has been asserted in writing or threatened in writing against the Company alleging a violation of any Person's rights of publicity or privacy or Personal Information or data rights. The consummation of the Merger and the Transactions will not breach or otherwise cause any violation of any of the Company's own applicable policies and procedures related to rights of publicity, privacy, data protection, information security, or the collection, use, storage or disposal of Personal Information collection, used or held for use by the Company in the conduct of their businesses.

(e) The Company has not, and currently does not, market its products and services to any Persons under the age of 13, and the Company does not knowingly collect Personal Information from any Persons under the age of 13.

(f) The Company has complete and correct records of all Persons who have notified the Company of such Person's election not to receive any electronic communications or solicitations ("**Opt-Out Notifications**") from the Company. The Company has complied with all such Opt-Out Notifications.

(g) The Company has in place, maintains, and complies with adequate anti-virus and malware protection, and security measures and safeguards to protect business data and Personal Information against illegal or unauthorized access or use by its personnel or third parties, or access or use of such information by its personnel or third parties in a manner violative of any Privacy and Security Law, applicable industry standards or guidelines, or the privacy rights of third parties, as applicable, in each case consistent with applicable industry best practices. To the Knowledge of the Company, no Person has gained unauthorized access to or made any unauthorized use of any trade secrets of the Company.

(h) Except as set forth on **Schedule 2.24(h)**, the Company is in compliance with the Privacy and Security Laws, there exist no incident reports or allegations that it has breached the Privacy and Security Laws and the Company has maintained an accounting of any disclosures required by the Privacy and Security Laws. Attached to **Schedule 2.24(h)** are all consultant reports, corrective actions and plans of action for implementation of any requirements with respect to the Business under the Privacy and Security Laws.

SECTION 3

REPRESENTATIONS AND WARRANTIES OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II

The Parent, the Buyer, Merger Sub I, and Merger Sub II hereby represent and warrant to the Company that:

3.1 **Organization; Authority.** Each of the Buyer, the Parent, Merger Sub I, and Merger Sub II is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation or organization. Each of the Parent, the Buyer, Merger Sub I and Merger Sub II has all requisite power and authority to enter into this Agreement and the Ancillary Agreements to which the Parent, the Buyer, Merger Sub I and Merger Sub II are parties, as applicable, and to perform fully its obligations hereunder and thereunder and to consummate the Transactions.

3.2 **Binding Effect.** The execution and delivery of this Agreement and the Ancillary Agreements to which the Parent, the Buyer and Merger Sub I and Merger Sub II are parties, as applicable, the performance of the obligations hereunder and thereunder and the consummation of the Mergers and the other Transactions have been duly authorized by all necessary action on the part of the Parent, the Buyer and Merger Sub I and Merger Sub II, respectively and no further corporate action is required on the part of the Parent, the Buyer or Merger Sub I or Merger Sub II to authorize this Agreement and any Ancillary Agreements to which they are a party and the Transactions contemplated hereby and thereby. This Agreement has been, and the Ancillary Agreements to which the Parent, the Buyer and Merger Sub I and Merger Sub II are parties, as applicable, will have been, duly executed and delivered by each of the Parent, the Buyer and Merger Sub I and Merger Sub II, as the case may be, and, assuming due authorization, execution and delivery of this Agreement and the Ancillary Agreements to which the Parent, the Buyer or Merger Sub I and Merger Sub II, as the case may be, may be a party, by the Company, this Agreement constitutes, and the Ancillary Agreements will constitute, the valid and binding obligation of the Parent, the Buyer or Merger Sub I or Merger Sub II, as the case may be, enforceable against them in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and, subject, as to enforceability, to general equitable principles (regardless of whether enforcement is sought in an Action at law or in equity).

3.3 No Breach; Consents. Neither the execution, delivery nor performance by the Parent, the Buyer or Merger Sub I or Merger Sub II of this Agreement or any Ancillary Agreement to which it is or will be a party, nor the consummation of the Transactions contemplated hereby or thereby, will (i) result in a breach or infringement of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the passage of time, the giving of notice or both), (iii) result in the creation of any Lien (except for a Permitted Lien), (iv) give any third party the right to modify, cancel, terminate, suspend, revoke or accelerate or increase any obligation under, (v) result in a violation of, (vi) require the consent, notice or other action by any third party under or (vii) create in any third party the right to terminate, modify, accelerate, cancel or change any right or obligation or deny any benefit arising under (A) the organizational documents of the Parent, the Buyer or Merger Sub I or Merger Sub II, (B) any Law to which the Parent, the Buyer or Merger Sub I or Merger Sub II is subject or (C) any Contract to which the Parent, the Buyer or Merger Sub I or Merger Sub II is subject.

3.4 Actions and Proceedings. There is no Action pending or, to the knowledge of the Parent or the Buyer, threatened against or involving the Parent or the Buyer or any of their respective directors, officers or employees in their capacities as such that in any manner challenges or seeks to prevent, enjoin, alter or delay any of the Transactions.

3.5 No Prior Operations of Merger Sub I or Merger Sub II. Each of Merger Sub I and Merger Sub II has been formed solely for the purpose of engaging in the Transactions contemplated hereby and prior to the Agreement Date will not have incurred liabilities or obligations of any nature, other than pursuant to or in connection with this Agreement and the Mergers and the Transactions. Buyer is, and always has been, a disregarded entity for U.S federal and state income tax purposes.

3.6 Brokers. No broker, finder, agent or similar intermediary has acted on behalf of the Parent, the Buyer, Merger Sub I or Merger Sub II in connection with this Agreement or the Transactions, and there are no commissions, finders' fees or similar fees or commissions payable in connection therewith.

3.7 Reporting Issuer; Compliance with Laws and Exchange Filings. The Parent is a "reporting issuer" as that term is defined under applicable Canadian securities Laws in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, and the North West Territories, Yukon territory, and Nunavut. The Parent has complied, and is now complying in all material respects, with all applicable Canadian securities Laws and has made all required material filings under all applicable Canadian securities Laws and in accordance with the policies of the NEO Exchange (the "NEO") and the Canadian Securities Exchange (the "CSE" and together with the NEO, the "Exchanges"). The Parent does not have any confidential filings with any securities authorities.

3.8 Listing of Parent Common Shares. The Parent Common Shares are listed and posted for trading on the Exchanges, and Parent has provided notice to list the Parent Common Shares issued as Closing Share Merger Consideration to the Stockholders on the Exchanges in accordance with the policies of the Exchanges. Parent has not taken any action which would be reasonably expected to result in the delisting or suspension of the Parent Common Shares on or from the Exchanges and no order ceasing or suspending trading in any securities of Parent or the trading of any of the Parent's issued securities is currently outstanding or threatened and no proceedings for such purpose are pending.

3.9 Parent Shares; Capitalization. The Parent Common Shares issued as Closing Share Merger Consideration have been duly authorized, and upon consummation of the Transactions contemplated by this Agreement, will be validly issued, fully paid and nonassessable, and will be free of any Liens or encumbrances other than restrictions on transfer under the Lock-Up Agreement, applicable federal and local securities Laws and Liens or encumbrances created by or imposed by a Stockholder. The issuance of the Parent Common Shares issued as Closing Share Merger Consideration is not and will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied.

3.10 Sufficiency of Funds. The Parent and the Buyer have sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Closing Cash Merger Consideration and consummate the transactions contemplated by this Agreement.

3.11 Trade or Business. Neither the Parent nor the Buyer have a current intent to substantially discontinue the trade or business of the Company.

3.12 Independent Investigation. Each of Parent, Buyer, Merger Sub I, and Merger Sub II acknowledges and agrees that: (a) in making its decision to enter into this Agreement and the Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby, each of Parent, Buyer, Merger Sub I, and Merger Sub II has relied solely upon the express representations and warranties of the Company set forth in Section 2 (including the related portions of the Company Disclosure Schedules); and (b) neither the Company nor any other Person has made any representation or warranty as to the Company, this Agreement or any of the Ancillary Agreements, except as expressly set forth in Section 2 (including the related portions of the Company Disclosure Schedules).

SECTION 4 REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS

Each Stockholder, severally and not jointly, represents and warrants to Buyer and Parent as follows:

4.1 Title to Shares. As of the date hereof and as of immediately prior to the Closing, the Stockholder owns of record and beneficially the Shares set forth next to the Stockholder's name on Schedule 1, free and clear of all Liens, and such Shares represent all of the issued and outstanding Equity Equivalents of the Company then held by the Stockholder.

4.2 Binding Effect; No Conflict.

(a) The Stockholder possesses full legal right and all requisite power and authority, necessary to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is or will be a party and, subject to the required statutory approvals contemplated herein, to consummate the transactions contemplated by this Agreement and the Ancillary Agreements, as applicable, in accordance with the terms of this Agreement and the Ancillary Agreements to which the Stockholder is or will be a party, as applicable. This Agreement and each Ancillary Agreement to which the Stockholder is or will be a party is or will be duly and validly executed and delivered by the Stockholder and assuming the other party(ies) thereto have duly and validly executed this Agreement or such Ancillary Agreement, as applicable, constitutes or, upon its execution and delivery will constitute, a valid and legally binding obligation of the Stockholder, enforceable against the Stockholder, in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in an Action at law or in equity).

(b) Except for filings, applications, submissions and notices required under State and Local Cannabis Laws, no filing with or notice to, and no permit, authorization, registration, consent or approval of, any Governmental Entity or other third party is required on the part of the Stockholder for the execution, delivery and performance by the Stockholder of this Agreement and the Ancillary Agreements to which it is or will be a party nor the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

4.3 Affiliate Transactions. Except as set forth in **Schedule 4.3**, neither the Stockholder nor any of its Affiliates (excluding the Company and its Subsidiaries) or any of their respective directors, officers, partners, members, equityholders, former equityholders or employees or any Person in the immediate family of any of the foregoing, (a) is a party to any Contract with the Company or its Subsidiaries or that pertains to the Business other than any employment, non-competition, confidentiality or other similar agreements between the Company or its Subsidiaries and any Person who is an officer, director or employee of the Company or its Subsidiaries, (b) has any indebtedness owing to or from, or has an outstanding obligation to pay capital to, the Company or its Subsidiaries, or (c) owns, leases, or has any economic or other right, license, title or interest in or to any asset, tangible or intangible (including Intellectual Property Rights), that is owned, used, or held for use by, or necessary or material to the operation of the Business as currently conducted.

4.4 Litigation. Except as set forth in **Schedule 4.4**, to the Knowledge of the Company, there are no Actions pending or threatened against or affecting the Stockholder in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with the transactions contemplated by this Agreement and the other Transaction Documents.

4.5 Investment Representations.

(a) This Agreement is made in reliance upon the Stockholder's representation to Buyer and Parent, which by its acceptance hereof the Stockholder hereby confirms, that the Closing Share Merger Consideration to be received by it will be acquired for investment for its own

account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and that it has no present intention of selling, granting participation in, or otherwise distributing the same, but subject nevertheless to any requirement of law that the disposition of his or her property shall at all times be within its control.

(b) The Stockholder understands that the Closing Share Merger Consideration are not registered under the Securities Act of 1933, as amended (the “1933 Act”), on the basis that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the 1933 Act pursuant to Section 4(a)(2) thereof, and that Buyer’s and Parent’s reliance on such exemption is predicated on the Stockholder’s representations set forth herein.

(c) The Stockholder understands that the Closing Share Merger Consideration may not be sold, transferred, or otherwise disposed of without registration under the 1933 Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Closing Share Merger Consideration or an available exemption from registration under the 1933 Act, the Closing Share Merger Consideration must be held indefinitely. In particular, the Stockholder is aware that the Closing Share Merger Consideration may not be sold pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of the applicable Rules are met. Among the conditions for use of Rule 144 is the availability of current information to the public about Parent. The Stockholder represents that, in the absence of an effective registration statement covering the Closing Share Merger Consideration, it will sell, transfer, or otherwise dispose of the Closing Share Merger Consideration only in a manner consistent with its representations set forth herein.

(d) The Stockholder agrees that in no event will it make a transfer or disposition of any of the Closing Share Merger Consideration (other than pursuant to an effective registration statement under the 1933 Act), unless and until (i) the Stockholder shall have notified Parent of the proposed disposition and shall have furnished Parent with a statement of the circumstances surrounding the disposition, and (ii) if requested by Parent, at the expense of the Stockholder or transferee, the Stockholder shall have furnished to Parent either (A) an opinion of counsel, reasonably satisfactory to Parent, to the effect that such transfer may be made without registration under the 1933 Act or (B) a “no action” letter from the Securities and Exchange Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the Securities and Exchange Commission that action be taken with respect thereto. Parent will not require such a legal opinion or “no action” letter in any transaction in compliance with Rule 144.

(e) The Stockholder represents and warrants to Parent that it is an “accredited investor” within the meaning of Securities and Exchange Commission Rule 501 of Regulation D.

(f) The Stockholder understands that the Closing Share Merger Consideration is being issued to such the Stockholder on a “private placement” basis in reliance upon specific exemptions from Canadian provincial prospectus requirements, and will not be qualified for distribution, and be subject to applicable Canadian securities Laws. The Stockholder understands that the Closing Share Merger Consideration will be subject to statutory resale restrictions contained in Section 2.6(3) of National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators, and the Stockholder covenants that it will not resell the Closing Share Merger Consideration except in compliance with such applicable restrictions and the Stockholder understands that it is solely responsible for such compliance.

(g) The Stockholder understands that it has been notified by Parent: (a) (i) of the potential delivery to the Ontario Securities Commission (the "OSC") of certain personal information pertaining to the Stockholder, including the Stockholder's full name, address and telephone number, the number and type of securities purchased, the merger consideration, the exemption relied upon and the date of distribution; (ii) that this information is being collected indirectly by the OSC under the authority granted to it under Canadian securities Law; (iii) that this information is being collected for the purposes of the administration and enforcement of the securities Laws of Ontario; and (iv) that the Stockholder may contact the public official at the OSC 20 Queen Street West, 22nd Floor, Toronto, Ontario M5H 3S8, Telephone: (416) 593- 8314, Toll free in Canada: 1-877-785-1555, Facsimile: (416) 593-8122, email: exemptmarketfilings@osc.gov.on.ca regarding any questions about the OSC's indirect collection of this information.

(h) The Stockholder understands and consents to: (i) the fact that Parent is collecting personal information (as that term is defined under applicable privacy legislation, including, without limitation, the *Personal Information Protection and Electronic Documents Act* (Canada) and any other applicable similar, replacement or supplemental provincial or federal legislation or Laws in effect from time to time); (ii) Parent retaining such personal information for as long as permitted or required by applicable law or business practices; (iii) the fact that Parent may be required by applicable securities Laws, the rules and policies of any stock exchange or the rules of the Investment Industry Regulatory Organization of Canada to provide regulatory authorities with any personal information provided by the Stockholder in or in connection with this Agreement, including disclosure to the CSE Exchange or NEO Exchange; and (iv) the collection, use and disclosure of the Stockholder's personal information by the CSE Exchange or NEO Exchange.

(i) The Stockholder acknowledges that the certificates (or book-entry) representing the Closing Share Merger Consideration will bear the following legends:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE 144A THEREUNDER, IF AVAILABLE AND IN COMPLIANCE WITH STATE SECURITIES LAWS OR (D) WITHIN THE UNITED STATES, WITH ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PROVIDED, IN THE CASE OF AN

OFFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE OR OTHER TRANSFER PURSUANT TO (C)(i) OR (D), THE HOLDER SHALL HAVE PROVIDED TO THE CORPORATION AN OPINION OF COUNSEL TO THE EFFECT THAT THE PROPOSED TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, WHICH OPINION AND COUNSEL MUST BE REASONABLY SATISFACTORY TO THE CORPORATION.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CONTRACTUAL RESTRICTIONS THAT RESTRICT THE TRANSFER OF THESE SHARES, SUBJECT TO CERTAIN EXCEPTIONS AS SET FORTH IN THE APPLICABLE CONTRACT. COPIES OF THE APPLICABLE CONTRACT MAY BE OBTAINED UPON WRITTEN REQUEST OF THE SECRETARY OF THE COMPANY.”

provided, that if the Closing Share Merger Consideration is being sold under clause (b) above (and in compliance with Canadian local laws and regulations), the legend set forth above may be removed by providing a declaration and broker letter in such form as Parent or its registrar and transfer agent (“**Transfer Agent**”), may from time to time prescribe, together with such other documentation as Parent and/or Transfer Agent may reasonably require, including, but not limited to, an opinion of counsel selected by the Stockholder Representative and reasonably acceptable to Parent or other evidence of exemption, in either case reasonably satisfactory to Parent and its Transfer Agent, to the effect that the sale of the securities is being made in compliance with Rule 904 of Regulation S under the U.S. Securities Act; and provided further, that, if any of the securities are being sold pursuant to Rule 144 of the U.S. Securities Act, the legend may be removed by delivery to the Transfer Agent of an opinion of counsel selected by the Stockholder Representative and reasonably acceptable to Parent in form and substance reasonably satisfactory to Parent, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act.

SECTION 5 COVENANTS OF THE PARTIES

5.1 Conduct of the Business. Unless otherwise approved in writing by the Buyer or set forth in Schedule 5.1, the Company will, and shall cause its Subsidiaries to, comply with the following covenants until the earlier of the Effective Time and the termination of this Agreement.

- (a) The Company will, and shall cause its Subsidiaries to:
- (i) conduct the Business in the Ordinary Course of Business;
 - (ii) pay all applicable Taxes as such Taxes become due and payable;
 - (iii) maintain all Permits in the Ordinary Course of Business, and

(iv) use commercially reasonable efforts to maintain and preserve the Business, retain its officers, key employees and consultants, and maintain and preserve its relationships with customers, suppliers, service providers, regulatory authorities and others having business relationships with the Company or any of its Subsidiaries in the Ordinary Course of Business.

(b) Without limiting the generality of the foregoing, the Company will not, and shall cause its Subsidiaries not to:

(i) amend or change the organizational documents of the Company (including the Company Organizational Documents) or its Subsidiaries, as applicable; respect;

(ii) change its method of management or operations in any material

(iii) dispose of, acquire or license any material (indirectly or in the aggregate) assets or properties, or make any commitment to do so, other than in the Ordinary Course of Business;

(iv) (A) incur any obligation or liability other than (1) in the Ordinary Course of Business, (2) for Transaction Expenses, or (3) Intercompany Debt, (B) incur any indebtedness for borrowed money, make any loans or advances, or assume, guarantee or endorse or otherwise become responsible for the obligation of any other Person, other than in the Ordinary Course of Business or Intercompany Debt, or (C) subject any of its properties or assets to any Lien other than Permitted Liens;

(v) prepay any Change in Control Payments;

(vi) make any material change in the compensation paid or payable to any employee, manager, agent, representative or consultant as shown or required to be shown on **Schedule 2.12(a)** or make any material change in the fringe benefits of any employee, other than in the Ordinary Course of Business;

(vii) promote, change the job title of, or otherwise alter in any material respect the responsibilities or duties of, any Company management or employee, except in the Ordinary Course of Business;

(viii) hire any employee or consultant whose annual compensation is in excess of \$100,000;

(ix) enter into any licensing, distribution, sponsorship, advertising, merchant program or other similar contracts, agreements, or obligations;

(x) undertake any action or fail to take any action that does or could, individually or in the aggregate, reasonably be expected to result in the loss, lapse, expiration, or abandonment of any material Owned IP;

(xi) (i) enter into any Contract that, if entered into prior to the Agreement Date, would be a material IP License or Material Contract or (ii) amend, modify, renew, terminate or waive any material right under any material IP License or Material Contract;

(xii) authorize for issuance, issue, sell, pledge, grant, encumber or deliver or agree or commit to issue, sell, pledge, grant, encumber or deliver any Equity Equivalents of the Company;

(xiii) (i) enter into any new line of business, or incur or commit to incur any material capital expenditures or Liabilities in connection therewith or (ii) abandon or discontinue any material existing lines of business;

(xiv) (i) apply for any new Permits pursuant to State and Local Cannabis Laws, or (ii) abandon any pending applications for Permits applied for under State and Local Cannabis Laws;

(xv) fail to take any actions necessary to maintain the existing Company Permits in good standing;

(xvi) change any method of Tax accounting, make or change any Tax election, file any amended Tax Return, settle or compromise any Tax liability, agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a Tax refund;

(xvii) acquire any business or Person, whether by merger or consolidation, purchase of assets or equity securities or any other manner;

(xviii) cancel or waive any rights in excess of \$100,000, or pay, discharge or settle any claim \$100,000;

(xix) make any new capital expenditure commitments in excess of \$25,000 individually or \$50,000 in the aggregate; or

(xx) commit to do any of the foregoing referred to in clauses (i) - (xviii).

5.2 Access. Until the Closing Date, consistent with applicable Laws regarding the permissible exchange of information and subject to the terms of the Confidentiality Agreement, if reasonably requested by the Buyer and at Buyer's sole expense, the Company will permit the Buyer and its legal counsel and other representatives, during normal business hours, reasonable access to (a) the assets, properties, records, books of account, contracts and other documents of the Company, and (b) members of senior management of the Company and their professional advisors. Until the Closing Date, consistent with applicable Laws regarding the permissible exchange of information and subject to the terms of the Confidentiality Agreement, the Company will furnish reasonably promptly to the Buyer such additional data and other information as to its affairs, assets, business, properties, prospects, finances, customers, products, services, ongoing disputes, litigation, technology, personnel and other information regarding the Company as the Buyer or its legal counsel and other representatives may from time to time reasonably request; provided, that such data and other information provided by the Company shall not modify or expand the representations made by the Company pursuant to **Section 2**.

5.3 Efforts; Cooperation.

(a) The Buyer and the Company shall, cooperate with each other and use their respective 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 this Agreement and applicable Laws to consummate and make effective the Transactions contemplated by this Agreement and the other Ancillary Agreements as soon as practicable, including using commercially reasonable efforts to prepare and file as promptly as reasonably practicable all documentation to obtain as promptly as reasonably practicable all consents, approvals, registrations, authorizations, waivers or licenses necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Transactions contemplated by this Agreement and the other Ancillary Agreements, including, without limitation, the consents, approvals, registrations, authorizations, waivers and licenses set forth on **Schedule 5.3(a)**. Without limiting the generality of the foregoing, the parties hereto shall act promptly, and use their commercially reasonable best efforts, and shall cooperate with each other, in making, or causing to be made, any filings, applications, submissions and notices required under State and Local Cannabis Laws (including responding to any follow-up inquiries or requests relating to such filings, applications, submissions and notices and providing any additional information and documentary material that may be requested pursuant to State and Local Cannabis Laws as promptly as practicable) (collectively, "**Regulatory Approval Materials**"), in order to permit consummation of the Transactions. To the extent that any Regulatory Approval Materials must be submitted by the Company pursuant to State and Local Cannabis Laws, the Buyer shall have the opportunity to review all such Regulatory Approval Materials and all such Regulatory Approval Materials shall be in the form reasonably acceptable to the Buyer. Any fees required to be paid in connection with such filings, applications and submissions shall be borne equally by the Stockholders, on the one hand, and the Buyer and the Parent, on the other hand.

(b) The Company shall use its reasonable best efforts to give any notices to, and seek any consents required from, any third parties required in connection with the transactions contemplated by this Agreement.

(c) This Agreement and the Transactions may be subject to review by one or more Governmental Entities. If any Governmental Entity determines this Agreement must be reformed, the Parties shall negotiate in good faith to so reform this Agreement in a commercially reasonable manner according to the Governmental Entity's requirements while effectuating the original intent of this Agreement as near as possible.

5.4 Nonsolicitation.

(a) Until the earlier of the Effective Time and the date of termination of this Agreement, none of the Company, its Subsidiaries, nor any of its or their respective managers, members, directors, officers, Affiliates, financial advisors or representatives (collectively, the "**Representatives**") shall, directly or indirectly, take any of the following actions with any Person

other than the Buyer and its designees: (i) solicit, initiate, entertain or agree to any proposals or offers from any Person relating to (A) any merger, share exchange, business combination, reorganization, consolidation or similar transaction involving the Company or any of its Subsidiaries, (B) the acquisition of beneficial ownership of any equity or ownership interest in the Company or any of its Subsidiaries, whether by issuance by the Company or a Subsidiary or by purchase (through a tender offer, exchange offer, negotiated purchase or otherwise) from any Stockholder, the Company or otherwise, or (C) the license or transfer of all or a material portion of the assets of the Company and its Subsidiaries taken as a whole (any of the transactions described in clauses (A) through (C), a “**Third-Party Acquisition**”), or (ii) participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or otherwise cooperate with, facilitate or knowingly encourage any effort or attempt by any Person to do or seek, a Third-Party Acquisition.

(b) Until the earlier of the Effective Time and the date of termination of this Agreement, if the Company or any of its Representatives receives an inquiry, proposal or offer relating to a Third-Party Acquisition from any Person, the Company shall (i) promptly notify Buyer of the same and the details thereof (including the identity of the Person making same) and the Company shall be permitted to provide a response without breaching this **Section 5.4**; provided that the response is limited to informing the initiator of such inquiry, proposal or offer that the Company is unable to respond further at this time, (ii) provide to the Buyer a copy of any written inquiry, proposal or offer and all correspondence related thereto (subject to any confidentiality obligations in existence as of the Agreement Date), and (iii) keep the Buyer reasonably informed of the status thereof.

5.5 Confidentiality. Prior to the Closing, each of the Parent, the Buyer and the Company shall abide by the terms of the Confidentiality Agreement.

5.6 Public Disclosure. Except as contemplated by this Agreement or as otherwise required by Law, regulatory authority, stock exchange or court order, no disclosure (whether or not in response to an inquiry) of the existence or subject matter of this Agreement shall be made by any party hereto (including any third-party representatives of the Buyer, the Company, any of the Stockholders or any of their respective Affiliates) (other than communications with any Stockholder and third parties necessary to obtain the consents and approvals required under this Agreement and applicable Law), whether before or after the Closing, unless approved by the Buyer prior to release. Notwithstanding the immediately preceding sentence, in the event that the Company (or any of its Affiliates) is required by Law, regulatory authority, stock exchange or court order to make any such disclosure, the Company shall notify the Buyer prior to making such disclosure and shall use its commercially reasonable efforts to give the Buyer an opportunity (as is reasonable under the circumstances) to comment on such disclosure.

5.7 Resignation of Officers and Directors. Unless otherwise directed by the Buyer, the Company shall obtain the resignations of the members of the Company Board, the officers of the Company and the officers, managers and directors of each Subsidiary, effective as of the Closing.

5.8 Certain Deliveries. As soon as practicable after the Agreement Date, the Company will deliver to the Buyer’s outside counsel, a complete and accurate (as of the Agreement Date) electronic copy of the “data room” (the “**Signing Disk**”). Until the Closing, the Signing Disk and the documents and other information thereon shall remain subject to the terms of the Confidentiality Agreement.

5.9 Waiver of Conflicts Regarding Representation; Attorney Client Privilege.

(a) Husch Blackwell, LLP (“**Husch Blackwell**”) has acted as counsel for the Company and the Stockholders (collectively, the “**Company Parties**”) in connection with the negotiations, preparation, execution, and delivery of this Agreement, the Ancillary Agreements, and the consummation of the transactions contemplated hereby and thereby, including Transactions contemplated hereby (the “**Sale Engagement**”) and not as counsel for any other Person, including, without limitation, the Parent, the Buyer, Merger Sub I, Merger Sub II, the First Merger Surviving Company or the Surviving Company, or any of their Affiliates (collectively, the “**Buyer Parties**”). Only the Company Parties shall be considered clients of Husch Blackwell in the Sale Engagement. Each party hereto agrees that Husch Blackwell shall be permitted, without the need for any future waiver or consent, to represent any of the Stockholder Indemnitees, including the Stockholders, from and after the Closing in connection with any matters, including the Sale Engagement, contemplated by this Agreement, the Ancillary Agreements, and any other agreements referenced herein or therein, or any disagreement or dispute relating thereto, and may in connection therewith represent the Representatives of the Stockholder Indemnitees, including the Stockholders, in any of the foregoing cases, including in any dispute, litigation or other adversary proceeding against, with or involving the Buyer Parties. The Parent and the Buyer shall not, and shall cause the other Buyer Parties not to, seek or have Husch Blackwell disqualified from any such representation solely based upon the prior representation of the Company Parties by Husch Blackwell. Each of the parties hereto hereby consents thereto and waives any conflict of interest arising from such prior representation, and each of such parties shall cause any of its Affiliates to consent to waive any conflict of interest arising from such representation. Each of the parties acknowledges that such consent and waiver is voluntary, that it has been carefully considered, and that the parties have consulted with counsel or have been advised they should do so in connection herewith. The covenants, consent and waiver contained in this **Section 5.9** shall not be deemed exclusive of any other rights to which Husch Blackwell is entitled whether pursuant to Law, contract or otherwise.

(b) Any communications between a Company Party, on the one hand, and Husch Blackwell, on the other hand, that relate to the Sale Engagement, including any emails, correspondence, invoices, recordings, and other documents or files and all attorney work product prepared in connection therewith (collectively, the “**Attorney Client Communications**”) shall be deemed to be attorney client privileged and shall belong solely to the Stockholders, and shall not pass to or be claimed by the Buyer Parties. The Parent and the Buyer acknowledge and agree, for themselves and on behalf of the other Buyer Parties, upon and after the Closing, that: (i) the Stockholder Indemnitees, including the Stockholders, and Husch Blackwell shall be the sole holders of the Attorney Client Communications, and none of the Buyer Parties shall be a holder thereof of such Attorney Client Communications; and (ii) Husch Blackwell shall have no duty whatsoever to reveal or disclose any Attorney Client Communications to the Buyer Parties. Notwithstanding the foregoing, in the event that a dispute arises between the Buyer Parties, on the one hand, and a third party other than any of the Company Parties, on the other hand, the Buyer Parties may assert the attorney client privilege to prevent disclosure of confidential communications to such third party; provided, however, that no Buyer Party may waive such

privilege without the prior written consent of the Stockholder Representative. In the event that any Buyer Party is legally required by an Order or otherwise legally required to access or obtain a copy of all or a portion of the Attorney Client Communications, to the extent (x) permitted by Law, and (y) advisable in the opinion of Parent's outside counsel, then Parent shall immediately (and, in any event, within two (2) Business Days) notify the Stockholder Representative in writing so that the Stockholder Representative can seek a protective order.

(c) This **Section 5.9** is intended for the benefit of, and shall be enforceable by, Husch Blackwell. This **Section 5.9** shall be irrevocable, and no term of this **Section 5.9** may be amended, waived or modified, without the prior written consent of Husch Blackwell.

5.10 **License Agreement.** The Company and the Stockholders shall use their commercially reasonable efforts to terminate that certain Technology License Agreement between Futurevision, Ltd. and the other parties thereto referenced in **Schedule 2.9(a)(viii)** of the Company Disclosure Schedules (the "**Technology License Agreement**") prior to the Closing, or otherwise amend the Technology License Agreement, in form and substance acceptable to Buyer, prior to the Closing.

SECTION 6 TAX COVENANTS

6.1 **Allocation of Taxes for a Straddle Period.** Pre-Closing Taxes (including Transfer Charges) shall include Taxes for a Straddle Period in an amount equal to: (A) in the case of any gross receipts, income or similar Taxes, the portion of such Taxes allocable to the portion of the Straddle Period ending on or before the Closing Date, as determined on the basis of the deemed closing at the end of the Closing Date of the relevant books and records of the Company and (B) in the case of any Taxes (other than gross receipts, income, or similar Taxes), the Taxes for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the Straddle Period from the beginning of the Straddle Period through and including the Closing Date and the denominator of which is the number of days in the entire Straddle Period.

6.2 **Tax Returns.**

(a) The Stockholder Representative shall, prepare and timely file (or cause to be prepared and timely filed) (i) all Tax Returns of the Company due (after taking into account all appropriate extensions) on or prior to the Closing Date (the "**Pre-Closing Tax Returns**") and (ii) the IRS Form 1120S (and any comparable state and local Tax Returns) of the Company for any Pre-Closing Tax period (the "**S Corporation Returns**" and collectively with Pre-Closing Tax Returns, the "**Seller Prepared Returns**"). Each Seller Prepared Return shall be prepared in accordance with historical procedures and practices of the Company unless otherwise required by applicable Tax Law. Each S Corporation Return due after the Closing Date shall be submitted to Buyer for Buyer's review at least thirty (30) days prior to the due date of the Tax Return. The Stockholder Representative shall consider all reasonable comments made by the Buyer in writing within (fifteen) 15 days prior to the due date for filing such Tax Returns.

(b) Buyer shall cause the Company to prepare and timely file all Tax Returns (other than S Corporation Returns) of the Company due after the Closing Date (the "**Buyer Prepared Returns**"). To the extent that a Buyer Prepared Return relates to a Pre-Closing Tax period, such Tax Return shall be prepared accordance with historical procedures and practices of the Company unless otherwise required by applicable Tax Law.

6.3 Other Tax Return Matters. Notwithstanding anything in this Agreement to the contrary, the Buyer (and, after the Closing, each of the Company) shall be entitled to, upon approval of the Stockholders Representative (such approval not to be unreasonably withheld, conditioned or delayed), (i) participate in and control any "voluntary disclosure" process or procedure sponsored by a particular Taxing Authority with respect to sales and use Taxes or payroll Taxes for any Pre-Closing Tax Period (and any related process with respect to other Taxes that is required under applicable Law in order to participate in such voluntary disclosure process) and (ii) make any remedial Tax filings with respect to any Pre-Closing Tax Period, including, for the avoidance of doubt, any remedial Tax filings relating to sales and use taxes or in any non-U.S. jurisdiction, that the Buyer reasonably determines to be appropriate. The Stockholder Representative shall receive advance written notice from the Buyer of any such proposed process, procedure or remedial Tax filings proposed by the Buyer prior to officially commencing such process or procedure or making such filing, and the Buyer shall consider in good faith all comments reasonably proposed by the Stockholder Representative at least fifteen (15) days prior to the date of filing. The Stockholder Representative shall be entitled to participate in, but not control, any such proposed process at its own expense. The Stockholder Representative and each Stockholder shall cooperate fully with the Buyer in connection therewith.

6.4 Cooperation on Tax Matters.

(a) The Buyer, on the one hand, and the Stockholder Representative and each Stockholder on the other, shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the preparation and filing of any Tax Returns pursuant to this **Section 6.4** and any audit or other proceeding with respect to Taxes. Such cooperation shall include the retention and, upon the other party's request, the provision of records and information which are reasonably relevant to any such audit or other proceeding and making Employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Buyer and each of the Company, on the one hand, and each Stockholder and the Stockholder Representative, on the other hand, agree to retain all books and records with respect to Tax matters pertinent to the Company relating to any taxable period beginning before the Closing Date for a period of seven (7) years and to abide by all record retention agreements entered into with any Taxing Authority; provided that the Buyer may dispose of such books and records that are offered in writing to, but not accepted by, Stockholder Representative.

(b) The Buyer and the Stockholder Representative further agree, upon request, to use their commercially reasonable efforts to obtain any certificate or other document from any Taxing Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including with respect to the transactions contemplated by this Agreement).

6.5 Refunds and Amendments. All refunds of, or direct credits against, Taxes that are realized and received by the Company for any Pre-Closing Tax Period that were not included in any adjustment to Merger Consideration hereunder, shall be for the benefit of the Stockholders. To the extent that the Company or Buyer receives any such refund (whether received as a refund or as a direct credit against Taxes otherwise payable), Buyer shall pay to the Stockholder Representative, on behalf of the Stockholders, the amount of such refund (without interest other than interest received from the relevant Taxing Authority), net of any reasonable out-of-pocket expenses and any Taxes that Buyer or the Company incur with respect to such refund. The net amount due to the Sellers shall be payable within ten (10) days after receipt of the refund by Buyer or the Company, as applicable, from the relevant Taxing Authority (or, if the refund is in the form of direct credit, ten (10) days after filing the Tax Return claiming such credit). Unless a Taxing Authority requires the Company to do so pursuant to a final determination (as defined in Section 1313(a) of the Code), Buyer shall not amend any Tax Returns of the Company relating to a Pre-Closing Tax Period without the consent of the Stockholder Representative (which consent shall not be unreasonably withheld, conditioned or delayed).

6.6 Transfer Charges. The Stockholders shall be responsible for all transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement (collectively, “**Transfer Charges**”), and the Stockholder Representative shall, at the sole cost of the Stockholders, file all necessary Tax Returns and other documentation with respect to all such Transfer Charges, and, if required by applicable Law, the Buyer shall and shall cause the Company to, join in the execution of any such Tax Returns and other documentation. To the extent that any such Transfer Charge is by applicable Law payable by the Buyer rather than the Stockholders, the Stockholder Representative, on behalf of the Stockholders, shall within twenty (20) days after the Closing, transfer the amount due pursuant to this Section 6.6 in immediately available funds to an account designated by Buyer.

6.7 Tax Treatment. For federal income tax purposes, the Parties intend, by approving resolutions authorizing this Agreement, to treat this Agreement as a “plan of reorganization” under Treasury Regulation Section 1.368-2(g), and to cause the Mergers, taken together, to qualify as a reorganization under the provisions of Section 368(a) of the Code and the Treasury Regulations promulgated thereunder. No Party shall take any position (whether in a Tax Return, an audit or otherwise) or action that is inconsistent with the foregoing treatment, unless required to do so by applicable Law.

SECTION 7

CONDITIONS TO EACH PARTY’S OBLIGATION TO CLOSE

The respective obligations of each Party to consummate the Mergers are subject to the satisfaction, at or before the Closing, of the following conditions:

7.1 Stockholder Approval. The Stockholder Approval shall have been obtained and shall not have been revoked, rescinded or changed.

7.2 Legal Proceedings. No proceeding commenced by a Governmental Entity shall be pending or threatened against any party seeking to restrain or prohibit the Transactions, and there shall be no Order of any nature of any Governmental Entity of competent jurisdiction or any Law that is in effect that restrains, prohibits or prevents the consummation of the Transactions or that has the effect of rendering it unlawful to consummate the Transactions.

7.3 Regulatory Approval. All consents, approvals and waivers of any Governmental Entity necessary under State and Local Cannabis Laws in order to permit consummation of the Closing and the Transactions shall have been obtained, and all notices to any Governmental Entity necessary under State and Local Cannabis Laws in order to permit consummation of the Closing and the Transactions shall have been delivered.

7.4 Futurevision 2020. The closing of the transactions contemplated by the Futurevision 2020 Agreement shall occur simultaneously with the Closing.

7.5 Offer Letters. Each of Andy Williams and Sally Vander Veer shall have entered into an offer letter with the Buyer or the Company (or one of their Affiliates), in form and substance reasonably acceptable to the Buyer (the “**Offer Letters**”), and such Offer Letters shall remain in full force and effect and shall not have been revoked, rescinded or changed.

7.6 Non-Competition Agreements. Each of Andy Williams and Sally Vander Veer shall have delivered to the Buyer a duly executed Non-Competition Agreement, and such Non-Competition Agreements shall remain in full force and effect and shall not have been revoked, rescinded or changed.

SECTION 8
CONDITIONS TO THE OBLIGATION OF PARENT, BUYER, MERGER SUB I AND
MERGER SUB II TO CLOSE

The obligation of the Parent, the Buyer, Merger Sub I and Merger Sub II to consummate the Merger is subject to the satisfaction, at or before the Closing, of the following conditions, any of which may be waived by the Buyer in its discretion:

8.1 Representations and Warranties. (a) All Fundamental Representations of the Company shall be true and correct in all respects, on and as of the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct as of such date), without giving effect to any materiality, Material Adverse Effect or similar qualifiers and (b) all of the other representations and warranties of the Company in this Agreement shall be true and correct in all respects (without giving effect to materiality, Material Adverse Effect, or similar qualifiers) on and as of the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct would not reasonably be expected to have a Material Adverse Effect.

8.2 Covenants. The Company shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it on or before the Closing Date.

8.3 No Material Adverse Effect. No result, occurrence, fact, change, event or effect of any character shall have occurred that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

8.4 Certification. The Company shall have delivered to the Buyer a certificate of its chief executive officer, dated the Closing Date, certifying that each of the conditions set forth in Sections 8.1 (Representations and Warranties) and 8.2 (Covenants).

8.5 Secretary Certificate. The Company shall have delivered to the Buyer a certificate of the Secretary of the Company dated the Closing Date as to (a) the Company's certificate of formation and the Company Organizational Documents, each as in effect on and as of the Closing Date and (b) the resolutions of the Company Board and the Stockholders authorizing and approving the execution, delivery and performance by the Company of this Agreement and all Transactions.

8.6 Escrow Agreement. The Stockholder Representative and the Escrow Agent shall have entered into the Escrow Agreement.

8.7 Required Consents. The Company shall have obtained and delivered to the Buyer all of the consents set forth on Schedule 8.7, in each case in form and substance reasonably satisfactory to the Buyer.

8.8 Good Standing Certificates. The Company shall have provided the Buyer with certificates of appropriate governmental officials as to the due qualification and corporate good standing of the Company and each Subsidiary from the state in which such entity is organized and each state in which such entity is foreign qualified, dated no more than ten (10) days prior to the Closing Date.

8.9 Resignation of the Company Directors and Officers. Each of the managers, directors and officers of the Company and each Subsidiary shall have submitted his or her resignation to be effective at the Effective Time.

8.10 Termination of Affiliate Transactions. Evidence of the termination of all agreements set forth on Schedule 8.10 with no Liability to the Company (in each case, in a form reasonably satisfactory to the Buyer).

8.11 W-9s. On or before the Closing Date, each Stockholder shall deliver to the Buyer a duly executed IRS Form W-9.

8.12 Lock-Up Agreements. The Company shall have delivered to the Buyer a Lock-Up Agreement duly executed by each Stockholder.

8.13 Certain Deliveries. The Company shall have delivered to the Buyer's outside counsel the Signing Disk.

8.14 No Company Debt or Liens. Neither the Company nor any of its Subsidiaries shall be party to any loan, line of credit or other Company Debt, and there shall be no Liens (other than Permitted Liens) in favor of any Person on any assets of the Company or any of its Subsidiaries, except, in each case, for Intercompany Debt, provided that Sellers shall notify Buyer of any new Intercompany Debt, and provided further, that Buyer shall have satisfied its obligations under Section 1.9(a).

8.15 Longmont. The Longmont Option shall not have been terminated and shall remain in full force and effect, and the Buyer and Longmont shall have entered into a Services Agreement substantially in the form attached hereto as Exhibit E.

8.16 Amendment of Intercompany Debt. The Company and Longmont shall have amended and restated the Longmont Intercompany Loan in form and substance reasonably satisfactory to Buyer.

SECTION 9

CONDITIONS TO COMPANY'S OBLIGATION TO CLOSE

The obligation of the Company to consummate the Mergers is subject to the satisfaction, at or before the Closing, of the following conditions, any of which may be waived by the Company in its discretion:

9.1 Representations and Warranties. All of the representations and warranties of the Parent, the Buyer, Merger Sub I and Merger Sub II in this Agreement (i) that are qualified as to materiality, Material Adverse Effect or a similar qualifier shall be true and correct in all respects on and as of the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct as of such date), and (ii) that are not qualified as to materiality, Material Adverse Effect or a similar qualifier shall be true and correct in all material respects on and as of the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct in all material respects as of such date).

9.2 Covenants. The Parent, the Buyer, Merger Sub I and Merger Sub II shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it on or before the Closing Date.

9.3 Certification. The Buyer shall have delivered to the Company a certificate of an officer of the Buyer, dated the Closing Date, certifying that each of the conditions set forth in Sections 9.1 (Representations and Warranties), and 9.2 (Covenants) have been met.

9.4 Escrow Agreement. The Buyer and the Escrow Agent shall have entered into the Escrow Agreement.

9.5 Longmont. The Buyer shall have entered into the Longmont Option.

9.6 Removal of Guarantees. All of the Persons set forth on Schedule 9.6 shall have been removed as guarantors guaranteeing the Real Property Leases pursuant to the personal guarantees set forth on Schedule 9.6.

SECTION 10
INDEMNIFICATION

10.1 Obligation of the Stockholders to Indemnify. Subject to the limitations set forth in **Section 10.4** (Limitations on Indemnification; Other Remedies) hereof, after the Closing, as an integral term of this Agreement, the Stockholders shall jointly, up to the Indemnity Escrow Amount, and, in excess of the Indemnity Escrow Amount, severally, and not jointly, based on his, her or its respective Pro Rata Share, indemnify, reimburse, compensate and hold harmless the Parent, the Buyer, the Company, and their respective directors, officers, employees, partners, members, agents, Affiliates and assigns (collectively, the “**Buyer Indemnitees**”) from and against any and all Losses incurred or suffered by any Buyer Indemnitee as a result of, with respect to or in connection with:

- (a) any inaccuracy or breach of a representation or warranty of the Company contained in **Section 2** of this Agreement or in any Ancillary Agreement;
- (b) any failure by the Company (as of the Closing) or the Stockholders or Stockholder Representative (following the Closing) to materially perform or comply with any covenant or agreement set forth herein or in any certificate, document or other instrument delivered by such party pursuant to this Agreement;
- (c) any claims by any current or former equityholder, director, officer or employee of the Company to the effect that such Person is entitled to any equity, membership or ownership interest or equity security or any payment in connection with the Transactions other than as specifically set forth on the Allocation Certificate;
- (d) any Company Debt, Change in Control Payments, or Transaction Expenses as of the Closing to the extent not included in the Company Debt Payoff Amount, Change in Control Payments, or Transaction Expenses set forth in the Allocation Certificate;
- (e) any claim by any current or former employee of any of the Company, in their capacity as Employees, arising out of facts or circumstances existing through the Closing Date, including claims related to termination of any such employee’s employment with the Company on or prior to the Closing Date;
- (f) any Pre-Closing Taxes to the extent not included in Estimated Pre-Closing Taxes set forth in the Allocation Certificate;
- (g) the Technology License Agreement, solely to the extent arising out of or relating to facts or circumstances existing prior to the Closing; for the avoidance of doubt, except as would be a breach of the Confidentiality Agreement (and subject exclusively to the remedies therein), the Stockholders shall not be liable for any Losses relating to the Technology License Agreement which arise from the transfer by Parent, Buyer, or any of their Affiliates, of any patents, inventions, trade secrets, know-how, or any other similar rights intellectual property rights, to the Company or its Affiliates, including the Stockholders, after the Closing; and
- (h) the CDA Investigation (as defined in the Company Disclosure Schedules).

10.2 Obligation of the Buyer to Indemnify. Subject to the limitations set forth in Section 10.4 (Limitations on Indemnification; Other Remedies) hereof, as an integral term of this Agreement, the Buyer shall indemnify and hold harmless the Stockholders and their respective directors, officers, employees, partners, members, agents, Affiliates and assigns (the “**Stockholder Indemnitees**”) from and against any and all Losses incurred or suffered by any Stockholder Indemnitee directly or indirectly, as a result of, with respect to or in connection with:

(a) any inaccuracy or breach of a representation or warranty of the Buyer in this Agreement or any certificate, document or other instrument delivered by or on behalf of the Buyer pursuant hereto; and

(b) any failure by the Buyer to fully perform or comply with any covenant or agreement set forth herein or in any certificate, document or other instrument delivered by such party pursuant to this Agreement.

10.3 Notice and Opportunity to Defend.

(a) A party or parties entitled to indemnification hereunder (an “**Indemnified Party**”) with respect to any legal proceeding, claim or demand instituted by any third party (in each case, a “**Third-Party Claim**”) will give the party or parties required to provide such indemnification (the “**Indemnifier**”) prompt written notice of such Third-Party Claim, along with a notice of the facts giving rise to such Third-Party Claim; provided that the failure to provide prompt notice shall not relieve the Indemnifier of its indemnification obligations hereunder, except to the extent (and only to the extent) that the Indemnifier is prejudiced by the failure of the Indemnified Party to provide such prompt notice.

(b) If the Indemnifier provides written notice to the Indemnified Party within twenty (20) days after the Indemnifier’s receipt of written notice from the Indemnified Party of such Third-Party Claim, the Indemnifier shall have the right, at the Indemnifier’s expense, to defend against, negotiate, settle or otherwise deal with such Third-Party Claim and to have the Indemnified Party represented by counsel selected by the Indemnifier and the Indemnified Party shall cooperate with the Indemnifier and its counsel in all commercially reasonable respects in the defense thereof and in any settlement thereof; provided, that (i) the Indemnified Party may participate in any proceeding with counsel of its choice and at its expense, (ii) the Indemnifier shall only have a right to elect to defend any Third-Party Claim if (A) the Third-Party Claim involves only money damages and does not seek an injunction or other equitable relief, and (B) the defense strategy, settlement, failure to reach settlement, or adverse judgment with respect to the Third- Party Claim is not likely to establish a precedential custom or practice materially adverse to the continuing business interests (including vendor and customer relations) of the Indemnified Party or materially adversely affect the reputation of the Indemnified Party, (iii) the Buyer or any of its Affiliates, at any time when the Buyer believes that a Third-Party Claim for indemnification relates to or arises in connection with any criminal matter, may assume the defense and otherwise deal with such Third-Party Claim in good faith with counsel of its choice, (iv) the Indemnifier may not assume the defense of any Third-Party Claim if a material conflict of interest exists between the Indemnifier and the Indemnified Party that precludes effective joint representation or the amount of the Third-Party Claims exceed or reasonably could exceed the limitations set forth in Section 10.4(e), if applicable, and (v) the Indemnified Party may take over the defense and

prosecution of a Third-Party Claim from the Indemnifier (at the Indemnified Party's cost and expense) if the Indemnifier has failed or is failing to diligently prosecute or defend such Third-Party Claim following the provision of written notice to the Indemnifier of such failure and the failure of the Indemnifier to cure such failure within fifteen (15) days of receipt of such notice; provided, further that (x) the Indemnifier may not enter into a settlement of any Third-Party Claim without the written consent of the Indemnified Party, unless such settlement provides the Indemnified Party with a full release from such Third-Party Claim and requires no more than a monetary payment for which the Indemnified Party is fully indemnified; and (y) with respect to any Third Party Claim arising from **Section 10.1(g)** for which the Stockholders are not entitled to defend against, negotiate, settle or otherwise deal with pursuant to this **Section 10.3**, then, notwithstanding anything to the contrary herein, the Stockholders shall not be liable to any Buyer Indemnitee for any Losses arising from such Third Party Claim if any Buyer Indemnitee settles such Third Party Claim without the consent of the Stockholders, which consent shall not be unreasonably withheld, conditioned, or delayed. If the Indemnified Party has assumed the defense of any Third-Party Claim, neither the Indemnified Party nor any of its Affiliates may settle or otherwise dispose of any Third-Party Claim for which the Indemnifier may have a liability under this Agreement without the prior written consent of the Indemnifier, which consent shall not be unreasonably withheld, conditioned or delayed. If the Indemnified Party has assumed the defense or is otherwise negotiating any such Third-Party Claim, the Indemnifier may participate in any proceeding or negotiation with counsel of its choice and at its expense.

(c) Any notice that a Buyer Indemnitee shall be required to give to the Stockholders shall be satisfied by the delivery of notice by the Buyer Indemnitee to the Stockholder Representative, and the Stockholder Representative may respond to the Buyer Indemnitee on behalf of all Stockholders.

10.4 Limitations on Indemnification; Other Remedies. The indemnification provided by **SECTION 10** (Indemnification) shall be subject to the following limitations, terms and conditions:

(a) Survival of Representations and Warranties. No action for indemnification pursuant to **Section 10.1(a)** shall be brought more than fifteen (15) months after the Closing Date, except for claims arising out of the Fundamental Representations, which shall survive until 11:59 P.M. Eastern Time on the sixth (6th) anniversary of the Closing Date, and except for claims arising out of the Tax Representations, which shall survive until the expiration of the applicable statute of limitations plus sixty (60) days (in each case, the "**Survival Period**"). Any claim for indemnification under this Agreement pursuant to **Section 10.1(a)** shall be deemed time-barred, and no such claim shall be made after the applicable Survival Period; provided, however, that if a claim notice is delivered in good faith with respect to such a claim for indemnification prior to the expiration of the applicable Survival Period, the indemnification claim under this **SECTION 10** shall survive until such indemnification claim is finally resolved pursuant to this **SECTION 10**. **Sections 2.1** (Organization; Good Standing; Power), **2.2** (Capitalization; Subsidiaries), **(b)** (Authorization; Execution & Enforceability; No Breach), and **2.19** (Brokers) are sometimes referred to herein as the "**Fundamental Representations**". The representations and warranties of the Company set forth in this Agreement and related to Taxes, including those set forth in Section 2.8 (Tax Matters) are sometimes referred to herein as the "**Tax Representations**." All other representations and warranties set forth in **Section 2** are referred to herein as the "**General Representations**."

(b) Covenants. The respective covenants, agreements and obligations of the Company, the Buyer, the Stockholders and the Stockholder Representative set forth in this Agreement and the Stockholder Closing Agreements, in any certificate, document or other instrument delivered by such party pursuant to this Agreement, and the Stockholder Closing Agreements shall survive the execution and delivery of this Agreement, any investigation by or on behalf of any party hereto, and the Closing without limitation and shall survive until the expiration of the applicable statute of limitations, or such earlier time period as specified herein or therein.

(c) Determination of Losses. For purposes of determining the amount of Losses incurred in connection with any inaccuracy in or breach of any General Representations pursuant to this Section 10, but not for purposes of determining whether such breach or inaccuracy has occurred, such General Representations shall be read without regard for or giving effect to the terms “material”, “in all material respects”, “Material Adverse Effect” or similar qualifiers.

(d) Basket.

(i) No indemnification shall be payable pursuant to Section 10.1(a) (other than with respect to a Fundamental Representation or in the event of fraud or intentional misrepresentation for which this Section 10.4(c) shall not apply) unless the total amount of all indemnifiable Losses incurred by the Buyer Indemnitees, including those subject to all previous claims, exceeds \$164,574 (the “**Basket**”), whereupon indemnification shall be payable for the amount in excess of the Basket.

(ii) No indemnification shall be payable pursuant to Section 10.2(a) unless the total amount of all indemnifiable Losses incurred by the Stockholder Indemnitees, including those subject to all previous claims, exceeds the Basket, whereupon indemnification shall be payable for the amount in excess of the Basket.

(e) Cap. Subject to the remaining provisions of this Section 10.4:

(i) other than in the event of fraud or intentional misrepresentation, the total aggregate liability by all Stockholders for all Losses indemnifiable under Section 10.1(a) shall not exceed (A) \$2,194,322 (the “**Cap**”) with respect to the General Representations and (B) the Merger Consideration, as adjusted pursuant to Section 1.7, with respect to the Fundamental Representations;

(ii) the aggregate liability of a Stockholder for all Losses indemnifiable under Section 10.1 (other than in the event of fraud or intentional misrepresentation of such Stockholder) shall not exceed such Stockholder’s Pro Rata Share of the Merger Consideration, as adjusted pursuant to Section 1.7;

(iii) the Buyer’s aggregate liability for all Losses for indemnification under Section 10.2(a) shall not exceed the Cap (other than in the event of fraud or intentional misrepresentation of the Buyer); and

(iv) the aggregate liability of the Buyer for all Losses indemnifiable under Section 10.1 shall not exceed the Merger Consideration, as adjusted pursuant to Section 1.7.

(f) Source of Recovery: Indemnity Escrow Amount.

(i) Any indemnification owing by the Stockholders pursuant to this **Section 10** shall be satisfied first, from the Indemnity Escrow Amount and second, by the Stockholders in accordance with their Pro Rata Shares; provided, however, that Parent agrees to release the Stockholders from the Lock-Up Agreements to the extent required to satisfy any such indemnity claims.

(ii) The Indemnity Escrow Amount shall be released to the Stockholders based on their applicable Pro Rata Share as follows: (A) on the first (1st) Business Day after the date that is nine (9) months following the Closing Date, an amount equal to the lesser of (x) \$174,152.56 and (y) the remaining portion of the Indemnity Escrow Amount minus the amount of any unresolved indemnification claims or resolved but unreleased indemnification claims of the Indemnified Parties pursuant to this **Section 10**; (B) on the first (1st) Business Day after the date that is twelve (12) months following the Closing Date, an amount equal to the lesser of (x) \$174,152.56 and (x) the remaining portion of the Indemnity Escrow Amount minus the amount of any unresolved indemnification claims or resolved but unreleased indemnification claims of the Indemnified Parties pursuant to this **Section 10** and (C) on the first (1st) Business Day after the date that is fifteen (15) months following the Closing Date, the remaining portion of the Indemnity Escrow Amount minus the amount of any unresolved indemnification claims or resolved but unreleased indemnification claims of the Indemnified Parties pursuant to this **Section 10**. Each of the Buyer and the Stockholder Representative shall be obligated to promptly execute and deliver written instructions to the Escrow Agent requesting that it release such amounts.

(g) No Subrogation. Following the Closing, no Stockholder shall have any right of indemnification, contribution or subrogation against the Company with respect to any indemnification payment made by or on behalf of any Stockholder under **Section 10.1**.

(h) Merger Consideration Adjustment. The Company, the Parent, the Buyer, the Surviving Company, the Stockholder Representative and the Stockholders agree to treat each indemnification payment pursuant to this **SECTION 10** as an adjustment to the Merger Consideration for all Tax purposes and shall take no position contrary thereto unless required to do so by applicable Tax Law pursuant to a determination as defined in Section 1313(a) of the Code.

(i) Exclusive Remedy. The Parties (other than the Stockholder Representative, in its capacity as Stockholder Representative and not on behalf of the Stockholders, with respect to claims against or amongst the Stockholders) acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any Losses under this Agreement (except (a) in the case of fraud or intentional misrepresentation and (b) for any other remedies expressly set forth in **Section 12.5**) shall be pursuant to the indemnification provisions set forth in this **SECTION 10**. In furtherance of the foregoing, each of the Parties (other than the Stockholder Representative, in its capacity as Stockholder Representative and not on behalf of the Stockholders, with respect to claims against or amongst the Stockholders) hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of actions for any breach of any such representation, warranty, covenant, agreement, or obligation it may have against the other Parties and their Affiliates arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this **SECTION 10**.

SECTION 11
TERMINATION

11.1 **Termination.** This Agreement may be terminated and the Mergers and the other Transactions abandoned at any time before the Effective Time, regardless of any approval by Stockholders as follows and in no other manner:

(a) by written agreement of the Company and the Buyer;

(b) by the Buyer, if the Company shall have breached or failed to perform in any material respect any of its obligations, covenants or agreements under this Agreement, or if any of the representations and warranties of the Company set forth in this Agreement shall not be true and correct such that the conditions set forth in **Section 8.1** (Representations and Warranties) or **Section 8.2** (Covenants) would not be satisfied, and such breach, failure or misrepresentation is not cured to the Buyer's reasonable satisfaction within thirty (30) days after the Buyer gives the Company written notice identifying such breach, failure or misrepresentation;

(c) by the Company, if the Buyer shall have breached or failed to perform in any material respect any of its obligations, covenants or agreements under this Agreement, or if any of the representations and warranties of the Buyer set forth in this Agreement shall not be true and correct such that the condition set forth in **Section 9.1** (Representations and Warranties) or **Section 9.2** (Covenants) would not be satisfied, and such breach, failure or misrepresentation is not cured to the Company's reasonable satisfaction within thirty (30) days after the Company gives the Buyer written notice identifying such breach, failure or misrepresentation;

(d) by the Buyer if the conditions set forth in **Section 7** (Conditions to the Obligation of Parent, Buyer and Merger Sub I and Merger Sub II To Close) become incapable of satisfaction, unless such incapability to be satisfied shall be due to the failure of any Buyer Party to perform or comply respects with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(e) by the Company, if the conditions set forth in **SECTION 8** (Conditions to Company's Obligation To Close) become incapable of satisfaction, unless such incapability to be satisfied shall be due to the failure of any Company Party to perform or comply respects with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(f) by either the Buyer or the Company if the Closing shall not have occurred on or before December 31, 2021 (the "**Closing Deadline**"), which date may be extended by mutual agreement of the Company and the Buyer; provided that the right to terminate this Agreement under this **Section 11.1(f)** shall not be available to any party whose failure to fulfill any obligation under this Agreement has been a principal cause of or resulted in the failure of the Closing to occur on or before the Closing Deadline; provided, further, that neither party may terminate this Agreement pursuant to this **Section 11.1(f)** if the Closing has not occurred on or prior to the Closing Deadline solely due to a failure to obtain all necessary approvals under State and Local Cannabis Laws, for so long as the Parties are working in good faith to obtain such approvals;

(g) by either the Buyer or the Company if: (i) any court of competent jurisdiction or other Governmental Entity shall have issued an Order or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Transactions, and such Order or ruling shall have become final and nonappealable, or (ii) there shall be any Law enacted, promulgated or issued or deemed applicable to the Transactions by any Governmental Entity that would make consummation of the Transactions illegal;

(h) by either Buyer or the Company if there shall have been any action taken, final decision made or any Law enacted, promulgated or issued or deemed applicable to the Transactions, by any Governmental Entity which would: (i) prohibit Buyer's or the Company's ownership or operation of any portion of the Business, or (ii) compel Buyer or any of its Affiliates or the Company to dispose of or hold separate, as a result of the Transactions, any portion of the business or assets of Buyer or any of its Affiliates or the Company;

(i) by either the (i) Buyer, if the condition in **Section 7.4 is not satisfied due to the fault of the Company, or (ii) the Company, if the condition in Section 7.4 is not satisfied due to the fault of any Buyer Party;**

11.2 Effect of Termination. If this Agreement is terminated in accordance with **Section 11.2** (Termination), it shall forthwith be void and have no effect, without liability or obligation as a result of such termination on the part of any party, its directors, officers or equityholders, except that the Confidentiality Agreement, this **Section 11.2**, **Section 5.5** (Confidentiality), **Section 5.6** (Public Disclosure) and **Section 12** (Miscellaneous) shall survive termination; provided that nothing contained in this Agreement shall relieve any Person from liability for any material breach of this Agreement occurring before such termination.

SECTION 12 MISCELLANEOUS

12.1 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed given (a) when delivered personally by hand, (b) the next Business Day when sent by overnight mail, postage prepaid with proof of delivery from the courier requested, (c) the next Business Day when sent by certified or registered mail, postage prepaid, or (d) when sent in writing and sent by electronic mail. Notices shall be sent to the addresses set forth below:

If to the Company:

Futurevision Holdings, Inc.
4750 Nome Street
Denver, Colorado 80239
Attention: Sally Vander Veer
Telephone: [***]
Email: [***]

with a copy (which shall not constitute notice) to:

Husch Blackwell LLP
Attn: Steve Levine
1801 Wewatta Street, Suite 1000
Denver, Colorado 80202
[***]
[***]

If to the Stockholder Representative:

Futurevision Representative, LLC
4750 Nome Street
Denver, Colorado 80239
Attention: Sally Vander Veer
Telephone: [***]
Email: [***]

If to the Buyer:

Columbia Care LLC
680 5th Ave, 24th Floor
Attention: Joshua Snyder
Telephone: [***]
Email: [***]

with a copy (which shall not constitute notice) to:

Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts 02210
Attention: Erica Rice
Telephone: [***]
Email: [***]

Any party may by notice given in accordance with this **Section 12.1** to the other parties designate another address or person for receipt of notices hereunder; provided that any party receiving such a designation shall not be required to send any notice hereunder to the new address or person before the fifth (5th) Business Day after receipt thereof.

12.2 Entire Agreement; Amendment; Waiver.

(a) This Agreement, the Ancillary Agreements and the Confidentiality Agreement, the schedules and exhibits hereto and thereto, the Company Disclosure Schedules and the documents and instruments and other agreements among the Parties referenced herein and therein constitute the entire agreement among the Parties with respect to the Transactions, and supersede all prior agreements and understandings, written or oral, with respect thereto, including the Indication of Interest, dated January 26, 2021.

(b) Except as otherwise required by applicable Law, prior to the Closing, this Agreement may be amended at any time, notwithstanding the adoption hereof by the Stockholders, only by a written instrument signed by Buyer, the Company and the Stockholder Representative. Except as otherwise required by applicable Law, after the Closing, this Agreement may be amended at any time, only by a written instrument signed by the Buyer and the Stockholder Representative.

(c) At any time prior to the Effective Time, the Buyer, on the one hand, and the Company, on the other, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations of the other party hereto, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, or (iii) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. From and after the Effective Time, the Buyer, on the one hand, and the Stockholder Representative, on the other, may, to the extent legally allowed, (x) extend the time for the performance of any of the obligations of the other party hereto, (y) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, or (z) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if, and to the extent, set forth, in an instrument in writing signed on behalf of such party.

(d) This Agreement, the Ancillary Agreements and the schedules and exhibits hereto and thereto are not intended to confer upon any person any rights or remedies hereunder, except as specifically provided, following the Effective Time, in **Section 10** (Indemnification).

(e) No Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written consent of the other Parties, which consent shall not be unreasonably withheld, delayed, or conditioned; provided, however, that the Buyer and Parent may assign all or a portion of their respective rights to any lender (or any agent or collateral trustee for any such Person) of the Buyer, Parent, or their respective Affiliates as collateral security in connection with any new financings or refinancings, and such collateral assignments shall be deemed to include any further assignment or transfer that may occur due to a foreclosure or other remedy under such financing documents; provided, further, that such assignment shall be in compliance with all applicable Law, including State and Local Cannabis Laws, and shall not reasonably be expected to delay or impede the Transactions.

12.3 Governing Law; Venue; Waiver of Jury Trial.

(a) This Agreement shall be governed and construed in accordance with the Laws of the State of Delaware, regardless of Laws that might otherwise govern under applicable principles of conflicts of laws thereof, as to all matters, including matters of validity, construction, effect, performance and remedies; provided, however, that any claims, controversies, or disputes related to any matter involving the cultivation, harvesting, production, manufacturing, processing, marketing, distribution, sale or possession of cannabis, marijuana or related substances or products containing cannabis, marijuana or related substances shall be governed by and construed in accordance with the Laws of the State of Colorado, regardless of Laws that might otherwise govern under applicable principles of conflicts of laws thereof as to all such matters.

(b) Each Party irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by another Party hereto or its successors or assigns shall be brought and determined exclusively in the state courts located in the State of Colorado. Each Party hereby irrevocably submits with regard to any action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each Party hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (c) to the fullest extent permitted by applicable Law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER OR RELATING TO THIS AGREEMENT OR ANY ANCILLARY AGREEMENT OR THE TRANSACTIONS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE ESCROW AGREEMENT OR ANY OTHER ANCILLARY AGREEMENT OR THE TRANSACTIONS OR THE FACTS OR CIRCUMSTANCES LEADING TO EACH PARTY'S EXECUTION OR PERFORMANCE OR ANY ACTIONS OF ANY OF THE AFFILIATES OR REPRESENTATIVES OF ANY OTHER PARTY RELATED THERETO.

(d) EACH OF THE STOCKHOLDER REPRESENTATIVE, THE COMPANY, PARENT, BUYER, MERGER SUB I AND MERGER SUB II (1) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE THAT SUCH OTHER PARTY WOULD NOT IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, (2) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (3) IT MAKES SUCH WAIVERS KNOWINGLY AND VOLUNTARILY, AND (4) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION 12.3**.

12.4 Subject to Approval of the Colorado Marijuana Enforcement Division. NOTWITHSTANDING ANYTHING TO THE CONTRARY, THE CLOSING OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND THE ANCILLARY AGREEMENTS IS CONTINGENT UPON AND SUBJECT TO THE PRIOR APPROVAL OF THE MED AND EACH APPLICABLE LOCAL JURISDICTION.

12.5 Specific Performance and Other Remedies. Each Party hereby acknowledges that the rights of each Party to consummate the Transactions and the covenants of the Parties are special, unique and of extraordinary character and that, in the event that any party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party may be without an adequate remedy at Law. In the event that any Party violates or fails or refuses to perform any covenant or agreement made by such Party herein, the non-breaching Party shall be entitled, in addition to the exercise of other remedies, to seek injunctive and other equitable relief, without necessity of posting a bond, restraining such party from committing such breach or threatened breach.

12.6 No Waiver. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

12.7 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and legal representatives.

12.8 Construction. Whenever the context requires:

(a) the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(b) Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. The words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

(c) Whenever this Agreement requires the disclosure of an agreement or Contract on the Company Disclosure Schedule or the delivery to the Buyer of an agreement or Contract, that disclosure requirement or delivery requirement, as applicable, require disclosure or delivery of the entire document and shall also require the disclosure or delivery of each and every material amendment, extension, exhibit, attachment, schedule, addendum, appendix, statement of work, change order, and any other similar instrument or document relating to that agreement or Contract.

(d) References to "Dollars" and "\$" mean dollars in lawful currency of the United States of America.

(e) All references to accounting terms shall be interpreted in accordance with GAAP unless otherwise specified.

(f) Any reference to any party to this Agreement shall include such party's successors and permitted assigns.

(g) Any reference to the Company in this Agreement shall include any of its respective predecessor entities, including any entity that merged with and into such predecessor entity.

12.9 Counterparts; Delivery. This Agreement may be executed by the parties hereto in two (2) or more separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

12.10 Exhibits and Schedules. The exhibits and schedules (including the Company Disclosure Schedule) are a part of this Agreement as if fully set forth herein. All references herein to Sections, subsections, clauses, exhibits and schedules shall be deemed references to such parts of this Agreement, unless the context shall otherwise require.

12.11 Headings. The table of contents and the headings in this Agreement are for reference only, and shall not affect the interpretation of this Agreement.

12.12 Expenses. Except as set forth herein, all fees and expenses incurred in connection with the Transactions, including all legal, accounting, tax and financial advisory, consulting, investment banking and all other fees and expenses of third parties, shall be the obligation of the Party incurring such fees and expenses. Notwithstanding the foregoing, if any action, claim or proceeding relating to this Agreement or any Ancillary Agreements or the enforcement of any provision thereof is brought against any Party, the prevailing Party shall be entitled to recover reasonable attorneys' fees, costs and disbursements, in addition to any other relief to which the prevailing Party may be entitled.

12.13 Severability. Nothing contained herein shall be construed to require the commission of any act contrary to Law. Should there be any conflict between any provisions hereof and any present or future statute, Law, ordinance, regulation, or other pronouncement having the force of Law, the latter shall prevail, but the provision of this Agreement affected thereby shall be curtailed and limited to the extent necessary to bring it into compliance therewith, and the remaining provisions of this Agreement shall remain in full force and effect.

12.14 Reformation. If, after the Agreement Date, the Parties determine in good faith that the Mergers cannot be effected in the order or manner described in Section 1.2 without adversely affecting (i) the tax treatment of the Transactions pursuant to Section 6.7, or (ii) the ability of the Parties to obtain the consents, approvals, and waivers described in Section 7.3, then the Parties shall immediately, and in any case within fourteen (14) Business Days of such determination, use their good faith efforts to amend this Agreement in a way so as to give full effect to Section 6.7 and so as not to adversely affect the Parties obligations pursuant to Section 7.3.

12.15 No Strict Construction. The Parties hereto have participated jointly in the negotiation and drafting of this Agreement and the other agreements and documents contemplated herein. In the event an ambiguity or question of intent or interpretation arises under any provision of this Agreement or any other agreement or documents contemplated herein, this Agreement and such other agreements or documents shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authoring any of the provisions of this Agreement or any other agreements or documents contemplated herein.

12.16 Stockholder Representative.

(a) By voting in favor of the adoption of this Agreement, the approval of the principal terms of the Mergers, and the consummation of the Mergers or participating in the Mergers and receiving the benefits thereof, including the right to receive the consideration payable in connection with the Mergers, each Stockholder shall be deemed to have approved the designation of, and hereby designates, the Stockholder Representative as the representative, agent and attorney-in-fact for and on behalf of the Stockholders and each Stockholder (i) agrees that all actions taken by the Stockholder Representative under this Agreement or any Ancillary Agreement shall be binding upon such Stockholder and its successors as if expressly confirmed and ratified in writing by such Stockholder, and (ii) waives any and all defenses which may be available to contest, negate or disaffirm the action of the Stockholder Representative taken in good faith under this Agreement or the Ancillary Agreements. The Stockholder Representative shall take or refrain from taking any and all actions that they believe are necessary under this Agreement for and on behalf of the Stockholders, as fully as each such Stockholder were acting on its own behalf. All actions taken by the Stockholder Representative under this Agreement shall be binding upon each Stockholder and its successors as if expressly confirmed and ratified in writing by each of them and all defenses which may be available to any Stockholder to contest, negate or disaffirm the action of the Stockholder Representative taken in good faith under this Agreement or any other Ancillary Agreement are waived.

(b) If the Stockholder Representative shall resign or otherwise be unable to fulfill their responsibilities as representative of the Stockholders, the Stockholders shall, within ten (10) days after the occurrence of such event, appoint a successor representative and, promptly thereafter, shall notify Buyer of the identity of such successor. Any such successor shall become the "Stockholder Representative" for purposes of this Agreement and the other Ancillary Agreements. If for any reason there is no Stockholder Representative at any time, all references herein or in any other Ancillary Agreement to the Stockholder Representative shall be deemed to refer to each Stockholder.

(c) The immunities and rights to indemnification of the Stockholder Representative shall survive the resignation or removal of the Stockholder Representative and the Closing or any termination of this Agreement and any other Ancillary Agreement. The powers, immunities and rights to indemnification granted to the Stockholder Representative hereunder are coupled with an interest and shall be irrevocable and survive the death, incompetence, bankruptcy or liquidation of the respective Stockholder and shall be binding on any successor thereto.

(d) Except in cases of fraud, intentional misconduct or gross negligence, the Stockholder Representative will have no Liability to any Buyer Party, any Company Party or their respective successors or assigns with respect to actions taken or omitted to be taken in good faith in their capacity as the Stockholder Representative and shall be entitled to indemnification and reimbursement from the Stockholders against any loss, liability, fees or expenses arising out of actions taken or omitted to be taken in good faith in their capacity as the Stockholder Representative.

(e) Parent and Buyer shall be entitled to rely upon any document or other paper delivered by the Stockholder Representative as being authorized by each Stockholder, and neither Parent nor Buyer shall be liable to the Stockholder Representative or any Stockholder for any action taken or omitted to be taken by Parent or Buyer based on such reliance. All decisions and actions by the Stockholder Representative, including any agreement between the Stockholder Representative and Buyer relating to the defense or settlement of any claims for which any Stockholder may be required to indemnify the Buyer Indemnitees pursuant to Section 10, shall be binding upon each Stockholder, and no Stockholder shall have the right to object, dissent, protest or otherwise contest the same.

[The rest of this page intentionally left blank.]

PARENT:

COLUMBIA CARE INC.

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: CEO

BUYER:

COLUMBIA CARE LLC

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: CEO

MERGER SUB I:

MAIA ACQUISITION IA INC.

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: CEO

MERGER SUB II

MAIA ACQUISITION II INC.

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: CEO

[Signature Page to Futurevision Holdings Agreement and Plan of Merger]

COMPANY:

FUTUREVISION HOLDINGS, INC.

By: /s/ Sally Vander Veer

Name: Sally Vander Veer

Title: CEO

**FUTUREVISION REPRESENTATIVE,
LLC**, solely in its capacity as Stockholder
Representative:

By: /s/ Sally Vander Veer

Name: Sally Vander Veer

Title: Manager

[Signature Page to Futurevision Holdings Merger Agreement]

STOCKHOLDERS:

**ANDREW JOHN WILLIAMS
REVOCABLE TRUST**
Dated May 28, 2015

By: /s/ Andrew Williams
Name: Andrew Williams
Title: Trustee

**PETER D. WILLIAMS REVOCABLE
TRUST**
Dated August 18, 2015

By: /s/ Peter Williams
Name: Peter Williams
Title: Trustee

**MICHELLE Y. ZEMAN IRREVOCABLE
S. TRUST**
Dated April 30, 2018

By: /s/ Sally J. Vander Veer
Name: Sally J. Vander Veer
Title: Trustee

ELIZABETH C. NICHOLS

By: /s/ Elizabeth C. Nichols
Name: Elizabeth C. Nichols

[Signature Page to Futurevision Holdings Merger Agreement]

Schedule 1
Stockholders

<u>Stockholder</u>	<u>Shares</u>	<u>Percentage Interest</u>
Andrew John Williams Revocable Trust, dated May 28, 2018 (Trustee: Andrew Williams)	110,000	38%
Peter D. Williams Revocable Trust, dated August 18, 2015 (Trustee: Peter Williams)	110,000	38%
Michelle Y. Zeman Irrevocable S. Trust, dated April 30, 2018 (Trustee: Sally J. Vander Veer)	55,000	19%
Elizabeth C. Nichols	14,473.68	5%
Total	289,473.68	100%

[Signature Page to Merger Agreement]

Exhibit A
Non-Competition Agreements

FORM OF NONCOMPETITION AND NONSOLICITATION AGREEMENT

THIS NONCOMPETITION AND NONSOLICITATION AGREEMENT (this "Agreement") is by and between Columbia Care LLC, a Delaware limited liability company ("Buyer"), and [____], an individual ("Securityholder"). Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings assigned to them in the Agreement and Plan of Merger ("Merger Agreement"), among Buyer, Columbia Care Inc., a company continued under the laws of the Province of British Columbia ("Parent"), Maia Acquisition IA Inc., a Delaware corporation ("Merger Sub I"), Maia Acquisition II Inc., a Delaware corporation ("Merger Sub II"), and together with Merger Sub I, the "Merger Subs"), FutureVision Holdings, Inc., a Delaware corporation (the "Company"), the stockholders set forth on Section 1 thereto (including the Securityholder) (the "Stockholders") and Futurevision Representative, LLC, solely in its capacity as the representative of the Stockholders (the "Securityholder Representative"). Buyer and Securityholder are sometimes jointly referred to herein as the "Parties."

RECITALS

A. The Parent, the Buyer, the Merger Subs, the Stockholders and the Company entered into the Merger Agreement to effectuate a merger (the "Merger"), pursuant to which the Company will merge with and into Merger Sub I, with the Company to survive the first merger, following which, the surviving company will merge with and into Merger Sub II, with Merger Sub II to survive the second merger.

B. Securityholder is an equityholder of the Company, has been actively involved in the management of the Company's business and in the development of the Company's products and technology and has thereby acquired significant experience, skill, and confidential and proprietary information relating to the business and operation of the Company. Securityholder, in the course of operating the business of the Company, has also developed on behalf of the Company significant goodwill and know-how that is now a significant part of the value of the Company.

C. Securityholder has a material economic interest in the consummation of the Merger. Securityholder will become employed by Buyer immediately following the Closing Date in a non- executive role with responsibilities for Buyer in the State of Colorado.

D. Buyer desires to protect its investment in the assets, business, goodwill, and know- how of the Company to be acquired pursuant to the Merger Agreement and accordingly, as a material condition to its willingness to enter into the Merger Agreement and consummate the Merger, has required that Securityholder agree to limit certain activities by Securityholder (as set forth herein) that would compete with or otherwise harm such assets, business, goodwill or know- how.

E. As part of the consideration and inducement to Buyer to enter into the Merger Agreement and acquire the Company and its businesses, Securityholder is willing to agree to and abide by such restrictions.

F. References to Buyer hereinafter shall include all Affiliates of Buyer and, following the Closing Date, shall include the Company.

NOW, THEREFORE, in consideration of the premises, the mutual promises hereinafter set forth, and other good and valuable consideration had and received, the Parties hereto agree as follows:

AGREEMENT

1. Effectiveness. This Agreement shall be effective as of the Closing Date. To the extent the Merger Agreement is terminated for any reason prior to the Closing Date, this Agreement shall immediately upon termination of the Merger Agreement terminate in its entirety without ever having become effective and shall be null and void in all respects.

2. Definitions. For purposes of this Agreement:

(a) "Confidential Information" means (i) any and all trade secrets concerning the business and affairs, or the planned business and affairs, of the Company, its Subsidiaries, and any of their Affiliates including product specifications, data, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current and planned research and development, current and planned distribution methods and processes, customer lists, customer information databases, customer mailing lists, current and anticipated customer requirements, price lists, market studies, business plans, computer software and programs (including object code and source code), data-base technologies, systems, structures and architectures and related processes, formulae, compositions, improvements, devises, know-how, inventions, discoveries, concepts, methods and information and any other information, however documented, that is a trade secret of the Company, its Subsidiaries, and any of their Affiliates; (ii) any and all other information concerning the business and affairs, or the planned business and affairs, of the Company, its Subsidiaries, and any of their Affiliates (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, personnel training and techniques and materials), however documented; and (iii) any and all notes, analyses, compilations, studies, summaries and other material prepared by or for the planned activities of the Company, its Subsidiaries, and any of their Affiliates containing or based, in whole or in part, on any information included in the foregoing, regardless of medium. Confidential Information specifically includes any and all information that Securityholder may have obtained concerning Buyer or Parent in connection with discussions and negotiations concerning the transactions contemplated by the Merger Agreement. Notwithstanding anything in the foregoing to the contrary, "Confidential Information" shall not be deemed to include any information that: (A) is or becomes generally available to the public through no action or inaction of Securityholder in violation of this Agreement; (B) is required to be disclosed by Law or legal process; (C) is or becomes available to Securityholder on a non-confidential basis, so long as the source of such information was not known by Securityholder to be bound by a confidentiality obligation to Buyer, Parent, or the Company with respect to such information; or (D) was or is independently developed by Securityholder without violating Securityholder's obligations hereunder, including without limitation, information developed in connection with the Excluded Businesses, as defined below.

(b) “Restricted Business” means the development, cultivation, growing, producing, distributing, marketing, selling or licensing of cannabis or otherwise providing any cannabis- related products, services or technologies, which, for the avoidance of doubt, does not include the Securityholder’s ownership, investment, or participation in the operations of Medpharm Holdings LLC, Mx LLC, Medpharm Research LLC or Medicine Man Longmont, LLC and any affiliates (the “Excluded Businesses”).

(c) “Restricted Employee” means any (A) employee, consultant, agent, or contractor of any of the Company, its Subsidiaries, or any of their Affiliates as of the Closing Date, or (B) former employee, consultant, agent, or contractor of any of the Company, its Subsidiaries, or any of their Affiliates who Securityholder knows to be employed by Buyer or any of its Affiliates as of immediately after the Closing.

(d) “Restricted Territory” means each and every country, province, state, city, or other similar political subdivision of the world in which the Buyer, its Subsidiaries, or any of their Affiliates has carried on the Restricted Business prior the later of the Closing Date or the date of termination of Securityholder’s employment with the Buyer.

(e) “Restriction Period” means the longer of (1) thirty (30) months following the Closing Date, or (2) eighteen (18) months following the date of termination of Securityholder’s employment with the Buyer.

3. Noncompetition; Nonsolicitation.

(a) Securityholder acknowledges that due to Securityholder’s position with and relationship to the Company (as referenced in Recital B above), Securityholder has had access to the Company’s Confidential Information (as defined above) and has been responsible for developing and maintaining (in whole or in part) the goodwill and know-how of the Company. Securityholder acknowledges that prior to the Closing Date, the Company, its Subsidiaries, or their Affiliates were engaged in the Restricted Business throughout the United States and/or have substantial and material plans to do so. To protect the Company’s trade secrets, Confidential Information and relationships, goodwill with customers, and know-how during the Restriction Period, Securityholder shall not in any manner within the Restricted Territory, directly or indirectly, including through entities that Securityholder directly or indirectly controls, participate or engage in, own or have any financial or other interest in, lend credit to, lend Securityholder’s name to, manage, operate, join, accept employment or any other service with, provide advice or any assistance to or participate in the ownership, management, operation or control of, any entity or business, division, group, or other subset of any business that is engaged (or the Securityholder’s knowledge, planning to engage) in the Restricted Business, whether for Securityholder’s own account or for that of another Person, and whether as shareholder, principal, partner, member, joint venturer, agent, investor, creditor, proprietor, director, officer, employee or consultant or in any other capacity, except (i) as an employee or consultant to Buyer or (ii) as otherwise expressly consented to in writing by Buyer. Notwithstanding the foregoing, this Section 3(a) shall not restrict Securityholder from passively owning (directly or indirectly through a mutual fund or similar common investment vehicle) one percent (1.0%) or less of any Person that has any securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, treating for such purposes any securities owned by an Affiliate of Securityholder as owned by Securityholder.

(b) During the Restriction Period, Securityholder shall not, without the prior written consent of Buyer, directly or indirectly (including through any Affiliate of Securityholder or any other Person) encourage, induce, attempt to induce, solicit or attempt to solicit any Restricted Employee to leave his or her employment, consulting or independent contractor relationship with Buyer or any of Buyer's Affiliates; provided that the foregoing shall not apply to any general solicitations not directly targeted at a Restricted Employee.

(c) Except with respect to the Excluded Businesses, during the Restriction Period, Securityholder shall not, directly or indirectly (including through any Affiliate of Securityholder or any other Person): (i) solicit any existing (as of the Closing Date) customer, vendor, supplier, licensor, lessor, joint venturer, associate, consultant, agent or partner of the Company, its Subsidiaries, or any of their Affiliates, for the purpose of influencing such Person to provide business or services to Securityholder (or through Securityholder to any other Person) in connection with the Restricted Business or to cease doing business in whole or in part with the Company, its Subsidiaries, or any of their Affiliates or whatever corporate entity or entities through which the Restricted Business is carried on by Buyer after the Closing Date; or (ii) knowingly interfere with, disrupt, or attempt to disrupt the business relationships (contractual or otherwise) existing (now or at any time in the future) between the Company, its Subsidiaries, or any of their Affiliates or whatever corporate entity through which the Restricted Business is carried on by Buyer after the Closing Date and any third party (including the Company's customers, vendors, suppliers, licensors, lessors, joint venturers, associates, consultants, agents and partners).

4. Confidential Information.

(a) Securityholder acknowledges that Securityholder has occupied a position of trust and confidence with the Company and with respect to the transactions contemplated by the Merger Agreement prior to the date hereof, and has become familiar with Confidential Information of the Company.

(b) Securityholder acknowledges that, from and after the Closing Date, all Confidential Information known or obtained by Securityholder will constitute property of Buyer. Therefore, Securityholder shall not at any time (i) disclose any Confidential Information to any unauthorized person or entity; or (ii) use any Confidential Information for Securityholder's own account or for the benefit of any third party, whether Securityholder has such information in Securityholder's memory or embodied in writing or other physical form, without the prior written consent of Buyer (which may be granted or withheld for any reason or no reason). Securityholder shall deliver to Buyer at any time after Closing upon Buyer's request, any and all copies of Confidential Information (regardless of medium) in Securityholder's possession or control.

5. Understanding of Covenants.

(a) The recitals to this Agreement are incorporated herein by this reference. Securityholder acknowledges and agrees with such recitals, and further agrees that the value of the consideration paid by Buyer in connection with the Merger Agreement is substantial and that preservation of the confidential and proprietary information, goodwill, know-how, stable workforce, and customer relations of the Company and any of their Affiliates is a material part of the consideration which Buyer is receiving under the Merger Agreement.

(b) Securityholder further acknowledges and agrees that Securityholder (i) is familiar with and has carefully considered the covenants set forth above in this Agreement, (ii) is fully aware of Securityholder's obligations hereunder, (iii) has been actively involved in the management of the Company's business, is an equityholder of the Company, is in possession of the Confidential Information, and in continuing to provide services to Buyer following the Closing Date will continue to have access to Confidential Information (as well as other trade secrets and confidential information of Buyer), (iv) understands that one of the material inducements for Buyer to enter into the Merger Agreement is Securityholder's agreement to enter into an agreement containing the covenants set forth in this Agreement, (v) the goodwill and know-how associated with the Company prior to the transaction contemplated by the Merger Agreement is an integral, substantial and material component of the value of the Company to Buyer and is reflected in the value of the cash or Buyer equity being paid/issued in connection with the Merger for Securityholder's equity in the Company, (vi) Securityholder's agreement to the terms set forth in this Agreement is necessary to preserve the value of the Company for Buyer following the transactions contemplated by the Purchase Agreement, (v) agrees to the reasonableness of the character, duration, geographic area and subject matter scope of the covenants set forth in this Agreement and that such covenants shall continue through the Restriction Period regardless of whether Securityholder receives any compensation from Buyer for employment or services during the Restriction Period, (vi) agrees that the Company currently conducts and/or currently has substantial and material plans to conduct the Restricted Business throughout the United States, (vii) agrees that the covenants set forth above in this Agreement are necessary to protect the Company's Confidential Information, goodwill, know-how, stable workforce, and customer relations, and (viii) that such covenants are separately bargained-for consideration and are material inducements to Buyer to enter into the Merger Agreement.

(c) Securityholder agrees that the covenants set forth above in this Agreement do not confer a benefit upon the Company disproportionate to the detriment of Securityholder. Securityholder represents that the execution of this Agreement, and the performance of Securityholder's obligations under this Agreement, do not and will not conflict with, or result in a violation or breach of, any other Contract of which Securityholder is a party or any Order to which Securityholder is subject. Securityholder represents that Securityholder is competent and has all necessary authority to execute this Agreement, and that Securityholder has entered into this Agreement freely and voluntarily and not under duress.

6. Consideration. As consideration for Securityholder's covenants set forth in Sections 3 and 4 of this Agreement, Buyer has entered into the Merger Agreement, following which Securityholder will receive certain benefits in connection with the Merger in Securityholder's capacity as an equityholder of the Company.

7. Injunctive Relief. Each Party agrees that any breach by the other of this Agreement (given, among other factors, the unique skills, position and exposure to Confidential Information at issue with respect to this Agreement) may cause immediate and irreparable harm to the non-breaching Party, that such harm may be difficult or impossible to measure, and that damages for the non-

breaching Party may therefore be an inadequate remedy for any such breach. Therefore, each Party agrees that in the event of a breach or threatened breach of this Agreement, the Company, Buyer or Securityholder (whichever is seeking to enforce this Agreement) may seek an injunction restraining the Party in breach (or threatened to be in breach, as the case may be) from the conduct which would constitute a breach of this Agreement, specific performance and/or other appropriate relief in order to enforce and prevent any violations of this Agreement. Each Party further hereby waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any Law to provide the inadequacy of money damages or to post security as a prerequisite to obtaining equitable relief. Furthermore, the Restriction Period shall be extended by the same time that the Securityholder is in breach of Section 3 of this Agreement.

8. Non-Exclusivity. The rights and remedies of Buyer hereunder are not exclusive of or limited by any other rights or remedies that Buyer may have, whether at law, in equity, by contract or otherwise. Without limiting the generality of the foregoing, the rights and remedies of Buyer hereunder, and the obligations and liabilities of Securityholder hereunder, are in addition to their respective rights, remedies, obligations and liabilities under the law of unfair competition, misappropriation of trade secrets and the like. This Agreement does not limit Securityholder's obligations or Buyer's rights (or any present or future Affiliate of Buyer) under the terms of any employment, proprietary information, confidentiality, invention assignment or other agreement between Securityholder and Buyer.

9. Notices. All notices, requests, claims, demands and other communications under this Agreement will be in writing and will be deemed given (a) on the date of delivery, if delivered in person, by facsimile (upon confirmation of receipt) or by e-mail prior to 5:00 p.m. in the time zone of the receiving party or on the next Business Day, if delivered after 5:00 p.m. in the time zone of the receiving party, (b) on the first Business Day following the date of dispatch, if delivered by a recognized overnight courier service (upon proof of delivery), or (c) upon receipt if delivered personally or by certified mail, postage prepaid, return receipt requested, addressed as follows:

(a) if to Securityholder, to:

[ADDRESS]

Attention:

E-mail: [_____]

(b) if to Buyer, to:

Columbia Care LLC

680 5th Ave, 24th Floor

New York, New York 10019

Attention: Joshua Snyder

with a copy to:

Foley Hoag LLP

155 Seaport Boulevard

Boston, Massachusetts 02210

Attention: Erica Rice
Telephone: [***]
Email: [***]

10. Rules of Construction. The use in this Agreement of the term “including” means “including, without limitation.” The use in this Agreement of the term “or” means “and/or” unless the context clearly indicates otherwise. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole, as the same may from time to time be amended, modified, supplemented or restated, and not to any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement. All references to Sections mean the Sections of this Agreement, except where otherwise stated. The title of and the section and paragraph headings in this Agreement are for convenience of reference only and shall not govern or affect the interpretation of any of the terms or provisions of this Agreement. The use herein of the masculine, feminine or neuter forms shall also denote the other forms, as in each case the context may require or permit. The singular or plural includes the other, as the context requires or permits. Where this Agreement uses specific language to clarify by example a general statement contained herein, such specific language shall not modify, limit or restrict in any manner the construction of the general statement to which it relates. This Agreement uses language that has been chosen carefully by the Parties to express their mutual intent, and no rule of construction shall be applied against either Party.

11. Governing Law; Disputes; Consent to Jurisdiction.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Delaware without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(b) Consent to Jurisdiction. Each of the Parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any Delaware state court, or, if no such state court has proper jurisdiction, the Federal court of the United States of America, sitting in Delaware, and any appellate court from any thereof, in any Proceedings arising out of or relating to this Agreement and any transactions contemplated hereby or for recognition or enforcement of any judgment relating thereto, and each of the Parties hereby irrevocably and unconditionally (i) agrees not to commence any such Proceeding except in such courts, (ii) agrees that any claim in respect of any such Proceeding may be heard and determined in such Delaware state court or, if no such state court has proper jurisdiction, the such Federal court, (iii) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any Proceeding in the state or Federal courts located in any such Delaware state or Federal court, and (iv) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such Proceeding in the state or Federal courts located in any such Delaware state or Federal court. Each of the Parties hereto agrees that a final judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions in the United States and throughout the world by suit on the judgment or in any other manner provided by Law. Each Party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10. Nothing in this Agreement will affect the right of any Party to this Agreement to serve process in any other manner permitted by Law.

12. Cooperation. Each Party shall cooperate with the other Party and shall take such further action and shall execute and deliver such further documents as may be necessary or desirable in order to carry out the provisions and purposes of this Agreement.

13. Amendments, Modifications and Waivers. No amendment, modification or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by authorized officer of Buyer and Securityholder. No waiver by Buyer of any default, misrepresentation or breach hereunder by Securityholder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach hereunder by Securityholder or affect in any way any rights of Buyer arising by virtue of any prior or subsequent such occurrence.

14. Independent Counsel. Each Party acknowledges that it has been represented by independent counsel of its choice, or has had the opportunity to be represented by independent counsel of its choice, and that to the extent, if any, that it desired, has availed itself of this right and opportunity throughout all negotiations that have preceded the execution of this Agreement, and that it has executed the same with the consent and upon the advice of such independent counsel. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting Party has no application and is expressly waived.

15. Integration. This Agreement is based on the premises and mutual promises contained herein and also upon the Merger Agreement. This Agreement, and the Merger Agreement upon which this Agreement is based, are the entire agreement of the parties pertaining to the subject matter of this Agreement, and all prior or contemporaneous negotiations, agreements, understandings, or representations, whether written or oral, that pertain to the subject matter of this Agreement, are expressly superseded hereby and are of no further force and effect. Each of the parties acknowledges that it has not relied on any promise, representation or warranty, expressed or implied, not contained in this Agreement or the Merger Agreement.

16. Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors, assigns, heirs and/or personal representatives, provided that neither this Agreement nor any interest herein shall be assigned or otherwise transferred, by operation of law or otherwise, by Securityholder without the prior written consent of Buyer. Nothing in this Agreement shall confer, whether expressly or by implication, any rights or remedies under or by reason of this Agreement on any person or entity other than the Parties, Affiliates of Buyer and the respective permitted successors and assigns of any of the foregoing.

17. Separate Covenants. This Agreement shall be deemed to consist of a series of separate covenants, one for each line of business included within the Restricted Business and each county, state, country or other region included within the Restricted Territory. The Parties expressly agree that the character, duration, geographic area and subject matter scope of this Agreement are reasonable in light of the circumstances as they exist on the date upon which this Agreement has

been executed, including but not limited to Buyer's need to protect the value of the Company's assets, relationships, goodwill, know-how, and business it is acquiring. However, should a determination nonetheless be made by a court of competent jurisdiction at a later date that the character, duration, geographical area or subject matter scope of this Agreement exceeds that permitted by applicable Law in a particular jurisdiction, then the Parties agree that such provision(s) will be reformed to the maximum character, duration, geographical area and subject matter scope, as the case may be, permitted by applicable Law in such jurisdiction, without affecting the enforceability of any provisions of this Agreement in other jurisdictions. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because, taken together, they are more extensive (after giving effect to any reformation contemplated by the preceding sentence) than necessary or appropriate to assure Buyer of the intended benefit of this Agreement, it is expressly understood and agreed among the Parties hereto that those of such covenants that, if eliminated, would permit the remaining separate covenants to be enforced in such proceeding shall, for the purpose of such proceeding, be deemed eliminated from the provisions hereof in that jurisdiction.

18. **Severability.** The Parties desire and intend that the provisions of this Agreement be enforced to the fullest extent permissible under the Law and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, in the event that any court of competent authority holds any provision of this Agreement to be invalid, prohibited or unenforceable for any reason in any jurisdiction, then as to such jurisdiction, the offending provision shall be deemed severed from this Agreement and shall be ineffective within that jurisdiction, without invalidating the remaining provisions of this Agreement within that jurisdiction or affecting the validity or enforceability of any provisions of this Agreement in any other jurisdiction. Notwithstanding the foregoing, if an offending provision as described above could be more narrowly drawn or otherwise "blue-penciled," modified or reformed so as not to be invalid, prohibited or unenforceable in the jurisdiction where it was held to be offending, then it shall, as to such jurisdiction, be deemed more narrowly drawn, blue-penciled, modified or reformed, by the minimum necessary to render it valid and enforceable in that jurisdiction, (i) with the nature and extent of such redrawing, blue-penciling, modification or reformation to be determined by a court of competent authority in accordance with applicable procedural and substantive law, and (ii) without invalidating the remaining provisions of this Agreement within that jurisdiction or affecting the validity or enforceability of any provisions of this Agreement in any other jurisdiction.

19. **Obligations.** Securityholder's obligations under this Agreement shall remain in effect without regard to Securityholder's employment or severance of employment with the Company, Company's Affiliates, Buyer or Buyer's Affiliates.

20. **Counterparts; Signatures.** The Parties may execute this Agreement in counterparts, each of which shall be deemed to be an original instrument, but both of which together shall constitute but one agreement. The delivery of a signature to this Agreement by facsimile or electronic mail shall be sufficient for all purposes between the Parties.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Buyer has caused this Agreement to be executed by its duly authorized representatives, and Securityholder has executed this Agreement, in each case, as of the date first written above.

SECURITYHOLDER

[]

[Signature Page – Non-Competition Agreement]

BUYER

Columbia Care LLC,
a Delaware limited liability company

By: _____
Name:
Title:

[Signature Page – Non-Competition Agreement]

Exhibit B

Escrow Agreement

**PROJECT MAIASAURA
ESCROW AGREEMENT**

THIS ESCROW AGREEMENT (this "Escrow Agreement") is entered into and effective as of _____, 2021, by and among Century Bank and Trust Company (the "Escrow Agent"), Columbia Care, LLC ("Buyer") and Futurevision Representative, LLC ("Securityholder Representative"), solely in its capacity as the representative of the Stockholders (defined below).

WHEREAS,

Buyer and Securityholder Representative have entered into that certain Agreement and Plan of Merger, dated June [____], 2021, by and among Columbia Care Inc., a company continued under the laws of the Province of British Columbia, the Buyer, Maia Acquisition IA Inc., a Delaware corporation and wholly owned subsidiary of the Buyer ("Merger Sub I"), Maia Acquisition II Inc., a Delaware corporation and wholly-owned subsidiary of the Buyer ("Merger Sub II"), FutureVision Holdings, Inc., a Delaware corporation (the "Company"), the stockholders set forth on Section 1 thereto (the "Stockholders") and Securityholder Representative (the "Merger Agreement"), pursuant to which Merger Sub I will be merged with and into the Company, such that the Company will be the surviving entity, and as part of the same overall transaction, the surviving entity of the first merger will be merged with and into Merger Sub II, such that Merger Sub II will be the surviving entity of the second merger;

Buyer and the Securityholder Representative desire for the Escrow Agent to act as escrow agent of the Escrow Funds (defined below), and Escrow Agent is willing to act in such capacity subject to the terms and conditions hereof; and

Schedule I to this Escrow Agreement sets forth the wire transfer instructions for the Buyer, the Escrow Account, and the Stockholders.

NOW, THEREFORE, in consideration of the premises herein, the parties hereto agree as follows:

I. Terms and Conditions

1.1. Buyer and Securityholder Representative hereby appoint the Escrow Agent as their escrow agent, and the Escrow Agent hereby accepts its duties as provided herein.

1.2 Buyer shall remit funds (the "Escrow Funds") to an account (the "Escrow Account"), using the wire instructions set forth on Schedule I, to be held, disbursed and invested as provided in this Escrow Agreement. Unless otherwise instructed in writing by Buyer and Securityholder Representative, the Escrow Agent shall invest and reinvest the Escrow Funds in a "noninterest-bearing deposit account" insured by the Federal Deposit Insurance Corporation ("FDIC") to the applicable limits. The Escrow Fund shall at all times remain available for distribution in accordance with Section 1.3 below.

1.3. Within two Business Days of receipt of written instructions ("Joint Instructions"), signed by an authorized representative of each of Buyer and Securityholder Representative (a list of whom are provided in Exhibit A-1 and Exhibit A-2), the Escrow Agent shall disburse funds held in the Escrow Account as provided in such Joint Instructions and this Section 1.3, but only to the extent that funds are collected and available. The Joint Instructions shall include the amount to be disbursed and shall identify the entity or persons to whom the disbursement shall be made, and the amount to be disbursed to each recipient, which shall be either Buyer or the Stockholders, using the wire instructions on Schedule I. For purposes of this Escrow Agreement, "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth in Section 4.4 is closed. Such Joint Instructions shall be given only once.

1.4 In the event that Buyer or Securityholder Representative provide a formal written notice to the other regarding a claim against funds in the Escrow Funds, the party delivering such written notice shall simultaneously deliver a copy of such written notice to Escrow Agent; *provided, however*, that Escrow Agent shall have no duty to act upon any such written notice, which shall be considered informational only with respect to Escrow Agent.

II. Provisions as to the Escrow Agent

2.1. This Escrow Agreement expressly and exclusively sets forth the duties of the Escrow Agent with respect to any and all matters pertinent hereto and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent. In performing its duties under this Escrow Agreement, or upon the claimed failure to perform its duties, the Escrow Agent shall have no liability except for the Escrow Agent's willful misconduct or gross negligence. In no event shall the Escrow Agent shall not be liable for incidental, indirect, special, consequential or punitive damages of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent shall have no liability with respect to the transfer or distribution of any funds effected by the Escrow Agent pursuant to wiring or transfer instructions provided to the Escrow Agent in accordance with the provisions of this Escrow Agreement. Any wire transfers of funds made by the Escrow Agent pursuant to this Escrow Agreement will be made subject to and in accordance with the Escrow Agent's usual and ordinary wire transfer procedures in effect from time to time, including without limitation call-back procedures. Buyer and Securityholder Representative understand that the Escrow Agent's inability to receive or confirm funds transfer instructions pursuant to such security procedure may result in a delay in accomplishing such funds transfer and agree that the Escrow Agent shall not be liable for any loss caused by any such delay. No provision of this Escrow Agreement shall require the Escrow Agent to risk or advance its own funds or otherwise incur any financial liability or potential financial liability in the performance of its duties or the exercise of its rights under this Escrow Agreement. The Escrow Agent shall not be obligated to take any legal action or to commence any proceedings in connection with this Escrow Agreement or any property held hereunder or to appear in, prosecute or defend in any such legal action or proceedings.

2.2. This Escrow Agreement constitutes the entire agreement between the Escrow Agent and Buyer and Securityholder Representative in connection with the subject matter of this Escrow Agreement, and no other agreement entered into between Buyer and Securityholder Representative, or either of them, including, without limitation, the Merger Agreement, shall be considered as adopted or binding, in whole or in part, upon the Escrow Agent notwithstanding that any such other agreement may be deposited with the Escrow Agent or the Escrow Agent may have knowledge thereof.

2.3. The Escrow Agent shall be protected in acting upon any written instruction, notice, request or instrument which the Escrow Agent in good faith believes to be genuine and what it purports, to be, including, but not limited to, items directing investment or non-investment of funds, items requesting or authorizing release, disbursement or retainage of the subject matter of this Escrow Agreement and items amending the terms of this Escrow Agreement; provided, however, that no amendment to this Escrow Agreement shall be valid without Escrow Agent's written consent.

2.4. The Escrow Agent may consult with legal counsel of Escrow Agent's choice, in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the advice of such counsel.

2.5. In the event of any disagreement between Buyer and Securityholder Representative, or between either of them and any other party, resulting in adverse claims or demands being made in connection with the matters covered by this Escrow Agreement, or in the event that the Escrow Agent, in good faith, be in doubt as to what action it should take hereunder, the Escrow Agent may refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any party for its failure or refusal to act, and the Escrow Agent shall continue to refrain from acting until (i) the rights of Buyer and Securityholder Representative and all other interested parties shall have been fully and finally adjudicated by a court of competent jurisdiction or (ii) all differences shall have been adjudged and all doubt resolved by agreement among Buyer and Securityholder Representative and all other interested parties, and the Escrow Agent shall have been notified thereof in a writing signed by Buyer and Securityholder

Representative. Notwithstanding the preceding, the Escrow Agent may in its discretion obey the order, judgment, decree or levy of any court, whether with or without jurisdiction, or of an agency of the United States or any political subdivision thereof, or of any agency of any State of the United States or of any political subdivision thereof, and the Escrow Agent is hereby authorized to comply with and obey any such orders, judgments, decrees or levies and it shall not be liable to either Buyer and Securityholder Representative hereto or to any other person, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated. The rights of the Escrow Agent in this paragraph are cumulative of all other rights which it may have by law or otherwise.

2.6. Buyer and Securityholder Representative, jointly and severally, agree to indemnify, defend and hold harmless the Escrow Agent and each of the Escrow Agent's officers, directors, agents and employees (the "Indemnified Parties") from and against any and all losses, liabilities, claims made by any Party or any other person or entity, damages, expenses and costs (including, without limitation, reasonable attorneys' fees and expenses) of every nature whatsoever (collectively, "Losses") which any such Indemnified Party may incur and which arise directly or indirectly from this Escrow Agreement or which arise directly or indirectly by virtue of the Escrow Agent's undertaking to serve as the Escrow Agent hereunder; *provided, however*, that no Indemnified Party shall be entitled to indemnity with respect to Losses that have been finally adjudicated by a court of competent jurisdiction to have been directly caused by such Indemnified Party's gross negligence or willful misconduct. The provisions of this section shall survive the termination of this Escrow Agreement and any resignation or removal of the Escrow Agent.

2.7. Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all the escrow business of the Escrow Agent may be transferred, shall be the Escrow Agent under this Escrow Agreement without further act.

2.8. The Escrow Agent may resign at any time from its obligations under this Escrow Agreement by providing written notice to Buyer and Securityholder Representative. The Escrow Agent may be removed and replaced following the giving of thirty (30) days prior written notice to the Escrow Agent by the mutual agreement of Buyer and Securityholder Representative. In either event, such resignation or removal shall be effective on the date set forth in such written notice, which shall be no earlier than thirty (30) days after such written notice has been furnished. Buyer and Securityholder Representative shall promptly appoint a successor escrow agent. On the effective date of the resignation or removal of the Escrow Agent pursuant to this Section 2.8, the Escrow Agent shall deliver the Escrow Funds (including any interested earned thereon) to any successor escrow agent agreeable to Buyer and Securityholder Representative. In the event no successor escrow agent has been appointed on or prior to the date such resignation or removal is to become effective, the Escrow Agent shall be entitled to tender into the custody of any court of competent jurisdiction all Escrow Funds and the Escrow Agent shall thereupon be relieved of all further duties and obligations under this Escrow Agreement. The Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder.

III. Compensation of the Escrow Agent

3.1. Buyer and Securityholder Representative shall pay the fees for the services provided by the Escrow Agent hereunder in accordance with invoices, consistent with the fees agreed to by Buyer, Securityholder Representative and the Escrow Agent.

IV. Miscellaneous

4.1. During the term of this Escrow Agreement, the Escrow Fund shall be deposited as indicated in Section 1.2 above. Any interest will accrue on Escrow Fund deposits beginning the day immediately following the day Escrow Fund deposits are received, based on the daily average balances of Escrow Funds so held in the Escrow Account. Any interest will be credited monthly and become part of the Escrow Fund. Deposits into the Escrow Account are insured, subject to the applicable rules and regulations of the FDIC, in the standard FDIC insurance amount of \$250,000, including principal and accrued interest, and are not secured. Escrow Agent or its affiliates may receive compensation from third parties based on balances deposited in the Escrow Account.

4.2 Buyer and Securityholder Representative agree that, subject to the terms and conditions of this Escrow Agreement, the owner of the Escrow Funds is the Buyer and all interest and income from the investment of the funds shall be reported as having been earned by Buyer as of the end of the calendar year in which it was earned, whether or not such income was disbursed during such calendar year, to the extent required by the United States Internal Revenue Service (“IRS”). On or before the execution and delivery of this Escrow Agreement, each of Buyer and Securityholder Representative shall provide to the Escrow Agent a correct, duly completed, dated and executed current IRS Form W-9 or Form W-8, whichever is appropriate, or any successor forms thereto, in a form and substance satisfactory to the Escrow Agent including appropriate supporting documentation and/or any other form, document, and/or certificate required or reasonably requested by the Escrow Agent to validate the form provided. Notwithstanding anything to the contrary herein provided, except for the delivery and filing of tax information reporting forms required pursuant to the Internal Revenue Code of 1986, as amended, to be delivered and filed with the IRS by the Escrow Agent, as escrow agent hereunder, the Escrow Agent shall have no duty to prepare or file any Federal or state tax report or return with respect to any funds held pursuant to this Escrow Agreement or any income earned thereon. Buyer and Securityholder Representative hereby agree, jointly and severally, to indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the funds deposited under this Escrow Agreement or any earnings or interest thereon unless such tax, late payment, interest, penalty or other cost or expense was finally adjudicated by a court of competent jurisdiction to have been directly caused by the gross negligence or willful misconduct of the Escrow Agent. The indemnification provided in this section is in addition to the indemnification provided to the Escrow Agent elsewhere in this Escrow Agreement and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

4.3 The Escrow Agent shall provide monthly reports of transactions and balances to Buyer and Securityholder Representative as of the end of each month, until the disbursement of all Escrow Funds. This Escrow Agreement shall terminate upon the final disbursement of all Escrow Funds.

4.4. Any notice, request for consent, report, or any other communication required or permitted in this Escrow Agreement shall be in writing and shall be deemed to have been given when delivered during normal business hours on a Business Day (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) by electronic mail to the email address given below, and written confirmation of receipt is obtained promptly after completion of the transmission, (iv) by overnight delivery with a reputable national overnight delivery service, or (v) by United States mail, postage prepaid, or by certified mail, return receipt requested and postage prepaid, in each case to the appropriate address set forth below or at such other address as any party hereto may have furnished to the other parties hereto in writing:

If to the Escrow Agent:

Century Bank and Trust Company
400 Mystic Avenue
Medford, MA 02155
Attention: Paul Evangelista
Phone: [***]
Facsimile: [***]
Email: [***]

with a copy (which shall not constitute notice, nor shall the failure to send make notice defective) to:

Craighead Law LLC
17 Briarwood Road
Framingham, MA 01701
Attention: Susan S. Craighead
Phone: [***]
Email: [***]

If to Buyer:

Columbia Care LLC
680 5th Ave, 24th Floor
New York, New York 10019
Attention: Joshua Snyder
Phone: [***]
Email: [***]

with a copy (which shall not constitute notice, nor shall the failure to send make notice defective) to:

Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts 02210
Attention: Erica Rice
Telephone: [***]
Facsimile: [***]
Email: [***]

If to Securityholder Representative:

Futurevision Representative, LLC
4750 Nome Street
Denver, Colorado 80239
Attention: Sally Vander Veer
Telephone: [***]
Email: [***]

with a copy (which shall not constitute notice, nor shall the failure to send make notice defective) to:

Husch Blackwell LLP
Attn: Steve Levine
1801 Wewatta Street, Suite 1000
Denver, Colorado 80202
[***]
[***]

Any notice delivered outside of normal business hours on a Business Day shall be deemed delivered two hours after the start of the next Business Day. Any party may unilaterally designate a different address by giving notice of each change in the manner specified above to each other party.

4.5. This Escrow Agreement is intended to be construed according to the laws of the Commonwealth of Massachusetts, without reference to choice of law provisions. Except as permitted in [Section 2.Z](#), neither this Escrow Agreement nor any rights or obligations hereunder may be assigned by any party hereto without the express written consent of each of the other parties hereto. This Escrow Agreement shall inure to and be binding upon the parties hereto and their respective successors, heirs and permitted assigns.

4.6. The terms of this Escrow Agreement may be altered, amended, modified or revoked only by an instrument in writing signed by all the parties hereto.

4.7. If any provision of this Escrow Agreement shall be held or deemed to be or shall in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

4.8. This Escrow Agreement is for the sole benefit of Buyer, Securityholder Representative, and the Escrow Agent, and their respective successors and permitted assigns, and, with respect to Section 2.6 only, the Indemnified Parties, 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 Escrow Agreement. The Escrow Agent shall have the right to perform any of its duties hereunder through its affiliates, agents, attorneys, custodians or nominees.

4.9. No party to this Escrow Agreement shall be liable to any other party hereto for losses due to, or if it is unable to perform its obligations under the terms of this Escrow Agreement because of, acts of God, fire, war, terrorism, floods, strikes, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control.

4.10 Following the public announcement of the transactions contemplated in the Merger Agreement, either Buyer or Securityholder Representative, or all, shall notify Escrow Agent whereupon, Escrow Agent may reference the parties as clients and disclose that it is serving as the escrow agent in connection herewith.

4.11. All titles and headings in this Escrow Agreement are intended solely for convenience of reference and shall in no way limit or otherwise affect the interpretation of any of the provisions hereof.

4.12. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Electronic signatures shall be deemed to be originals.

4.13. Contemporaneously with the execution and delivery of this Escrow Agreement and, if necessary, from time to time thereafter, each of the parties to this Escrow Agreement (other than the Escrow Agent) shall execute and deliver to the Escrow Agent a Certificate of Incumbency substantially in the form of Exhibit A-1 and A-2 hereto (a "Certificate of Incumbency") for the purpose of establishing the identity and authority of persons entitled to issue notices, instructions or directions to the Escrow Agent on behalf of each such party. Until such time as the Escrow Agent shall receive notice with an amended Certificate of Incumbency replacing any Certificate of Incumbency theretofore delivered to the Escrow Agent, the Escrow Agent shall be fully protected in relying, without further inquiry, on the most recent Certificate of Incumbency furnished to the Escrow Agent. Whenever this Escrow Agreement provides for joint written notices, joint written instructions or other joint actions to be delivered to the Escrow Agent, the Escrow Agent shall be fully protected in relying, without further inquiry, on any joint written notice, instructions or action executed by persons named in such Certificate of Incumbency.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. When a party opens an account, the Escrow Agent will ask for each party's name, address, date of birth, or other appropriate information that will allow the Escrow Agent to identify such party. The Escrow Agent may also ask to see each party's driver's license or other identifying documents.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed as of the date first above written.

CENTURY BANK AND TRUST COMPANY, as the
Escrow Agent

By: _____
Paul Evangelista, Executive Vice President

COLUMBIA CARE LLC

By: _____
Name: Nicholas Vita
Title: CEO

FUTUREVISION REPRESENTATIVE, LLC, solely in its
capacity as Securityholder Representative:

By: _____
Name: Sally Vander Veer
Title: Manager

EXHIBIT A-1

**Certificate of Incumbency
(List of Authorized Representatives)**

[***]

EXHIBIT A-2

**Certificate of Incumbency
(List of Authorized Representatives)**

[***]

SCHEDULE I

WIRE TRANSFER INSTRUCTIONS

[***]

Exhibit C
Lock-Up Agreement

LOCK-UP AGREEMENT

_____, 202__

Columbia Care Inc. (the “**Issuer**”)

Dear Sirs/Mesdames:

Re: Lock-Up Agreement

Reference is made to that certain Agreement and Plan of Merger (the “**Merger Agreement**”) dated as of June ___, 2021 (the “**Merger Agreement Effective Date**”), by and among Columbia Care LLC (“**Buyer**”), Columbia Care Inc. (“**Parent**”), Maia Acquisition IA Inc., a Delaware corporation, Maia Acquisition II Inc., a Delaware corporation, Futurevision Holdings, Inc. (the “**Company**”), the stockholders of the Company and Futurevision Representative, LLC, solely in its capacity as the representative of the Stockholders (the “**Stockholder Representative**”). *Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Merger Agreement.*

1. Lock-Up.

To induce Buyer and Parent to enter into the Merger Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agrees that commencing on the date hereof the undersigned will not, without the prior written consent of the Issuer:

- (a) directly or indirectly sell, transfer, assign, pledge, make any short sale, grant any option for the sale of, or otherwise dispose of the Parent Common Shares (the “**Subject Securities**”);
- (b) enter into any swap, forward or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of the Subject Securities (regardless of whether any such arrangement is to be settled by the delivery of securities of the Issuer, securities of another person, cash or otherwise);
- (c) agree to do any of the foregoing or publicly announce any intention to do any of the foregoing; or
- (d) act jointly or in concert with any third party with respect to any of the foregoing,

prior to the lock-up release dates set forth below (each a “**Lock-Up Period**” in respect of Subject Securities then held).

The Lock-Up Period will commence on the Closing Date and will continue with respect to the Subject Securities as follows:

<u>Percentage of Subject Securities</u>	<u>Expiration of Lock-Up Period</u>
25	120 days following the Closing Date
25	210 days following the Closing Date
25	300 days following the Closing Date
25	390 days following the Closing Date

Notwithstanding the restrictions on the Subject Securities described above, nothing in this letter agreement shall prohibit or otherwise restrict or require the consent of any person in respect of:

- (a) transactions relating to securities of the Issuer acquired in open market transactions following the Closing Date;
- (b) the transfer of any or all of the Subject Securities to a registered investment plan or similar plan of the transferor, such as a registered retirement savings plan;
- (c) the transfer of any or all of the Subject Securities (A) to a personal holding company or a holding company or similar entity controlled by the undersigned for family or estate planning purposes, (B) to a fund, limited partnership, limited liability company or legal entity that is managed or controlled by or under common management with the undersigned, or whose manager or general partner, as applicable, is the same as or is an affiliate of the manager or general partner of the undersigned, as the case may be, (C) as a bona fide gift or gifts, (D) by will or intestate succession, or (E) to any trust, partnership or limited liability company for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, provided that any such transfer shall not involve a disposition for value. For purposes of this letter agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin;
- (d) the transfer (or agreement to vote or tender shares pursuant to a voting, support or letter agreement) of all or any of the Subject Securities pursuant to a take-over bid (as defined in the *Securities Act* (Ontario)), merger, amalgamation, plan of arrangement or other similar business combination transaction available to all holders of shares of the Issuer, involving a change of control of the Issuer, provided that if such take-over bid, merger, amalgamation, plan of arrangement or other similar business combination transaction is not completed, the Subject Securities owned by the undersigned shall remain subject to the restrictions contained in this letter agreement; and
- (e) the transfer of all or any of the Subject Securities to any nominee or custodian of the undersigned provided that such nominee or custodian is only the registered holder of such transferred Subject Securities;

provided, however, that it shall be a condition precedent to any transaction contemplated in clause (c) or (e) above that the transferee execute and deliver to the Issuer an agreement stating that the transferee is receiving the Subject Securities subject to the provisions of this letter agreement and that such transferee shall be subject to the provisions of this letter agreement as if it were the undersigned.

2. General

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this letter agreement. The undersigned hereby authorizes the Issuer during the Lock-Up Period to cause any transfer agent for the Subject Securities to decline to transfer, and to note stop transfer restrictions on the share register and other records relating to, Subject Securities for which the undersigned is the record or beneficial holder. All authority herein conferred or agreed to be conferred shall survive the death, disability, dissolution, winding-up, amalgamation or incapacity of the undersigned and the associates and affiliates thereof and any obligations of the undersigned shall be binding upon the heirs, representatives, successors and permitted assigns of the undersigned.

For the avoidance of doubt, during the Lock-Up Period, the undersigned shall retain all rights of ownership in the Subject Securities, including voting rights and the right to receive any dividends that may be declared in respect thereof and paid in cash or Subject Securities.

The undersigned hereby further represents and warrants that (a) the undersigned is the sole beneficial owner of, or the sole person who can exercise control or direction over, the Subject Securities, with good and marketable title thereto free and clear of any and all mortgages, liens, charges, security interests, adverse claims, pledges, encumbrances and demands or rights of others of any nature or kind whatsoever, and the undersigned has the sole right to sell all of the Subject Securities, (b) except for the Merger Agreement, no person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase, acquisition or transfer from the undersigned of any of the Subject Securities or any interest therein or right thereto, and (c) the only securities of the Issuer beneficially owned, or over which control and direction is exercised by the undersigned, directly or indirectly, on the date hereof, are the Subject Securities.

The undersigned agrees that the details of this letter agreement may be described in any material change report or similar required regulatory filing prepared by the Issuer (or by Buyer or any Buyer affiliate) or in connection with the execution and delivery of this letter agreement and the undersigned further agrees to this letter agreement being made publicly available (with the undersigned's name redacted), including by filing on SEDAR, if required, in accordance with applicable securities laws. Except as required by applicable law or applicable stock exchange requirements, neither the undersigned nor the Issuer, Buyer or any of their Affiliates will, and will ensure that the entities controlled by each of them do not, make any public announcement with respect to the transactions contemplated herein or pursuant to the Merger Agreement without the prior written approval of Issuer, in the case of the undersigned, and the undersigned, in the case of the Issuer or Buyer.

This letter agreement shall terminate on the earlier of (i) the close of trading on the last day of the Lock-Up Period (or, if the last day of the Lock-Up Period is not a trading day, at the start of trading on the trading day immediately following the end of the Lock-Up Period); or (ii) the termination of the Merger Agreement in accordance with its terms prior to the Closing.

This letter agreement shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction).

ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS LETTER AGREEMENT SHALL BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF NEW YORK IN EACH CASE LOCATED IN THE COUNTIES OF NEW YORK, NASSAU OR SUFFOLK, NEW YORK, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

[Remainder of Page Intentionally Left Blank]

STOCKHOLDER:

By: _____
Name: _____
Title:

Acknowledged and agreed this ___ day of _____, 202__

ISSUER:

COLUMBIA CARE INC.

By: _____
Name: _____
Title:

Exhibit D
Longmont Option

OPTION TO PURCHASE AGREEMENT

THIS OPTION TO PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of June 14, 2021 (the “**Effective Date**”) by and among each of the individuals set forth on the signature page hereto (each, a “**Seller**” and collectively, the “**Sellers**”), Medicine Man Longmont, LLC (the “**Company**,” and together with the Sellers, the “**Seller Parties**”), and Columbia Care LLC, a Delaware limited liability company (the “**Buyer**” and collectively with the Company and the Sellers, the “**Parties**” and each individually, a “**Party**”). All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Merger Agreement (as defined below).

WHEREAS, concurrently with the execution of this Agreement, the Parties have entered into that certain Agreement and Plan of Merger, dated as of even date herewith, by and among Columbia Care Inc. (“**Parent**”), Buyer, Maia Acquisition IA Inc., Maia Acquisition II Inc. (“**Merger Sub II**”), Futurevision Holdings, Inc. (“**Holdings**”), and the stockholders of Holdings (the “**Holdings Merger Agreement**”); and that certain Agreement and Plan of Merger, dated as of even date herewith; by and among Parent, Buyer, Maia Acquisition IB Inc., Merger Sub II, Futurevision 2020, LLC (“**Futurevision 2020**”), and the stockholders of Futurevision 2020 (the “**2020 Merger Agreement**”).

WHEREAS, the Company operates a recreational marijuana center in Longmont, Colorado (“**Longmont**”).

WHEREAS, Buyer desires to purchase the Company.

WHEREAS, the transfer of the Company to Buyer may not occur until at least January 1, 2022 (the “**Regulatory Transfer Date**”).

WHEREAS, contingent upon the conditions described herein, Seller hereby grants to Buyer an option, exercisable on or after the Regulatory Transfer Date, to purchase the Company, subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals and the mutual agreements that follow, the parties agree to the following terms and conditions:

1. **Grant of Option.** The Sellers and the Company hereby grant to the Buyer an exclusive, irrevocable option (the “**Option**”) to acquire the Company, for a purchase price of \$7,069,536 (the “**Purchase Price**”), which shall be payable, and subject to adjustment, in accordance with the terms and conditions of the merger agreement attached hereto as Exhibit A (the “**Merger Agreement**”).
2. **Condition.** On or prior to April 1, 2022, either (a) Buyer shall have entered into a definitive agreement (the “**Buyer Divestiture Agreement**”) to sell its recreational marijuana center located at 206 South Main St., Longmont, Colorado 80501 and the associated recreational marijuana center license (No.#402R-00718 / Local # 402R-00718) to a third-party (the “**Buyer Divestiture**”) or (b) Buyer shall otherwise be legally permitted to acquire the Company, whether due to a change in Longmont rules and regulations related to the ownership of cannabis licenses, an accommodation from Longmont cannabis regulators, or otherwise (clause (a) or (b), the “**Option Exercise Condition**”).

3. Exercise of Option. If the Option Exercise Condition has been satisfied, the Buyer may exercise the Option at any time between the Regulatory Transfer Date and on or prior to the Option Exercise Outside Date. As used herein, the “**Option Exercise Outside Date**” shall mean 10:00 am New York Time on April 31, 2022; provided, however, that the Option Exercise Outside Date shall automatically extend if and for so long as (i) the Buyer has entered into a Buyer Divestiture Agreement, (ii) the Buyer Divestiture has not closed solely because the parties to such sale have not received all regulatory approvals necessary to consummate such closing, (iii) Buyer is in compliance with **Section 7.7**, and (iv) the parties to the Buyer Divestiture have not received a final, non-appealable determination from any state or local cannabis regulator that such regulator will not approve the Buyer Divestiture.

4. Exercise of Put. If the Option Exercise Condition has been satisfied and Buyer has not exercised the Option on or prior to the Option Exercise Outside Date, then Seller shall have the right, beginning on the date following the Option Exercise Outside Date and lasting until three (3) months thereafter to require Buyer to exercise the Option (the “**Put**”) by providing Buyer written notice thereof. Promptly following the exercise of the Option or the Put, but in any case within fourteen (14) days thereafter (the “**Execution Date**”), the Parties shall enter into the Merger Agreement, together with any additions, modifications or deletions to which the Parties mutually agree.

5. Term; Make Whole Fee. In the event that (a) the Option Exercise Condition is not satisfied on or prior to April 1, 2022; (b) the closing of the acquisition of the Company by Buyer (the “**Closing**”) does not occur by the Closing Outside Date (except as described in subsection (z) hereunder); or (c) Buyer breaches its representations and warranties under **Section 8.2**, which breach materially adversely affects Buyer’s ability to consummate the transactions contemplated hereunder, including the Closing and satisfaction of the Option Exercise Condition, then, in each case, after notice from the Company to Buyer and five (5) business days’ opportunity to cure, the Sellers shall have the right to terminate this Agreement pursuant to **Section 9.4(b)** and Buyer shall pay to the Sellers an amount in cash equal to \$3,500,000 in the aggregate (the “**Make Whole Fee**”). As used herein, the “**Closing Outside Date**” shall mean the date that is four (4) months following the Execution Date; provided, however, that, with regard to **Section 5(b)** only, the Closing Outside Date shall automatically extend if and for so long as (i) the Closing shall not have occurred by such date solely because the Parties have not received all regulatory approvals necessary to consummate the Closing, (ii) the Buyer and the Company are continuing to work in good faith to obtain such regulatory approvals and (iii) the Parties have not received a final, non-appealable determination from any state or local cannabis regulator that such regulator will not approve the acquisition of the Company by the Buyer. Notwithstanding anything to the contrary herein, the Make Whole Fee shall not be payable by the Buyer to the Sellers and Buyer shall have the option to terminate this Agreement pursuant to **Section 9.4(c)(x)** in the event of any material breach by Seller of its representations and warranties under **Section 8.1** or in the Merger Agreement or its covenants under **Sections 7.1, 7.2 or 7.4** or in the Merger Agreement (in each case without regard for or giving effect to the terms “material”, “in all material respects”, “Material Adverse Effect” or similar qualifiers), after notice from Buyer and a reasonable

opportunity to cure; (y) in the event of a Material Adverse Effect; or (z) if the Closing does not occur by the Closing Outside Date primarily due to any action (or inaction) of any Seller Party which is in breach of this Agreement or the Merger Agreement. Any amounts payable to the Sellers pursuant to this **Section 5** shall accrue interest at the rate of six percent (6%) from the date the obligation to pay such amounts is incurred.

6. Services Agreement. Concurrently with the closings under the Holdings Merger Agreement and the 2020 Merger Agreement, the Buyer and the Company shall enter into a Services Agreement, substantially in the form attached hereto as **Exhibit B** (the “**Services Agreement**”).

7. Interim Period.

7.1 Compliance with Laws; Ordinary Course. From and after the date hereof until the Execution Date or the earlier termination of this Agreement (the “**Interim Period**”), the Company shall, and the Sellers shall cause the Company to:

- (a) conduct the Business of the Company in the Ordinary Course of Business;
- (b) pay all applicable Taxes as such Taxes become due and payable;
- (c) maintain all Permits in the Ordinary Course of Business, and

(d) use commercially reasonable efforts to maintain and preserve the Business, retain its officers, key employees and consultants, and maintain and preserve its relationships with customers, suppliers, service providers, regulatory authorities and others having business relationships with the Company in the Ordinary Course of Business.

7.2 Covenants. Without limiting the generality of the foregoing, during the Interim Period, unless otherwise approved in writing by the Buyer or as set forth in Section 7.2 of the written schedules provided to Buyer, dated as of the Effective Date (the “**Company Disclosure Schedules**”), the Company will not:

- (a) amend or change the organizational documents of the Company (including the Company Organizational Documents), as applicable;
- (b) change its method of management or operations in any material respect, except as contemplated by the Services Agreement or the Merger Agreement, or as required pursuant to applicable Law;
- (c) dispose of, acquire or license any material (indirectly or in the aggregate) assets or properties, or make any commitment to do so, other than in the Ordinary Course of Business;
- (d) (A) incur any obligation or liability other than in the Ordinary Course of Business or Intercompany Indebtedness, (B) incur any indebtedness for borrowed money, make any loans or advances, or assume, guarantee or endorse or otherwise become responsible for the obligation of any other Person, other than in the Ordinary Course of Business or Intercompany Indebtedness, or (C) subject any of its properties or assets to any Lien other than Permitted Liens;

(e) make any material change in the compensation paid or payable to any employee, manager, agent, representative or consultant, other than in the Ordinary Course of Business, or make any material change in the fringe benefits of any employee, other than in the Ordinary Course of Business;

(f) promote, change the job title of, or otherwise alter in any material respect the responsibilities or duties of, any Company management or employee, except in the Ordinary Course of Business;

(g) hire any employee or consultant whose annual compensation is in excess of \$100,000;

(h) enter into any licensing, distribution, sponsorship, advertising, merchant program or other similar contracts, agreements, or obligations;

(i) undertake any action or fail to take any action that does or could, individually or in the aggregate, reasonably be expected to result in the loss, lapse, expiration, or abandonment of any material Owned IP;

(j) enter into any Contract that, if entered into prior to the Execution Date, would be a material IP License or Material Contract or (ii) amend, modify, renew, terminate or waive any material right under any material IP License or Material Contract;

(k) except with respect to dividends and distributions, make or cause to be made any redemption, repurchase, recapitalization, reclassification, grant, issuance, repricing, split, combination or other transaction involving the equity of the Company, or any preemptive right, subscription right, option, warrant or right to acquire any such capital stock or equity securities;

(l) authorize for issuance, issue, sell, pledge, grant, encumber or deliver or agree or commit to issue, sell, pledge, grant, encumber or deliver any Shares;

(m) (i) enter into any new line of business, or incur or commit to incur any material capital expenditures or Liabilities in connection therewith or (ii) abandon or discontinue any material existing lines of business;

(n) (i) apply for any new Permits pursuant to State and Local Cannabis Laws, or (ii) abandon any pending applications for Permits applied for under State and Local Cannabis Laws;

(o) fail to take any actions necessary to maintain the existing Company Permits in good standing;

(p) change any method of Tax accounting, make or change any Tax election, file any amended Tax Return, settle or compromise any Tax liability, agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a Tax refund;

- (q) acquire any business or Person, whether by merger or consolidation, purchase of assets or equity securities or any other manner;
- (r) cancel or waive any rights in excess of \$100,000, or pay, discharge or settle any claim \$100,000;
- (s) make any new capital expenditure commitments in excess of \$25,000 individually or \$50,000 in the aggregate; or
- (t) commit to do any of the foregoing referred to in clauses (a) – (s).

7.3 Access. During the Interim Period, consistent with applicable Laws regarding the permissible exchange of information and subject to the terms of the Confidentiality Agreement, if reasonably requested by the Buyer and at Buyer's sole expense, the Company will permit the Buyer and its legal counsel and other representatives, during normal business hours, reasonable access to (a) the assets, properties, records, books of account, contracts and other documents of the Company, and (b) members of senior management of the Company and their professional advisors. During the Interim Period, consistent with applicable Laws regarding the permissible exchange of information and subject to the terms of the Confidentiality Agreement, the Company will furnish reasonably promptly to the Buyer such additional data and other information as to its affairs, assets, business, properties, prospects, finances, customers, products, services, ongoing disputes, litigation, technology, personnel and other information regarding the Company as the Buyer or its legal counsel and other representatives may from time to time reasonably request; provided, that such data and other information provided by the Company shall not modify or expand the representations made by the Company pursuant to **Section 8.1**.

7.4 Nonsolicitation.

(a) During the Interim Period, neither the Company nor any of its respective managers, members (including the Sellers), directors, officers, Affiliates, financial advisors or representatives (collectively, the "**Representatives**") shall, directly or indirectly, take any of the following actions with any Person other than the Buyer and its designees: (i) solicit, initiate, entertain or agree to any proposals or offers from any Person relating to (A) any merger, share exchange, business combination, reorganization, consolidation or similar transaction involving the Company, (B) the acquisition of beneficial ownership of any equity or ownership interest in the Company, whether by issuance by the Company or by purchase (through a tender offer, exchange offer, negotiated purchase or otherwise) from any Seller, the Company or otherwise, or (C) the license or transfer of all or a material portion of the assets of the Company taken as a whole (any of the transactions described in clauses (A) through (C), a "**Third-Party Acquisition**"), or (ii) participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or otherwise cooperate with, facilitate or knowingly encourage any effort or attempt by any Person to do or seek, a Third-Party Acquisition.

(b) During the Interim Period, if the Company or any of its Representatives receives an inquiry, proposal or offer relating to a Third-Party Acquisition from any Person, the Company shall (i) promptly notify Buyer of the same and the details thereof (including the identity of the Person making same) and the Company shall be permitted to provide a response without breaching this **Section 7.4**; provided that the response is limited to informing the initiator of such inquiry, proposal or offer that the Company is unable to respond further at this time, (ii) provide to the Buyer a copy of any written inquiry, proposal or offer and all correspondence related thereto (subject to any confidentiality obligations in existence as of the date of this Agreement), and (iii) keep the Buyer reasonably informed of the status thereof.

7.5 Confidentiality. During the Interim Period, the Buyer and the Company shall abide by the terms of the Confidentiality Agreement.

7.6 Public Disclosure. Except as contemplated by this Agreement or as otherwise required by Law, regulatory authority, stock exchange or court order, no disclosure (whether or not in response to an inquiry) of the existence or subject matter of this Agreement shall be made by any party hereto (including any third-party representatives of the Buyer, the Company, any of the Sellers or any of their respective Affiliates) (other than communications with any Seller and third parties necessary to obtain the consents and approvals required under this Agreement and applicable Law), whether before or after the Closing, unless approved by the Buyer prior to release. Notwithstanding the immediately preceding sentence, in the event that the Company (or any of its Affiliates) is required by Law, regulatory authority, stock exchange or court order to make any such disclosure, the Company shall notify the Buyer prior to making such disclosure and shall use its commercially reasonable efforts to give the Buyer an opportunity (as is reasonable under the circumstances) to comment on such disclosure.

7.7 Efforts. Buyer and the Company shall cooperate with each other and use their respective 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 this Agreement and applicable Laws to consummate and make effective the transactions contemplated by this Agreement as soon as practicable. This Agreement and the transactions contemplated hereby may be subject to review by one or more Governmental Entities. If any Governmental Entity determines this Agreement must be reformed, the Parties shall negotiate in good faith to so reform this Agreement in a commercially reasonable manner according to the Governmental Entity's requirements while effectuating the original intent of this Agreement as near as possible.

8. Representations and Warranties.

8.1 Seller Party Representations and Warranties. The Seller Parties represent and warrant to the Buyer that:

(a) As of the Effective Date and as of immediately prior to the Execution Date, Sellers own all of the Shares, free and clear of Liens, other Permitted Liens, and there are no outstanding options or other rights to purchase the Shares;

(b) The Company and each Seller possesses full legal right and all requisite power and authority, necessary to execute, deliver and perform this Agreement to consummate the transactions contemplated by this Agreement. This Agreement constitutes a valid and legally binding obligation of the Company and the Sellers, enforceable against the Company and the Sellers, in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in an Action at law or in equity).

(c) Except for the filing of the Certificates of Merger and the filings, applications, submissions, notices and approvals required under State and Local Cannabis Laws, no filing with or notice to, and no Permit, authorization, registration, consent or approval of, any Governmental Entity or other third party is required on the part of the Company or any Seller for the execution, delivery and performance by the Company and the Sellers of this Agreement.

(d) Except as set forth on Section 8.1(d) of the Disclosure Schedules, there are no Actions pending or threatened against or affecting the Company or the Sellers in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with the transactions contemplated by this Agreement.

(e) The Company is duly organized, validly existing and in good standing under the Laws of the State of Delaware. The Company possesses full power and authority necessary to own and operate its properties and assets and to carry on its businesses as presently conducted.

(f) The Company has made available to Buyer true, complete and correct copies of (i) the audited balance sheet of the Company as of December 31, 2020 and the related statements of income, cash flows and members' equity for the respective years then ended, and (ii) the unaudited balance sheet (the "**Recent Balance Sheet**") of the Company as of March 31, 2021 (the "**Recent Balance Sheet Date**") and the unaudited statements of income, members' equity and cash flows of the Company for the three (3) month period then ended. Collectively, the financial statements referred to in the immediately preceding sentence are sometimes referred to herein as the "**Financial Statements**." The Financial Statements (including the notes thereto, if any) have been prepared from, and are consistent with, the books and records of the Company (which are true, correct and complete), and fairly present the financial condition of the Company in all material respects as of the dates thereof, and the results of operations and cash flows for the periods then ended, and have been prepared in accordance with GAAP (except that the interim Financial Statements are subject to normal and recurring year-end adjustments, none of which are, individually or in the aggregate, material in amount or effect and do not include footnotes).

(g) The Company has established and adhered to a system of internal accounting controls that are designed to provide reasonable assurance regarding the reliability of financial reporting. Since January 1, 2015, there have been no (i) any significant deficiency or material weakness in any system of internal accounting controls used by the Company, (ii) any fraud or other wrongdoing that involves any of the management or other employees of the Company who have a role in the preparation of financial statements or the internal accounting controls used by the Company or (iii) to the Company's Knowledge, any claim or allegation regarding any of the foregoing.

(h) The Company has no Liabilities, except for (a) Liabilities set forth on the Recent Balance Sheet (or notes thereto), or (b) Liabilities that have arisen after the Recent Balance Sheet Date in the Ordinary Course of Business, and are not, individually or in the aggregate, material in amount, none of which is a Liability resulting from noncompliance with any applicable Law or Permits, breach of contract, breach of warranty, tort, infringement, misappropriation, dilution or Action.

(i) The Company has good and valid to, a valid leasehold interest in, or a valid license or other contractual right to use the Business Assets, free and clear of all Liens, other than Permitted Liens. Each Business Asset, as applicable, is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to reasonable wear and tear) and is suitable for the purposes for which it is presently used. The Business Assets constitute all of the assets, rights and properties necessary, and are sufficient, for the conduct of the Business as currently conducted.

(j) The Company has duly and timely filed all Tax Returns required to be filed by or with respect to it under applicable Laws, and all such Tax Returns are true, complete and correct in all material respects and have been prepared in compliance with all applicable Laws. The Company has paid all Taxes due and owing by it (whether or not such Taxes are related to, shown on or required to be shown on any Tax Return), and has properly and timely withheld or deducted and paid over to the appropriate Taxing Authority all Taxes which it has been required to withhold or deduct from amounts paid or owing or deemed paid or owing or benefits given to any Employee, equityholder, member, creditor or other third party. No Tax audits, investigations, actions, or assessments or administrative or judicial Actions are pending or are threatened with respect to the Company, and there are no matters under discussion, audit or appeal with any Taxing Authority with respect to Taxes or Tax Returns of the Company. There are no Liens for Taxes on any of the assets of the Company, other than Liens for Taxes not yet due and payable and for which appropriate reserves have been established according to GAAP on the Financial Statements.

(k) Except as set forth on Section 8.1(k) of the Disclosure Schedules, there have been no material Actions (i) pending or threatened against or affecting the Company or its assets, properties or rights or against any of its directors, managers, officers or employees (in each case, in their capacity as such) or (ii) initiated or threatened by or on behalf of the Company, and there have been no outstanding Orders to which the Company or any of its Affiliates is a party or to which the Company or any of its Affiliates or its or their assets or properties is or are bound. No event has occurred or circumstances exist that may give rise to, or serves as a basis for, any such Action or Order.

(l) Except with respect to Federal Cannabis Law, the Company is and has been in material compliance with all Laws of any Governmental Entity applicable to the Company. The Company has not received any written notice from a Governmental Entity that alleges that it is not in compliance with any Law, and the Company has not been subject to any adverse inspection, finding, investigation, penalty assessment, audit or other compliance or enforcement action.

(m) The Company holds and is in material compliance with all Permits material to the operation of the Business (the “**Company Permit**”). Each Company Permit is in full force and effect, and is not subject to any pending, or, to the Knowledge of the Company, threatened administrative or judicial proceeding to revoke, cancel, suspend, or declare such Company Permit invalid. The Company has not violated a material term of any Company Permit or a material condition under which any Company Permit was granted. All renewals for the Company Permits have been timely applied for and no event of circumstance has occurred or exists that would prohibit or prevent the re-issuance to Buyer or the Company of any of the Company Permits. All fees and charges with respect to such Company Permits as of the date hereof have been paid in full and will be paid through the Exercise Date.

(n) (i) The Company has not received any written notice from any Governmental Entity having jurisdiction over its operations, activities, locations, or facilities, of (1) any deficiencies or violations of, or (2) any remedial or corrective actions required in connection with, any Company Permits or their renewal, (ii) no Action is being or has been threatened or contemplated with which (1) could reasonably be expected to result in the issuance of any such notice or (2) could prevent or impair the operations and activities engaged in pursuant to such Company Permits, and (iii) to the Knowledge of the Company, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Company Permits. Without limiting the foregoing, neither the Company nor any Affiliate of the Company has made any bribe, rebate, payoff, influence payment, kickback or other payment unlawful under any applicable Law.

(o) The Company’s activities have been and are being conducted in a manner consistent with the following priorities: (i) preventing the distribution of marijuana to minors; (ii) preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; (iii) preventing the diversion of marijuana from states where it is legal under state law in some form to other states; (iv) preventing state-authorized marijuana activity from being used as a cover or pretext for trafficking of other illegal drugs or other illegal activity; (v) preventing violence and the use of firearms in the cultivation and distribution of marijuana; (vi) preventing drugged driving and exacerbation of other adverse health consequences associated with marijuana use; (vii) preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by growing marijuana on public lands; and (viii) preventing marijuana possession and use on federal property.

(p) To the Knowledge of the Company, each Licensed Provider has all Permits necessary for the conduct of their business activities involving the Company and no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit held by a Licensed Provider necessary for its cannabis or cannabis-related activities and operations involving the Company.

(q) The Company's Affiliates, including the Sellers, have complied with all restrictions on ownership, control and participation in the Company and its Business under all applicable State and Local Cannabis Laws and have made no false statement, representation or omission to any Governmental Entity in connection with the Company, its Business, or its Permits.

(r) The Company has a valid and enforceable leasehold interest in all its Leased Real Property reflected in the Financial Statements or acquired after the Recent Balance Sheet Date. Each Real Property Lease is in full force and effect; all rents and additional rents due to date on each Real Property Lease have been paid and neither the Company nor any other party to any such Real Property Lease has received notice of any breach or default nor repudiated any material provision thereof. The Company has not received a notice of cancellation or termination with respect to any Real Property Lease. There exists no event that, with notice or lapse of time, or both, would constitute a material breach or default by the Company or any other party thereto, under any of the Real Property Leases. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased or subleased Leased Real Property.

(s) All of the Company's inventories, materials, and supplies consist of items of quality and quantity, in materially good condition and usable or salable in the Ordinary Course of Business. The values of the inventories stated in the Financial Statements reflect the Company's normal inventory valuation policies and were determined in accordance with GAAP.

(t) In the past twelve (12) months, there have been no material failures, crashes, security breaches or other adverse events affecting the IT Assets used by the Company or the business data and Personal Information held by the Company, which have caused material disruption to the Business, or which were violative of any Privacy and Security Law, applicable industry standards or guidelines, or the privacy rights of third parties. The Company has taken commercially reasonable steps to implement security, backup, and disaster recovery measures and technology consistent with industry practices and, to the Knowledge of the Company, there has been no unauthorized or improper access of the IT Assets or the business data and Personal Information held by the Company. All IT Assets are owned by the Company, or used pursuant to a valid license.

8.2 Buyer Representations and Warranties. The Buyer hereby represents and warrants to the Company and the Sellers as of the Effective Date that:

(a) As of the Effective Date and as of immediately prior to the Execution Date, the Buyer possesses full legal right and all requisite power and authority, necessary to execute, deliver and perform this Agreement to consummate the transactions contemplated by this Agreement. This Agreement constitutes a valid and legally binding obligation of the Buyer, enforceable against the Buyer, in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in an Action at law or in equity).

(b) No filing with or notice to, and no permit, authorization, registration, consent or approval of, any Governmental Entity or other third party is required on the part of the Buyer for the execution, delivery and performance by the Buyer of this Agreement.

(c) There are no Actions pending or threatened against or affecting the Buyer in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with the transactions contemplated by this Agreement.

(d) As of the Effective Date and as of immediately prior to the Execution Date, Buyer has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement, including the Buyer Divestiture.

(e) Buyer does not have a current intent to substantially discontinue the trade or business of the Company.

(f) Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, it has relied solely upon the express representations and warranties of the Seller Parties set forth in **Section 8.1**; and (b) no Seller Party nor any other person has made any representation or warranty as to the Company or this Agreement, except as expressly set forth in **Section 8.1**.

9. Miscellaneous Provisions.

9.1 Specific Performance and Other Remedies. Each Party hereby acknowledges that the rights of each Party to consummate the transactions contemplated hereunder, including the Buyer Divestiture and the Closing, and the covenants of the Parties, are special, unique and of extraordinary character and that, in the event that any Party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party may be without an adequate remedy at Law. In the event that any Party violates or fails or refuses to perform any covenant or agreement made by such Party herein, the non-breaching Party shall be entitled, in addition to the exercise of other remedies, to seek injunctive and other equitable relief, without necessity of posting a bond, restraining such party from committing such breach or threatened breach.

9.2 Expenses. Except as set forth herein, all fees and expenses incurred in connection with the transactions contemplated hereunder, including all legal, accounting, tax and financial advisory, consulting, investment banking and all other fees and expenses of third parties, shall be the obligation of the Party incurring such fees and expenses. Notwithstanding the foregoing, if any action, claim or proceeding relating to this Agreement or the enforcement of any provision hereof is brought against any Party, the prevailing Party shall be entitled to recover reasonable attorneys' fees, costs and disbursements, in addition to any other relief to which the prevailing Party may be entitled.

9.3 Amendment. No amendment, modification, or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties hereto.

9.4 Termination. Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated at any time before the Closing:

(a) by written agreement of Buyer and the Sellers;

(b) by the Sellers if any of the events in **Sections 5(a), 5(b), or 5(c)** have occurred, subject to the extensions and opportunity to cure as specified therein; or

(c) by Buyer if any of the events in **Sections 5(x), 5(y), or 5(z)** have occurred, subject to the opportunity to cure as specified therein.

(d) If this Agreement is terminated in accordance with this **Section 9.4**, it shall forthwith be void and have no effect, without liability or obligation as a result of such termination on the part of any Party, its directors, officers or equityholders, except that, (1) if the Closing under the Holdings Merger Agreement has occurred, Buyer shall cause Holdings or its Affiliates, as applicable, to forgive all amounts of Intercompany Debt then outstanding and owed by the Company to Holdings or its Affiliates, and (2) the Confidentiality Agreement, this **Section 9.4**, **Section 5**, **Section 7.6**, and **Section 9** shall survive termination; provided that nothing contained in this Agreement shall relieve any Person from liability for any material breach of this Agreement occurring before such termination. For the avoidance of doubt, if (i) this Agreement is terminated by the Sellers pursuant to **Section 9.4(b)**, Buyer shall pay to the Company the Make Whole Fee as described in **Sections 5(a)**, and (ii) if this Agreement is terminated by Buyer pursuant to **Section 9.4(c)**, the Make Whole Fee shall not be payable by the Buyer to the Sellers.

9.5 Severability. This Agreement is severable, and in the event that any one or more of the provisions hereof shall be deemed invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

9.6 Headings. The descriptive headings in this Agreement are for convenience only and shall not affect the construction of this Agreement.

9.7 Governing Law.

(a) This Agreement shall be governed and construed in accordance with the Laws of the State of Delaware, regardless of Laws that might otherwise govern under applicable principles of conflicts of laws thereof, as to all matters, including matters of validity, construction, effect, performance and remedies; provided, however, that any claims, controversies, or disputes related to any matter involving the cultivation, harvesting, production, manufacturing, processing, marketing, distribution, sale or possession of cannabis, marijuana or related substances or products containing cannabis, marijuana or related substances shall be governed by and construed in accordance with the Laws of the State of Colorado, regardless of Laws that might otherwise govern under applicable principles of conflicts of laws thereof as to all such matters.

(b) Each Party irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by another Party hereto or its successors or assigns shall be brought and determined

exclusively in the state courts located in the State of Colorado. Each Party hereby irrevocably submits with regard to any action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each Party hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (c) to the fullest extent permitted by applicable Law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS OR THE FACTS OR CIRCUMSTANCES LEADING TO EACH PARTY'S EXECUTION OR PERFORMANCE OR ANY ACTIONS OF ANY OF THE AFFILIATES OR REPRESENTATIVES OF ANY OTHER PARTY RELATED THERETO.

(d) EACH OF THE PARTIES (1) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE THAT SUCH OTHER PARTY WOULD NOT IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, (2) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (3) IT MAKES SUCH WAIVERS KNOWINGLY AND VOLUNTARILY, AND (4) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION 9.7**.

9.8 Assignment. The Seller Parties shall not assign or transfer, in whole or in part, this Agreement or any of such Party's rights, duties or obligations under this Agreement without the prior written consent of the Buyer. The Buyer may assign its rights, along with all of its obligations, under this Agreement, upon notice to the Sellers; provided that, no assignment of this Agreement shall relieve the Buyer of any of its payment obligations under this Agreement.

9.9 Waiver. The waiver by either Party of a breach or violation of any provision in this Agreement shall not operate or be construed as a waiver of any subsequent breach or default, whether or not of a similar nature, or as a waiver of any other provisions, rights, or privileges hereunder and no waiver shall be effective unless set forth in writing and executed by the Party waiving such provisions, rights or privileges. No course of dealing between or among any persons having any interest in this Agreement shall be deemed effective to modify, amend or

waive any part of this Agreement or any rights or obligations of either Party. No failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by either Party hereunder shall constitute a waiver of, or shall preclude any other or further exercise of, the same or any other right, power or remedy.

9.10 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

9.11 No Third Party Beneficiaries. Except as expressly provided elsewhere herein, nothing in this Agreement is intended to be construed or be deemed to create any rights or remedies in any third party.

9.12 No Rule of Construction. The Parties acknowledge that because all Parties had an opportunity for their counsel to participate in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement that construes ambiguous or unclear language in favor of or against any party.

9.13 Counterparts and Electronic Signatures. This Agreement and any amendments hereto may be executed in duplicate counterparts, each of which will be deemed to be an original and both of which, taken together, shall constitute one and the same agreement. Counterparts may be executed in either original or electronically transmitted form (e.g., via facsimile or e- mailed portable document format (.pdf) form), and the Parties hereby adopt as original any signatures received in electronically transmitted form.

9.14 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed given (a) when delivered personally by hand, (b) the next business day when sent by overnight mail, postage prepaid with proof of delivery from the courier requested, (c) the next business day when sent by certified or registered mail, postage prepaid, or (d) when sent if in writing and sent by electronic mail. Notices shall be sent to the addresses set forth in Section 12.1 of the Merger Agreement. Any Party may by notice given in accordance with this **Section 9.14** to the other Parties designate another address or person for receipt of notices hereunder; provided that any party receiving such a designation shall not be required to send any notice hereunder to the new address or person before the fifth (5th) business day after receipt thereof.

9.15 Entire Agreement. This Agreement, the Confidentiality Agreement and the Merger Agreement (and the Exhibits and Schedules hereto and thereto) contain the entire agreement of the Parties hereto and written agreements or understandings between them with respect to the matters provided for herein, and supersedes any prior agreements or understanding, written or oral, including without limitation the Indication of Interest dated January 26, 2021, with respect to the matters provided for herein.

9.16 Time. If any date on which a Party is required to take any action pursuant to this Agreement falls on a weekend or a legal holiday, then such Party shall have the right to take such action on the first business day next following such date.

9.17 Subject to Approval of the Colorado Marijuana Enforcement Division. NOTWITHSTANDING ANYTHING TO THE CONTRARY, THE CLOSING OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND THE ANCILLARY AGREEMENTS HERETO, INCLUDING THE MERGER AGREEMENT, IS CONTINGENT UPON AND SUBJECT TO THE PRIOR APPROVAL OF THE MED AND EACH APPLICABLE LOCAL JURISDICTION, INCLUDING THE CITY OF LONGMONT.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Option to Purchase Agreement as of the date set forth above.

BUYER:

Columbia Care LLC

By: _____
Print Name: _____
Title: _____

COMPANY:

Medicine Man Longmont, LLC

By: _____
Print Name: _____
Title: _____

SELLERS:

THE ANDREW JOHN WILLIAMS REVOCABLE TRUST, DATED MAY 28, 2015

By: _____
Name: _____
Title:

THE SALLY J VANDER VEER REVOCABLE TRUST DATED MARCH 8, 2018

By: _____
Name: _____
Title:

THE ROSEBUD GROUP, LLC

By: _____
Name: _____
Title:

PETE VASQUEZ

By: _____
Name: Pete Vasquez
Title:

Exhibit A

Form of Merger Agreement

Exhibit B

Services Agreement

Exhibit E
Services Agreement

BUSINESS SERVICES AGREEMENT

This Business Services Agreement (this “**Agreement**”) is entered into as of [_____] (the “**Effective Date**”), by and between Columbia Care, LLC, a Delaware limited liability company (“**Columbia Care**”) and Medicine Man Longmont, LLC (“**Medicine Man**”).

WHEREAS, Columbia Care has experience in providing business support and consulting services to regulated marijuana businesses;

WHEREAS, Medicine Man possesses licenses (the “**Licenses**”) issued by the Colorado Marijuana Enforcement Division (the “**MED**”) for the operation of a regulated marijuana business at 500 E. Rogers Rd. Longmont, Colorado 80501 (the “**Licensed Premises**”); and

WHEREAS, Medicine Man desires to engage Columbia Care to provide the services listed on Schedule 1 for the operations at the Licensed Premises (the “**Services**”) and Columbia Care desires to provide the Services to Medicine Man.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Services.

(a) Subject to the terms of this Agreement, Columbia Care shall provide, or cause one or more of its Employees (as defined on Schedule 1) to provide, the Services set forth on Schedule 1 hereto, as requested by Medicine Man from time to time. In addition, if any services, functions, responsibilities or other components of work for any Services are not specifically described on Schedule 1 but are indispensable to the performance or provision of the Services, those services, functions, responsibilities or other components of work will also be included as Services under this Agreement; provided, however, for the avoidance of doubt, that Columbia Care shall not be required to provide any third party services not expressly contemplated under Schedule 1.

(b) Compensation for Services. Medicine Man shall pay to Columbia Care a monthly fee of \$10,087.67 (the “**Fee**”).

(c) Schedule for Services. Columbia Care shall cause one or more of its Employees to perform the Services on a schedule mutually agreed upon by the parties. Columbia Care shall document time spent performing the Services in a manner that is satisfactory to Medicine Man in Medicine Man’s reasonable discretion.

2. Limitation of Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT SHALL COLUMBIA CARE OR ITS AFFILIATES OR EMPLOYEES BE LIABLE, WHETHER IN CONTRACT OR IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, TO MEDICINE MAN OR ITS AFFILIATES FOR ANY DAMAGES, INCLUDING WITHOUT LIMITATION PUNITIVE, SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT

LIMITATION, DAMAGES FOR LOSS OF REVENUES, LOSS OF PROFITS, LOSS OF REPUTATION, LOSS OF OPPORTUNITY, BUSINESS INTERRUPTION OR ANY OTHER LOSS) ARISING FROM OR RELATING TO ANY CLAIM MADE UNDER OR IN CONNECTION WITH THE PROVISION OF THE SERVICES OR THE FAILURE TO PROVIDE THE SERVICES HEREUNDER, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, UNLESS SUCH DAMAGES ARE CAUSED BY THE NEGLIGENT, RECKLESS OR WILLFUL MISCONDUCT OF COLUMBIA CARE OR ITS EMPLOYEES.

3. Relationship of the Parties.

(a) Columbia Care shall be an independent contractor of Medicine Man for all purposes hereunder. Nothing contained in this Agreement will constitute or be construed to be or create a partnership or joint venture between Medicine Man and Columbia Care. Columbia Care further acknowledges that neither Columbia Care nor any individual employed by Columbia Care or acting on Columbia Care's behalf will be treated or regarded as a Medicine Man employee under the laws or regulations of any government or governmental agency or for state or federal tax purposes. Columbia Care shall assume all responsibility for the Services performed by Columbia Care and Columbia Care employees. While the Services contracted for shall be performed at the direction of Medicine Man, Columbia Care shall retain and exercise primary direction over the manner of the work performed by the Columbia Care employees performing such work necessary to deliver the Services, with the express exception of any work inherently related to privileges or authorizations exclusive to regulated marijuana business licensees.

(b) Medicine Man shall at all times retain control of the Licensed Premises and all Services performed by Columbia Care shall be in compliance with directives from Medicine Man and subject to Medicine Man approval. The parties acknowledge that the Services contemplate hereunder are not intended to permit Columbia Care to exercise "Control" over Medicine Man or any of Medicine Man's operations, as such term is defined in 1 CCR 212-3 (the "Code") including, without limitation, Rules 1- 115 and 2-230(E) thereof. The parties further acknowledge this Agreement, and the parties' obligations hereunder, may be subject to review by the MED and/or the City of Longmont (the "Local Authority"). In the event of a determination by either the MED and/or the Local Authority that this Agreement violates the Code or Local Authority ordinance, or a determination that this Agreement must otherwise be reformed, the parties shall negotiate in good faith for no less than sixty (60) days (the "Cure Period") to reform this Agreement in accordance with guidance from MED and/or the Local Authority, respectively. If the Parties are unable to negotiate a reformation of this Agreement within such Cure Period, this Agreement shall automatically terminate pursuant to Section 6 hereof.

4. Representations and Warranties of Columbia Care. Columbia Care represents and warrants that:

(a) Columbia Care has the authority to enter into this Agreement. Columbia Care represents and warrants that neither Columbia Care's entry into this Agreement nor Columbia Care's performance of the Services will conflict with or result in a breach of any other agreement, arrangement, or obligation, of any nature whatsoever, to which Columbia Care is a party or by which Columbia Care is bound.

(b) Columbia Care will provide substantially the same level of service and use the same degree of diligence and care as Columbia Care or its Employees or subsidiaries provide and use in performing services of the same kind or nature as the Services on behalf of its own account in the ordinary course of business consistent with past practice.

(c) Columbia Care shall perform the Services in a competent and qualified manner in accordance with standards common in the industry in which Medicine Man operates. In addition, Columbia Care shall comply with all state and local laws, including all requirements of the MED and Local Authority, as well as ethical standards applicable to the Services. Columbia Care shall comply with all Medicine Man policies for the operation of the regulated marijuana business as established from time to time.

5. Intellectual Property. All intellectual property rights of Columbia Care or any of its affiliates, including, without limitation, all manuals, trademarks, brochures, training materials, packaging, and branded material of Columbia Care (collectively "**Columbia Care's Intellectual Property**") shall at all times be proprietary to Columbia Care or its affiliates, and shall be the exclusive property of Columbia Care or its affiliates. Columbia Care hereby grants to Medicine Man a limited, non-exclusive, revocable, non-assignable, non-transferable license to use Columbia Care's Intellectual Property for the Term (defined below). Upon any termination of this Agreement for any reason, Medicine Man shall cause all Columbia Care's Intellectual Property to be removed and returned to Columbia Care from the Licensed Premises, without compensation to Medicine Man, within thirty (30) days of termination.

Upon termination of this Agreement for any reason, Medicine Man shall retain the limited, non-exclusive, revocable, non-assignable, non-transferable license to use Columbia Care's Intellectual Property for a period of thirty (30) days following such termination solely as needed in order to transition the services to a new provider.

6. Term and Termination. The term of this Agreement shall commence on the Effective Date and continue until July 31, 2022, unless terminated earlier pursuant to this Section 6 (the "**Term**"). This Agreement may be terminated in accordance with the following:

- (a) by mutual written consent of the parties at any time;
- (b) in writing by Medicine Man for convenience at any time;
- (c) by Columbia Care in the event of non-payment by Medicine Man for any period of time continuing in excess of 60 days;
- (d) automatically upon the following:

1. any change in ownership of more than 50% of the membership interests in Medicine Man;
2. the transfer of the Licenses;
3. pursuant to Section 3(b); or
4. the revocation of the Licenses.

7. Miscellaneous.

(a) Entire Agreement. This Agreement, any Schedule(s) hereto and the agreements, instruments and documents among the parties hereto as contemplated by or referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

(b) Amendments and Waivers. This Agreement may be amended or modified only with a written instrument executed by Medicine Man and Columbia Care. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), shall constitute a continuing waiver unless otherwise expressly provided, nor shall be effective unless in writing and executed by the party waiving compliance. No waiver by any party of any breach or violation of, default under or inaccuracy in, any representation, warranty or covenant hereunder, whether intentional or not, will be deemed to extend to any prior or subsequent breach, violation, default of, or inaccuracy in, any such representation, warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No delay or omission on the part of any party in exercising any right, power or remedy under this Agreement will operate as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(c) Survival. Sections 2, 5, and 7(c) shall survive termination pursuant to Section 6.

(d) Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed given (a) when delivered personally by hand, (b) the next business day when sent by overnight mail, postage prepaid with proof of delivery from the courier requested, (c) the next business day when sent by certified or registered mail, postage prepaid, or (d) when sent if in writing and sent by electronic mail.

(e) Assignment. No party hereto may assign (whether by operation of law or otherwise) either this Agreement or any of its rights, interests, or obligations hereunder without the prior written consent of the other party. Notwithstanding the foregoing, Columbia Care may, without obtaining the prior written consent of Medicine Man, assign any of its rights, or delegate any of its obligations under this Agreement to any affiliate of Columbia Care. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Any purported assignment or delegation of rights or obligations in violation of this Section 7(e) is void and of no force or effect.

(f) Third Party Beneficiaries. Nothing in this Agreement is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(g) Severability. In the event that any provision of this Agreement or the application thereof becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to negotiate in good faith to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

(h) Governing Law. This Agreement shall be governed and construed in accordance with the Laws of the State of Colorado, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof, as to all matters, including matters of validity, construction, effect, performance and remedies.

(i) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

(j) Counterparts; Facsimile. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart. This Agreement may be executed and delivered by facsimile or electronic mail.

(k) Further Assurances. In connection with this Agreement and all transactions contemplated by this Agreement, each party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Services Agreement on the date first above written.

COLUMBIA CARE, LLC

By: _____
Name: _____
Title: _____

MEDICINE MAN LONGMONT, LLC

By: _____
Name: _____
Title: _____

SCHEDULE 1

SERVICES

- Accounting Services**
 - input of daily sales
 - creation of financial statements (includes balance sheets, P/L, cash flow)
 - upload of bills
 - provide payments of accounts payable

- Marketing Services**
 - loyalty program texts
 - website management/maintenance
 - graphics
 - creation of marketing materials

- Social Media**
 - social media posts
 - menu management
 - review of responses

- Human Resources**
 - at direction of Medicine Man manage all employee hiring and onboarding
 - at direction of Medicine Man manage all employee termination procedures and exit interviews
 - manage employee benefits
 - payroll administration

- Buying Consultant**
 - shall provide consulting for purchasing of third party goods
 - may perform services on site to execute purchases at direction of Medicine Man

- IT**
 - system updates
 - system upgrades
 - METRC uploads at direction of Medicine Man

- Maintenance**
 - maintenance of property and equipment as needed

- Money Counting**
 - employee provided to be onsite to assist with money counting

The Services may be provided by any of the following Columbia Care employees (“**Employees**”):

Charlie Marcella, Trey Fisher, Libby Cope, Lauren Maxwell, Josh Best, David Behrms, Grant Hryze, Michelle Zeman.

Any changes to these Employees must be approved in writing by Medicine Man.

AGREEMENT AND PLAN OF MERGER

by and among

FUTUREVISION 2020, LLC,

THE MEMBERS THEREOF,

COLUMBIA CARE INC.

COLUMBIA CARE LLC,

MAIA ACQUISITION IB INC.,

MAIA ACQUISITION II INC.,

and

FUTUREVISION REPRESENTATIVE, LLC,

AS THE MEMBER REPRESENTATIVE

June 15, 2021

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1	
THE MERGERS AND OTHER TRANSACTIONS	2
1.1 Certain Definitions	2
1.2 The Mergers	15
1.3 Closing	15
1.4 Effective Time	16
1.5 Certificates of Incorporation and Bylaws	16
1.6 Directors and Officers	16
1.7 Merger Consideration	16
1.8 Effect of the Mergers	19
1.9 Payments by the Buyer	20
1.10 Milestone Payment	21
1.11 Fractional Shares	22
1.12 Tax Withholding	22
1.13 Further Actions	23
SECTION 2	
REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY	23
2.1 Organization; Good Standing; Power	23
2.2 Capitalization; Subsidiaries	24
2.3 Authorization; Execution & Enforceability; No Breach	25
2.4 Financial Statements	26
2.5 Absence of Undisclosed Liabilities	26
2.6 Absence of Changes	27
2.7 Assets	27
2.8 Tax Matters	28
2.9 Contracts	31
2.10 Intellectual Property Rights	33
2.11 Litigation	34
2.12 Labor Matters	34
2.13 Employee Benefits	35
2.14 Compliance with Laws; Permits	38

TABLE OF CONTENTS
(continued)

	Page
2.15 Real Property	39
2.16 Environmental Matters	40
2.17 Affiliate Transactions	42
2.18 Insurance	42
2.19 Brokers	42
2.20 Accounts Receivable	43
2.21 Vendors	43
2.22 Bank Accounts	43
2.23 Inventory	43
2.24 Compliance with Privacy and Security Laws	43
SECTION 3	
REPRESENTATIONS AND WARRANTIES OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II	45
3.1 Organization; Authority	45
3.2 Binding Effect	45
3.3 No Breach; Consents	46
3.4 Actions and Proceedings	46
3.5 No Prior Operations of Merger Sub I or Merger Sub II	46
3.6 Brokers	46
3.7 Reporting Issuer; Compliance with Laws and Exchange Filings	46
3.8 Listing of Parent Common Shares	46
3.9 Parent Shares; Capitalization	47
3.10 Sufficiency of Funds	47
3.11 Trade or Business	47
3.12 Independent Investigation.	47
SECTION 4	47
REPRESENTATIONS AND WARRANTIES OF THE MEMBERS	47
4.1 Title to Shares	47
4.2 Binding Effect; No Conflict	48
4.3 Affiliate Transactions	48
4.4 Litigation	48
4.5 Investment Representations	48

TABLE OF CONTENTS
(continued)

	Page
SECTION 5	
COVENANTS OF THE PARTIES	51
5.1 Conduct of the Business	51
5.2 Access	53
5.3 Efforts; Cooperation	54
5.4 Nonsolicitation	54
5.5 Confidentiality	55
5.6 Public Disclosure	55
5.7 Resignation of Officers and Directors	55
5.8 Certain Deliveries	55
5.9 Waiver of Conflicts Regarding Representation; Attorney Client Privilege	56
5.10 Thornton License	57
SECTION 6	
TAX COVENANTS	57
6.1 Allocation of Taxes for a Straddle Period	57
6.2 Tax Returns	57
6.3 Other Tax Return Matters	57
6.4 Cooperation on Tax Matters	58
6.5 Refunds and Amendments	58
6.6 Transfer Charges	59
6.7 Tax Treatment	59
SECTION 7	
CONDITIONS TO EACH PARTY'S OBLIGATION TO CLOSE	59
7.1 Member Approval	59
7.2 Legal Proceedings	59
7.3 Regulatory Approval	59
7.4 Futurevision Holdings	60
7.5 Offer Letters	60
7.6 Non-Competition Agreements	60

TABLE OF CONTENTS

(continued)

Page

SECTION 8

CONDITIONS TO THE OBLIGATION OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II TO CLOSE

60

8.1	Representations and Warranties	60
8.2	Covenants	60
8.3	No Material Adverse Effect	60
8.4	Certification	60
8.5	Secretary Certificate	60
8.6	Escrow Agreement	61
8.7	Required Consents.	61
8.8	Good Standing Certificates	61
8.9	Resignation of the Company Directors and Officers	61
8.10	Termination of Affiliate Transactions	61
8.11	W-9s	61
8.12	Lock-Up Agreements	61
8.13	Certain Deliveries	61
8.14	No Company Debt or Liens	61
8.15	Longmont	61

SECTION 9

CONDITIONS TO COMPANY'S OBLIGATION TO CLOSE

62

9.1	Representations and Warranties	62
9.2	Covenants	62
9.3	Certification	62
9.4	Escrow Agreement	62
9.5	Longmont	62
9.6	Removal of Guarantees	62
9.7	Thornton License	62

TABLE OF CONTENTS
(continued)

	Page
SECTION 10	
INDEMNIFICATION	62
10.1 Obligation of the Members to Indemnify	62
10.2 Obligation of the Buyer to Indemnify	63
10.3 Notice and Opportunity to Defend	64
10.4 Limitations on Indemnification; Other Remedies	65
SECTION 11	
TERMINATION	68
11.1 Termination	68
11.2 Effect of Termination	69
SECTION 12	69
12.1 Notices	69
12.2 Entire Agreement; Amendment; Waiver	70
12.3 Governing Law; Venue; Waiver of Jury Trial	71
12.4 Subject to Approval of the Colorado Marijuana Enforcement Division	72
12.5 Specific Performance and Other Remedies	73
12.6 No Waiver	73
12.7 Binding Effect	73
12.8 Construction	73
12.9 Counterparts; Delivery	74
12.10 Exhibits and Schedules	74
12.11 Headings	74
12.12 Expenses	74
12.13 Severability	74
12.14 Reformation	74
12.15 No Strict Construction	74
12.16 Member Representative	75

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this “**Agreement**”) dated as of June 15, 2021 (the “**Agreement Date**”) is by and among COLUMBIA CARE INC., a company continued under the laws of the Province of British Columbia (the “**Parent**”), COLUMBIA CARE LLC, a Delaware limited liability company and newly-formed, wholly-owned subsidiary of Parent (the “**Buyer**”), MAIA ACQUISITION IB INC., a Delaware corporation and newly-formed, wholly-owned subsidiary of the Buyer (“**Merger Sub I**”), MAIA ACQUISITION II INC., a Delaware corporation and newly-formed, wholly-owned subsidiary of the Buyer (“**Merger Sub II**”), FUTUREVISION 2020, LLC, a Delaware limited liability company (the “**Company**”), the Members set forth on **Section 1** hereto (each, a “**Member**” and together, the “**Members**”) and Futurevision Representative, LLC, a Colorado limited liability company, solely in its capacity as the representative of the Members (the “**Member Representative**”, together with the Company, the Parent, the Buyer, and Merger Sub I and Merger Sub II, the “**Parties**”).

RECITALS

A. The Parent, the Buyer, Merger Sub I, Merger Sub II and the Company intend to effectuate (i) a merger (the “**First Merger**”) of Merger Sub I with and into the Company in accordance with this Agreement and the Delaware General Corporation Law (the “**DE Act**”), with the Company to be the surviving company of the First Merger and a wholly-owned subsidiary of the Buyer, and, as part of the same overall transaction, (ii) a merger (the “**Second Merger**” and, together with the First Merger, the “**Mergers**”) of the surviving company of the First Merger with and into Merger Sub II, with Merger Sub II to be the surviving company of the Second Merger.

B. Each of the Parties intends that (i) for U.S. federal income tax purposes, the Mergers, taken together, constitute an integrated plan described in Revenue Ruling 2001-46, 2001-2 C.B. 321, (ii) the Mergers, taken together, will qualify as a “reorganization” within the meaning of Section 368(a) of the Code and the Treasury Regulations promulgated thereunder to which each of the Buyer and the Company are to be parties under Section 368(b) of the Code, and (iii) this Agreement is to be, and is hereby adopted as, a “plan of reorganization” within the meaning of Section 368 of the Code and the Treasury Regulations promulgated thereunder.

C. The Manager of the Company (the “**Manager**”) has unanimously (i) determined that the Mergers are fair to and in the best interests of, the Members, (ii) adopted and approved this Agreement, the Mergers and the other Transactions, and (iii) resolved to recommend that the Members adopt and approve this Agreement, the Mergers and the other Transactions.

D. The respective boards of directors and managers of each of the Parent, the Buyer, Merger Sub I and Merger Sub II have determined that the Mergers are in the best interests of their respective companies and equity holders, and have adopted and approved this Agreement, the Mergers and the other Transactions.

E. To induce the Parent, the Buyer, Merger Sub I and Merger Sub II to enter into this Agreement, certain beneficial owners of the Members have agreed to execute and deliver a Non-Competition Agreement to Buyer at closing, each substantially in the form attached hereto as **Exhibit A** (the “**Non-Competition Agreements**”).

F. Simultaneously with the execution of this Agreement, Parent, Buyer, Merger Sub I and Merger Sub II are entering into an Agreement and Plan of Merger with Futurevision Holdings, Inc. ("**Futurevision Holdings**"), pursuant to which, through a series of mergers, Futurevision Holdings will merge into Merger Sub II and become a wholly-owned subsidiary of Buyer (the "**Futurevision Holdings Agreement**"), with Merger Sub II to be the surviving company thereof.

G. Simultaneously with the execution of this Agreement, Buyer and the members of Medicine Man Longmont, LLC ("**Longmont**"), an Affiliate of the Company, are entering into an option agreement substantially in the form attached hereto as **Exhibit D** (the "**Longmont Option**"), pursuant to which the Buyer shall have an irrevocable and exclusive option to acquire Longmont.

NOW THEREFORE, in consideration of the covenants, promises and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

SECTION 1

THE MERGERS AND OTHER TRANSACTIONS

1.1 Certain Definitions. For purposes of this Agreement:

"**1933 Act**" has the meaning given in Section 4.51.1(b).

"**Accounts Receivable**" means all receivables (including notes, book debts and other amounts due or accrued, whether billed or unbilled), arising from or related to or in respect of the Business, whether or not in the Ordinary Course of Business, together with any unpaid financing charges accrued thereon and the benefit of all security for such accounts receivable, notes and debts, including all receivables reflected or which will be reflected in the Recent Balance Sheet.

"**Action**" means any action, suit or claim, legal, administrative or arbitration proceeding, or investigation.

"**Adjustment Escrow Amount**" means an amount equal to \$25,000 (together with any interest and other income earned thereon).

"**Affiliate**" means, with respect to the Person to which it refers, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such Person.

"**Agreement**" has the meaning given in the preamble.

"**Agreement Date**" has the meaning given in the preamble.

"**Allocation Certificate**" has the meaning given in Section 1.7(a).

“**Ancillary Agreements**” means the Escrow Agreement, the Lock-Up Agreement, the Non-Competition Agreements, the Longmont Option, the Certificates of Merger and all other documents, instruments and certificates entered into pursuant hereto or in furtherance of the Transactions.

“**Attorney Client Communications**” has the meaning given in [Section 5.9\(b\)](#).

“**Base Cash Purchase Price**” means an amount equal to \$2,597,448.20, as may be adjusted pursuant to [Section 1.7\(d\)](#).

“**Basket**” has the meaning given in [Section 10.4\(c\)](#).

“**Business**” means the business conducted by the Company and its Subsidiaries on the Agreement Date, including the cultivation and sale of cannabis.

“**Business Assets**” has the meaning given in [Section 2.7\(a\)](#).

“**Business Day**” means Monday through Friday, but excluding federal and state holidays in New York, New York or Denver, Colorado.

“**Buyer**” has the meaning given in the preamble.

“**Buyer Indemnitees**” has the meaning given in [Section 10.1](#).

“**Buyer Parties**” has the meaning given in [Section 5.9\(a\)](#).

“**CARES Act**” means the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136).

“**Cash**” means the consolidated cash, cash equivalents, checking account balances, certificates of deposits, time deposits, commercial paper, government securities, marketable securities and short term investments held by the Company, computed as of the applicable date and in accordance with GAAP. Cash shall (i) be calculated net of issued but uncleared checks and drafts, (ii) include checks and drafts deposited for the account of the Company, including deposits in transit, and (iii) be calculated net of overdrawn accounts. Cash may be a positive or negative amount.

“**Certificates of Merger**” has the meaning given in [Section 1.3](#).

“**Change in Control Payment**” means any new or increased commission, severance, bonus, increased vesting or benefit accruals, or other payment of any kind payable by the Company to management or other Employees that is triggered (in whole or in part) by or upon the consummation of the Transactions, in each case plus the employer’s portion of any applicable employment or payroll Taxes with respect to such amount and regardless of whether such commission, obligation, severance, bonus or other payment is due, paid or payable prior to, on or after the Closing. For the avoidance of doubt, “Change in Control Payment” shall exclude any amounts included as a “Transaction Expense” for purposes of this Agreement.

“Change Notice” has the meaning given in [Section 1.7\(b\)\(i\)](#).

“Closing” has the meaning given in [Section 1.3](#).

“Closing Balance Sheet” means an unaudited, consolidated pro forma balance sheet of the Company as of 11:59 Eastern Time on the day immediately preceding the Closing Date based on the historical performance of the Company for the same period and prepared in accordance with GAAP consistent with past practices (except for the absence of footnotes).

“Closing Cash” means the amount of Cash as of immediately prior to the Effective Time.

“Closing Cash Merger Consideration” means an amount in cash (without interest) equal to (A) the Base Cash Purchase Price, plus (B) the Closing Cash, minus (C) the Company Debt Payoff Amount, minus (D) the amount of any Transaction Expenses not otherwise paid as of immediately prior to the Effective Time, minus (E) the amount of any Estimated Pre-Closing Taxes not otherwise paid as of immediately prior to the Effective Time, minus (F) the aggregate amount of all Change in Control Payments not otherwise paid as of immediately prior to the Effective Time, minus (G) the Net Working Capital Deficiency, if any, plus (H) the Net Working Capital Surplus, if any. The Closing Cash Merger Consideration shall be subject to adjustment in accordance with [Section 1.7\(b\)](#) (Post-Closing True-Up).

“Closing Date” has the meaning given in [Section 1.3](#).

“Closing Deadline” has the meaning given in [Section 11.1\(f\)](#).

“Closing Parent Share Price” means \$5.7532.

“Closing Share Merger Consideration” means the number of Parent Common Shares equal to (i) the quotient of (A) the Closing Share Purchase Price divided by (B) the Closing Parent Share Price.

“Closing Share Purchase Price” means an amount equal to \$10,389,792.80, as may be adjusted pursuant to [Section 1.7\(d\)](#).

“COBRA” has the meaning given in [Section 2.13\(c\)](#).

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Company” has the meaning given in the preamble.

“Company Debt” means with respect to the Company and its Subsidiaries (i) all obligations for borrowed money or extensions of credit (including all sums due on early termination and repayment or redemption calculated to the Closing Date and any advances), (ii) all obligations evidenced by bonds, debentures, notes or other similar instruments (including all sums due on early termination and repayment or redemption calculated to the Closing Date), (iii) all obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the Ordinary Course of Business, (iv) all obligations as lessee capitalized in

accordance with GAAP, (v) all obligations, contingent or otherwise, directly or indirectly guaranteeing any obligations of any other Person, (vi) all obligations to reimburse the issuer in respect of letters of credit or under performance of surety bonds, or other similar obligations, (vii) all obligations in respect of bankers' acceptances and under reverse purchase agreements, (viii) all obligations in respect of futures contracts, swaps and other derivative financial instruments (determined on a net basis as if such contract or obligation was being terminated early on such date), (ix) all direct or indirect guarantee obligations in respect of obligations of the kind referred to in clauses (i) through (viii) above, and (x) all obligations of the kind referred to in clauses (i) through (ix) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and Contract rights) owned by the Company, whether or not the Company has assumed or become liable for the payment of such obligation. For the avoidance of doubt, "Company Debt" shall exclude any amounts included in the definition of "Intercompany Debt", "Net Working Capital", "Transaction Expenses" or "Change in Control Payments".

"**Company Debt Payoff Amount**" has the meaning given in [Section 1.7\(a\)\(iii\)](#).

"**Company Disclosure Schedule**" has the meaning given in the introduction to [Section 2](#).

"**Company Organizational Documents**" means the Articles of Organization of Futurevision 2020, LLC, dated September 12, 2016, and the Amended and Restated Operating Agreement of Futurevision 2020, LLC, dated January 1, 2021.

"**Company Parties**" has the meaning given in [Section 5.9\(a\)](#).

"**Company Permits**" has the meaning given in [Section 2.14\(b\)](#).

"**Confidentiality Agreement**" means the Mutual Confidentiality Agreement, by and between Parent and Futurevision Ltd., dated as of December 21, 2020.

"**Consent**" means any filing with, notice to, or approval, consent or waiver of any Governmental Entity or any other Person.

"**Contingent Workers**" has the meaning given in [Section 2.12\(a\)](#).

"**Contract**" means any agreement, contract, license, lease, obligation, undertaking or other commitment or arrangement, whether written or oral, that is legally binding upon a Person or any of its property, including all amendments, waivers or other changes thereto.

"**CSE**" has the meaning set forth in [Section 3.7](#).

"**DE Act**" has the meaning given in the recitals.

"**Effective Time**" has the meaning given in [Section 1.4](#).

"**Employee**" means any current, former, or retired employee, officer, manager, or director of the Company.

“Employee Benefit Plan” has the meaning given in [Section 2.13\(a\)](#).

“Environmental Laws” means any and all Laws relating to the environment or public health or safety, including ambient air, surface water (including water management and runoff), land surface or subsurface strata, or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or Hazardous Substances or wastes (including radioactive waste or nuclear waste or noxious noise or odor into the environment), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, recycling, removal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic, hazardous or medical substances or wastes (including petroleum, petroleum distillates, asbestos or asbestos containing material, volatile organic compounds and polychlorinated biphenyls). Environmental Laws shall include the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Clean Air Act (42 U.S.C. § 7401 [et seq.](#)), the Federal Water Pollution Control Act (Clean Water Act) (33 U.S.C. § 1251 [et seq.](#)), the Solid Waste Disposal Act (42 U.S.C. § 6901 [et seq.](#)), the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) (7 U.S.C. § 136 [et seq.](#)), and the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRTKA) (42 U.S.C § 11001 [et seq.](#)).

“Environmental Liabilities” means all Liabilities arising from environmental, health or safety conditions or a Release or threat of Release resulting from the Company, or any Release for which the Company is otherwise responsible under any Environmental Law.

“Environmental Lien” means any Lien in favor of any Governmental Entity for Environmental Liabilities.

“Environmental Permit” means all Permits, licenses and approvals required under Environmental Laws, including all environmental, health and safety permits, licenses, approvals, authorizations, variances, agreements and waivers of and from Governmental Entities necessary for the conduct of the business and the operation of the Business Assets.

“Equity Equivalents” means with respect to any Person, (i) any capital stock, membership interests or other share capital, equity or ownership interest or voting security, (ii) any securities (including debt securities) directly or indirectly convertible into or exchangeable or exercisable for any capital stock, membership interests or other share capital, equity or ownership interest or voting security, or containing any profit participation features, (iii) any rights, warrants or options directly or indirectly to subscribe for or to purchase any capital stock, membership interests, other share capital, equity or ownership interest or voting security, or securities containing any profit participation features, or to subscribe for or to purchase any securities (including debt securities) convertible into or exchangeable or exercisable for any capital stock, membership interests, other share capital, equity or ownership interest or voting security or securities containing any profit participation features, (iv) any share appreciation rights, phantom share rights, other rights the value of which is linked to the value of any securities or interests referred to in clauses (i) through (iii) above or other similar rights or (v) any securities (including debt securities) issued or issuable with respect to the securities or interests referred to in clauses (i) through (iv) above in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” has the meaning given in [Section 2.13\(a\)](#).

“Escrow Agent” means Century Bank and Trust Company.

“Escrow Agreement” means an escrow agreement by and among the Buyer, the Member Representative and the Escrow Agent in substantially the form of [Exhibit B](#) hereto.

“Escrow Amount” means the Adjustment Escrow Amount and the Indemnity Escrow Amount.

“Estimated Closing Working Capital Statement” has the meaning given in [Section 1.7\(a\)\(i\)](#).

“Estimated Company Debt” means the Company Debt as of immediately prior to the Effective Time.

“Estimated Net Working Capital” means Net Working Capital estimated as of 11:59 PM Eastern Time on the day immediately preceding the Closing Date.

“Estimated Pre-Closing Taxes” means Pre-Closing Taxes estimated as of immediately prior to the Effective Time.

“Exchanges” has the meaning set forth in [Section 3.7](#).

“Federal Cannabis Law” means any U.S. federal laws, civil, criminal or otherwise, to the extent that such law is directly or indirectly related to the cultivation, harvesting, production, manufacturing, processing, marketing, distribution, sale or possession of cannabis, marijuana or related substances or products containing cannabis, marijuana or related substances, including but not limited to the prohibition on drug trafficking under the Controlled Substances Act (21 U.S.C. § 801, [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; provided that all references herein to “Law” shall not be interpreted to include any Federal Cannabis Law.

“Final Adjustment Amount” has the meaning given in [Section 1.7\(b\)\(ii\)](#).

“Financial Statements” has the meaning given in [Section 2.4\(a\)](#).

“Fundamental Representations” has the meaning given in [Section 10.4\(a\)](#).

“Futurevision Holdings” has the meaning given in the recitals.

“Futurevision Holdings Agreement” has the meaning given in the recitals.

“GAAP” means generally accepted accounting principles in the United States of America.

“General Representations” has the meaning given in [Section 10.4\(a\)](#).

“Governmental Entity” means any foreign, federal, national, state, local or other court or governmental, regulatory or administrative agency, body or authority, including any stock exchange or Securities Commission.

“Hazardous Substance” means any substance which is included within the definition of a “hazardous substance”, “pollutant”, “toxic substance”, “toxic waste”, “hazardous waste”, “contaminant” or other words of similar import in any applicable federal, state or local environmental law, statute, ordinance, rule or regulation.

“Husch Blackwell” has the meaning given in [Section 5.9\(a\)](#).

“Indemnified Party” has the meaning given in [Section 10.3\(a\)](#).

“Indemnifier” has the meaning given in [Section 10.3\(a\)](#).

“Indemnity Escrow Amount” means an amount in cash equal to \$309,220.02.

“Independent Accountant” means an independent accounting firm mutually agreeable to both the Buyer and the Member Representative.

“Insurance Policy” has the meaning given in [Section 2.18](#).

“Intellectual Property Rights” shall mean the intellectual property rights arising under the Laws of any jurisdiction and/or international treaties and conventions throughout the world, including rights in: (i) trademarks, service marks, trade names, brand names, logos, trade dress and all registrations and applications for registration of the foregoing, together with the goodwill associated with any of the foregoing; (ii) to the extent protectable under applicable intellectual property Laws, internet domain names, IP addresses and any social media accounts, usernames, handles and similar online identifiers with Facebook, Twitter, Instagram, Pinterest and other similar companies; (iii) copyrights (whether registered or unregistered), including copyrights in computer programs and software (including all source code and object code), and all registrations and applications for registration of such copyrights and all issuances, extensions and renewals of such registrations and applications; (iv) patents and patent applications and all divisions, continuations, continuations-in-part; reissues, extensions, reexaminations and renewals of such patents and applications and all rights to claim priority in or to any of the foregoing and to the extent protectable under applicable intellectual property Laws, inventions (whether patentable or unpatentable and whether or not reduced to practice) invention disclosures and improvements; and (v) confidential or proprietary information, including trade secrets under applicable Law, customer lists, know-how, formulas, databases, compounds and other confidential or proprietary business information.

“Intercompany Debt” means all obligations for borrowed money owed by the Company or an Affiliate to the Company or another Affiliate.

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

“**IT Assets**” shall mean all software and applications (on premises or cloud-based), databases, systems (telecommunications and otherwise), servers, computers, hardware, firmware, middleware, networks, routers, hubs, switches and all other information technology equipment, and all associated documentation owned, leased, licensed, or used in the conduct of the Business.

“**Knowledge**” (including any derivation thereof such as “known” or “knowing”) with respect to the Company means the actual knowledge of Andy Williams and Sally Vander Veer and the knowledge that such persons would have after reasonable inquiry.

“**Law**” means any U.S. or foreign federal, national, state, local or other Governmental Entity law, statute, ordinance, rule, order, regulation, writ, injunction, directive, Order, judgment, administrative interpretation, treaty, decree, administrative or judicial decision and any other executive, legislative, regulatory or administrative proclamation, and any amendment, extension or re-enactment of any of the foregoing; provided that all references herein to “Law” shall not be interpreted to include any Federal Cannabis Law.

“**Leased Real Property**” has the meaning given in Section 2.15(b).

“**Liabilities**” means any liabilities of any nature, whether accrued, absolute, contingent or otherwise (including, liabilities as guarantor or otherwise with respect to obligations of others, liabilities for Taxes due or then accrued or to become due, and contingent liabilities relating to activities of the Company or the conduct of the Business, regardless of whether claims in respect thereof have been asserted).

“**Licensed Intellectual Property**” means all Intellectual Property Rights in which the Company holds any rights or interests granted by any third party and that is used or held for use in the conduct of the Business as currently conducted.

“**Licensed Provider**” has the meaning given in Section 2.14(d).

“**Lien**” means any lien, charge, security interest, condition, restriction, mortgage, pledge, community property interest, right of first refusal, option, easement, reservation, tenancy, assignment, right of pre-emption or any other encumbrance whatsoever.

“**Lock-Up Agreement**” means the Lock-Up Agreement to be entered into by each Member in accordance with the terms of this Agreement, substantially in the form attached hereto as Exhibit C.

“**Longmont**” has the meaning given in the recitals.

“**Longmont Option**” has the meaning given in the recitals.

“**Loss**” means, as to any Person, any claim, loss, fines, royalty, liability, damage, deficiency, diminution in value, lost profit, Tax, interest, penalty, cost, fees or expense (including interest and penalties imposed or assessed by any judicial or administrative body or arbitrator and reasonable attorneys’, accountants’, or other experts’ or advisors’ fees and expenses), whether or

not arising out of Third-Party Claims or otherwise incurred, and including the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; provided, however, that a diminution in the market value of the Parent Common Shares shall not be, in and of itself, deemed a Loss hereunder.

“**made available**” means posted to the virtual data room populated by the Company and to which the Buyer or one or more of its representatives has access to at least two (2) Business Days prior to the Agreement Date.

“**Manager**” has the meaning given in the recitals.

“**Material Adverse Effect**” means any result, occurrence, fact, change, event or effect that, individually or in the aggregate with any other results, occurrences, facts, changes, events or effects, has had a material adverse effect on the business, assets, financial condition, operations or results of operations of the Company and its Subsidiaries, taken as a whole; provided, however, that “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Company operates; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required by this Agreement; (vi) any changes in applicable Federal Cannabis Laws, Laws, or accounting rules, including GAAP; (vii) failure to meet internal or published projections, forecasts, or revenue or earning predictions; provided, that the underlying causes of such failures shall not be excluded from the definition of “Material Adverse Effect”; (viii) natural disasters, weather conditions, epidemics, pandemics, disease outbreaks public health emergencies, or other force majeure events; (ix) changes requested or consented to by Parent or Buyer, regardless of whether permitted or required under this Agreement; provided, however, that any event, occurrence, fact, condition or change referred to in clauses (i) through (ix) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Company compared to other participants in the industries in which the Company operates.

“**Material Contracts**” has the meaning given in Section 2.9(b).

“**Material Vendor**” has the meaning given in Section 2.9(b).

“**Member**” has the meaning given in the preamble.

“**Member Approval**” has the meaning given in Section 2.3(a).

“**Member Closing Agreements**” means the Non-Competition Agreements and the Lock-Up Agreements.

“**Member Indemnitee**” has the meaning given in Section 10.2.

“**Member Representative**” means the person or persons appointed as the Member Representative from time to time pursuant to Section 12.16.

“**Merger Consideration**” means the payments which the Members are entitled to receive hereunder.

“**Merger Sub I**” has the meaning given in the preamble.

“**Merger Sub II**” has the meaning given in the preamble.

“**Mergers**” has the meaning given in the recitals.

“**Milestone Determination Date**” has the meaning set forth in Section 1.10(a).

“**NEO**” has the meaning set forth in Section 3.7.

“**Net Working Capital**” means the consolidated total current assets of the Company taken as a whole less the consolidated total current liabilities of the Company taken as a whole as of 11:59 PM Eastern Time on the date immediately preceding the Closing Date, as determined in accordance with GAAP, without giving effect to the consummation of the Transactions; provided, however that (i) current assets shall exclude Closing Cash, inter-company Accounts Receivable, interest receivable, all current and deferred Tax assets, and security deposits; (ii) current assets shall include all other Accounts Receivable, work-in-progress, inventory, and prepaid amounts and advance payments; (iii) current liabilities shall exclude Intercompany Debt, Transaction Expenses, current income Tax liabilities and deferred Tax liabilities, and (iii) current liabilities shall include accounts payable, credit card debt, accrued expenses, excise and payroll tax, and payroll liabilities. Attached hereto as Schedule 1.1(b) is a calculation of Net Working Capital as though April 30, 2021 were the Closing Date.

“**Net Working Capital Deficiency**” means the amount by which the Net Working Capital is less than the Net Working Capital Target.

“**Net Working Capital Surplus**” means the amount by which the Net Working Capital is greater than the Net Working Capital Target.

“**Net Working Capital Target**” means \$542,478.

“**Offer Letters**” has the meaning given in Section 8.11.

“**Opt-Out Notifications**” has the meaning given in Section 2.24(f).

“**Order**” means any consent, decree, injunction, judgment, order, ruling, assessment or writ of any Governmental Entity or arbitration tribunal (in each case, whether final or preliminary).

“**Ordinary Course of Business**” means the ordinary course of the Company’s business taken as a whole and consistent with past practice.

“**OSC**” has the meaning given in Section 4.5(g).

“**Owned IP**” means the Intellectual Property Rights owned or purported to be owned by the Company.

“**Ownership Interest**” means an ownership interest in the Company.

“**Parent**” has the meaning given in the preamble.

“**Parent Common Shares**” means common shares in the capital of Parent.

“**Permit**” means any permit, license, variance, franchise, security clearance, Order, approval, consent, certificate, registration, accreditation or other authorization issued or granted by, exemption of, or registration or filing with any Governmental Entity and other similar rights.

“**Permitted Liens**” means (i) landlord’s, mechanic’s, carrier’s, workmen’s, repairmen’s or other similar statutory Liens arising or incurred in the Ordinary Course of Business for amounts which are not due and payable and which shall be paid in full and released prior to or at Closing, and (ii) Liens for Taxes or assessments and similar charges, which are not yet due and payable and for which appropriate reserves have been established in accordance with GAAP.

“**Person**” means any individual, company, partnership, joint venture, corporation, limited liability company, trust, unincorporated organization, group, firm, association, joint-stock company, Governmental Entity or other entity.

“**Personal Information**” means all data that is protected as “protected health information,” “personal information,” or “personally identifiable information,” the collection, retention, disclosure, processing, storage, or transfer of which is regulated by any applicable Law.

“**PPACA**” has the meaning given in **Section 2.13(c)**.

“**Pre-Closing Tax Period**” means all taxable periods ending on or before the Closing Date (including the portion of any Straddle Period ending on the Closing Date).

“**Pre-Closing Taxes**” means (i) all Taxes (or the non-payment thereof) of or imposed on the Company or any of its Subsidiaries for each Pre-Closing Tax Period (including, for the avoidance of doubt, any employment, payroll or similar Taxes deferred under the CARES Act), (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company or any of its Subsidiaries (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulations Section 1.1502-6 or any analogous or similar U.S. state or local, or non-U.S. Law, (iii) Taxes arising from this transaction (including the Members share of all Transfer Charges), (iv) any and all Taxes of any Person (other than the Company or any of its Subsidiaries) imposed on the Company or any such Subsidiary of the Company as a transferee or successor, by Contract or pursuant to any Law, which Taxes relate to an event or transaction occurring before the Closing, and (v) notwithstanding any other provision in this Agreement to the contrary, reasonable costs and expenses of the defense of, or participation in the defense of, any audit, examination or investigation of the Company or any of its Subsidiaries by any Governmental Entity with respect to the items described in clauses (i)-(iv) of this sentence or to any Tax Return relating thereto (including any administrative or judicial proceeding relating thereto).

“**Privacy and Security Laws**” has the meaning given in [Section 2.4\(a\)](#).

“**Pro Rata Share**” means the quotient obtained by dividing (i) the amount of the Merger Consideration payable hereunder to such Member by (ii) the total amount of the Merger Consideration payable hereunder to all Members.

“**Real Property Leases**” has the meaning given in [Section 2.15\(b\)](#).

“**Recent Balance Sheet**” has the meaning given in [Section 2.4\(a\)](#).

“**Recent Balance Sheet Date**” has the meaning given in [Section 2.4\(a\)](#).

“**Registered Owned IP**” has the meaning given in [Section 2.4\(a\)](#).

“**Regulatory Approval Materials**” has the meaning given in [Section 5.3\(a\)](#).

“**Release**” means any actual or threatened release, spill, emission, leaking, pumping, injection, deposit, disposal, arrangement for disposal, discharge, dispersal, pouring, emptying, escaping, dumping, discarding, leaching or migration of a Hazardous Substance into the indoor or outdoor environment including the movement of Hazardous Substance through or in the ambient air, soil, surface water, groundwater, land surface or subsurface strata, including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Substance.

“**Representative**” has the meaning given in [Section 5.4\(a\)](#).

“**Sale Engagement**” has the meaning given in [Section 5.9\(a\)](#).

“**Second Effective Time**” has the meaning given in [Section 1.4](#).

“**Second Merger**” has the meaning given in the recitals.

“**Signing Disk**” has the meaning given in [Section 5.8](#).

“**State and Local Cannabis Laws**” means Laws regarding the cultivation, manufacture, possession, use, sale or distribution of cannabis or cannabis products promulgated by state and local Governmental Entities in the states and municipalities in which the Company operates or is organized or domiciled.

“**Straddle Period**” means any Tax period of the Company or the Surviving Company that begins on or before and ends after the Closing Date.

“**Subsidiary**” means any corporation or other organization, whether incorporated or unincorporated, of which (i) at least 25% of the securities or other interests having by their terms (A) ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization or (B) the right to appoint the manager, general partner, or other person(s) controlling the management of such organization are directly or indirectly owned or controlled by the Company, or (ii) the Company is a general partner or managing member.

“**Surviving Company**” has the meaning given in [Section 1.2](#).

“**Tax**” or “**Taxes**” means (i) any and all federal, provincial, state, local or non-U.S. taxes, charges, fees, levies, imposts, duties and other similar assessments or charges of any kind whatsoever, imposed by any Governmental Entity, including, without limitation, ad valorem taxes, add-on minimum taxes, alternative minimum taxes, capital taxes, customs duties, employment taxes, environmental taxes, escheat or unclaimed property obligations, estimated taxes, excise taxes, franchise taxes, goods and services taxes, gross receipts taxes, imputed underpayments, income taxes (whether imposed on or measured by net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits), license taxes, net worth taxes, occupation taxes, payroll taxes, premium taxes, property taxes, recording taxes, retirement taxes, sales taxes, services taxes, severance taxes, social security premiums, stamp taxes, transfer taxes, unemployment taxes, use taxes, value-added taxes, windfall profits taxes, withholding taxes or other withholding obligations, together with all interest, penalties, fines, additions to tax imposed with respect to the foregoing or other amounts imposed with respect to the foregoing; (ii) any liability for any amounts described in clause (i) as a result of being or ceasing to be a member of any “affiliated group” of corporations within the meaning of Section 1504 of the Code (or any similar affiliated, combined, consolidated or unitary group or arrangement for group relief for state, local or non-U.S. Tax purposes), including any liability under Treasury Regulations §1.1502-6 (or any similar provision of federal, state, local, or non-U.S. Law); and (iii) any liability for any amounts of the type described in clause (i) or (ii) arising under Contract, by operation of Law, by reason of being a transferee, successor or otherwise.

“**Tax Return**” means (i) any return, declaration, report, claim for refund, estimate, election, information return, or statement, and any schedule, attachment, or amendment thereto, including without limitation any consolidated, combined or unitary return or other document, filed or required to be filed with any Taxing Authority in connection with the determination, assessment, collection, imposition, payment, refund or credit of any Tax or the administration of the Laws relating to any Tax, and (ii) TD F 90-22.1 (and its successor form, FinCEN Form 114).

“**Taxing Authority**” means any Governmental Entity responsible for the administration, imposition or collection of any Tax.

“**Third-Party Acquisition**” has the meaning given in [Section 5.4\(a\)](#).

“**Third-Party Claim**” has the meaning given in [Section 10.3\(a\)](#).

“**Thornton License Award**” means the award held by Columbia Care CO, LLC, a Colorado limited liability company and wholly owned subsidiary of Buyer, for a quadrant 4 license in Thornton, Colorado, as granted at a meeting of the local marijuana licensing authority on December 15, 2020.

“**Transaction Expenses**” means any incurred and unpaid expenses of the Company relating to the negotiation and consummation of the Agreement, the Ancillary Agreements, the Merger and the other Transactions, including (i) fees and expenses of brokers, financial advisers, legal counsel and accountants, and (ii) fifty percent (50%) of the costs and expenses relating to the Escrow Agent.

“**Transactions**” means the Mergers and the other transactions contemplated by this Agreement and the Ancillary Agreements.

“**Transfer Agent**” has the meaning given in Section 4.5(i).

“**Transfer Charges**” has the meaning given in Section 6.5.

“**Treasury Regulations**” means the income tax regulations, including temporary regulations, promulgated by the U.S. Department of the Treasury under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“**U.S. Securities Act**” has the meaning given in Section 4.5(i).

“**Union**” has the meaning given in Section 2.12(c).

“**Verified Allocation Certificate**” has the meaning given in Section 1.7(b)(i).

1.2 The Mergers. Upon the terms and subject to the conditions hereof, and in accordance with the DE Act, at the Effective Time, Merger Sub I shall be merged with and into the Company and the separate limited liability company existence of Merger Sub I shall cease. Following the First Merger, the Company shall continue as the surviving company and as a wholly-owned subsidiary of the Buyer (sometimes referred to herein as the “**First Merger Surviving Company**”). Immediately thereafter, upon the terms and subject to the conditions hereof, and in accordance with the DE Act, the Buyer shall cause the First Merger Surviving Company to merge with and into Merger Sub II and the separate corporate existence of the First Merger Surviving Company shall cease. Following the Second Merger, Merger Sub II shall continue as the surviving company and as a wholly-owned subsidiary of the Buyer (sometimes referred to herein as the “**Surviving Company**”). The Merger shall have the effects provided in this Agreement and the applicable provisions of the DE Act.

1.3 Closing. Subject to the satisfaction or written waiver of the conditions set forth in Section 7 (Conditions to Each Party’s Obligation to Close), Section 8 (Conditions to the Obligation of the Parent, the Buyer, Merger Sub I and Merger Sub II to Close) and Section 9 (Conditions to Company’s Obligation to Close), the closing of the Transactions (the “**Closing**”) shall take place remotely by exchange of documents, on such date and at such time as the Parties may agree, but not later than the fifth (5th) Business Day after the satisfaction or written waiver of the conditions set forth in Section 7 (Conditions to Each Party’s Obligation to Close), Section 8 Conditions to the Obligations of Parent, Buyer, Merger Sub I and Merger Sub II) to Close) and Section 9 (Conditions to Company’s Obligation to Close), other than those conditions that are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions (the “**Closing Date**”). On or prior to the Closing Date, the Parties shall (a) execute certificates of merger for each of the Mergers (collectively, the “**Certificates of Merger**”) in accordance with the DE Act, (b) cause the Certificates of Merger to be filed with the Secretary of State of Delaware in accordance with the DE Act, and (c) take all such further actions as may be required or appropriate to make the Mergers effective.

1.4 Effective Time. The First Merger shall be effective at such time as the Certificate of Merger with respect to the First Merger is duly filed with the Secretary of State of Delaware or at such later date or time as may be agreed by the Company and the Buyer in writing and specified in the Certificate of Merger with respect to the First Merger in accordance with the DE Act (the “**Effective Time**”). The Second Merger shall be effective at such time as the Certificate of Merger with respect to the Second Merger is duly filed with the Secretary of State of Delaware or at such later day or time as may be agreed by the Company and the Buyer in writing and specified in the Certificate of Merger with respect to the Second Merger in accordance with the DE Act (the “**Second Effective Time**”). For the avoidance of doubt, the Second Effective Time shall occur after the Effective Time.

1.5 Certificates of Incorporation and Bylaws. At the Effective Time, the certificate of incorporation of Merger Sub I, as in effect immediately before the Effective Time, shall be the certificate of incorporation of the First Merger Surviving Company until thereafter amended; provided, however, that the certificate of incorporation of Merger Sub I shall be amended to change the name of the company set forth therein from “Maia Acquisition IB Inc.” to “Futurevision 2020, LLC” At the Effective Time, the bylaws of Merger Sub I, as in effect immediately before the Effective Time, shall be the bylaws of the First Merger Surviving Company until thereafter amended. At the Second Effective Time, the certificate of incorporation of the Merger Sub II, as in effect immediately before the Second Effective Time, shall be the certificate of incorporation of the Surviving Company until thereafter amended; provided, however, that the certificate of incorporation of Merger Sub II shall be amended to change the name of the company set forth therein from “Maia Acquisition II Inc.” to “Columbia Care CO Inc.” At the Second Effective Time, the bylaws of Merger Sub II, as in effect immediately before the Second Effective Time, shall be the bylaws of the Surviving Company until thereafter amended.

1.6 Directors and Officers. The directors and officers of Merger Sub I immediately before the Effective Time shall be the directors and officers of the First Merger Surviving Company immediately after the Effective Time, each to hold office in accordance with the First Merger Surviving Company’s certificate of incorporation and bylaws thereof. The directors and officers of Merger Sub II immediately before the Second Effective Time shall be the directors and officers of the Surviving Company immediately after the Second Effective Time, each to hold office in accordance with the Surviving Company’s certificate of incorporation and bylaws thereof.

1.7 Merger Consideration.

(a) Allocation Certificate. At least three (3) Business Days prior to the Closing Date, the Company shall deliver to the Buyer a certificate (the “**Allocation Certificate**”) signed by the Chief Financial Officer of the Company, setting forth and certifying on behalf of the Company that the following are good faith estimates of the Company:

- (i) an estimated Closing Balance Sheet;

(ii) a statement (the “**Estimated Closing Working Capital Statement**”) of the Estimated Net Working Capital of the Company and an estimate of the Net Working Capital Deficiency or the Net Working Capital Surplus, which Estimated Closing Working Capital Statement shall be prepared in accordance with the definition of Net Working Capital, without giving effect to the consummation of the Transactions and subject to the adjustments specified in the definition of Net Working Capital;

(iii) the Estimated Company Debt not paid as of immediately prior to the Effective Time, including a description and amount for each element thereof, together with payoff letters, in form and substance satisfactory to the Buyer, indicating the amount necessary to discharge in full such Company Debt at Closing (the “**Company Debt Payoff Amount**”) and, if such Company Debt is secured, an undertaking by such holder to discharge at Closing any Liens securing such Company Debt;

(iv) the Company’s estimate of Transaction Expenses not paid as of immediately prior to the Effective Time, including a description and amount for each element thereof and the wire instructions for each Person to whom such a payment in respect thereof shall be due and payable in connection with the Closing;

(v) the Estimated Pre-Closing Taxes not paid as of immediately prior to the Effective Time, including a description and amount for each element thereof;

(vi) (A) the aggregate amount of all Change in Control Payments, together with a description and the amount of each element thereof and (B) any Change in Control Payments that are due and payable in connection with the Closing, together with a description and the amount of each element thereof;

(vii) the Company’s estimate of aggregate Closing Cash;

(viii) the Company’s estimate of the Closing Cash Merger Consideration and the Closing Share Merger Consideration, and (A) the applicable portion of the Closing Cash Merger Consideration and the Closing Share Merger Consideration payable to each Member, and (B) each Member’s Pro Rata Share of the Escrow Amount expressed as a percentage and a dollar amount; and

(ix) the (A) identity, mailing address and email address of each Member, (B) the Ownership Interest held by each Member and (C) wire instructions for each Member.

The Company shall give the Buyer timely reasonable access to all supporting records and work papers used in preparation of the Estimated Closing Working Capital Statement and Allocation Certificate, which, when in form and substance reasonably satisfactory to and approved by the Buyer, shall be used for purposes of the payments to be made at Closing, though remain subject to adjustment pursuant to **Section 1.7(b)** (Post-Closing True-Up). The Allocation Certificate shall be subject to the Buyer’s approval prior to the Closing (not to be unreasonably withheld, conditioned or delayed) and shall be prepared in accordance and full compliance with the terms and conditions of the Company’s organizational documents then in effect and any other applicable Contracts governing the distribution of equity proceeds to any Member, and the Parent, the Buyer and the Surviving Company shall each be entitled to rely upon and shall incur no liability as a result of its reliance on the Allocation Certificate delivered by the Company (or any updates or supplements thereto delivered by the Company prior to the Closing).

(b) Post-Closing True-Up.

(i) Within ninety (90) days after the Closing Date, the Buyer shall provide to the Member Representative the Closing Balance Sheet, together with the Buyer's determination of (A) the Closing Cash, (B) the Company Debt, (C) the Transaction Expenses not otherwise paid immediately prior to the Effective Time, (D) the aggregate amount of Change in Control Payments not otherwise paid immediately prior to the Effective Time, (E) the Net Working Capital Deficiency or the Net Working Capital Surplus, and (F) the Closing Cash Merger Consideration (collectively, the "**Verified Allocation Certificate**"). The Buyer will make available at the Member Representative's reasonable request all records and work papers of the Buyer used in calculating such amounts. If the Member Representative disagrees with any of the amounts set forth in the Verified Allocation Certificate, the Member Representative may provide a written notice of proposed changes to any such calculation specifying in reasonable detail all disputed items and the basis therefor (a "**Change Notice**") to the Buyer within ninety (90) days after the receipt of the Verified Allocation Certificate (and in the event no Change Notice is provided during such period, the Member Representative will be deemed to have agreed to and accepted each such calculation as of the end of such period). The Buyer shall reasonably promptly cooperate with the Member Representative in providing such information as the Member Representative reasonably requests in connection with the review of the Verified Allocation Certificate. If the Member Representative provides a Change Notice to the Buyer within such period, the Verified Allocation Certificate and the components thereof included in the Change Notice shall be finally determined in accordance with the resolution of dispute procedures set forth in **Section 1.7(c)** (Resolution of Disputes).

(ii) Based on the foregoing, if a Change Notice is validly delivered pursuant to **Section 1.7(b)** (Post-Closing True-Up) and resolved pursuant to **Section 1.7(c)** (Resolution of Disputes), the following amount (the "**Final Adjustment Amount**") shall be determined equal to the difference of (A) the Closing Cash Merger Consideration as calculated based on the Verified Allocation Certificate as finally determined in accordance with **Section 1.7(c)** (Resolution of Disputes) minus (B) the Closing Cash Merger Consideration specified in the Allocation Certificate. If the Final Adjustment Amount is a positive number, the Buyer shall (1) pay the Final Adjustment Amount to the Members, and (2) execute instructions directing the Escrow Agent to remit the Adjustment Escrow Amount to the Members, in each case such payment will be made to Members based on their Pro Rata Share. If the Final Adjustment Amount is a negative number, the Member Representative and the Buyer shall execute joint instructions directing the Escrow Agent to remit such amount from the Adjustment Escrow Amount to the Buyer, and if the Adjustment Escrow Amount is insufficient, the Buyer, in its sole discretion, may elect to recover any remainder from (x) the Indemnity Escrow Amount, (y) the Members (based on their Pro Rata Shares), or (z) any combination of (x) and (y). If there is a remaining Adjustment Escrow Amount following the foregoing, the Buyer shall promptly execute instructions directing the Escrow Agent to remit such remainder from the Adjustment Escrow Amount to the Members, based on their Pro Rata Shares.

(iii) The Company, the Buyer, the Surviving Company, the Member Representative and the Members agree to treat any adjustment to the Merger Consideration pursuant to this **Section 1.7(b)** (Post-Closing True-Up), if any, as an adjustment to the Merger Consideration for all Tax purposes and shall take no position contrary thereto unless required to do so by applicable Tax Law pursuant to a determination as defined in Section 1313(a) of the Code.

(c) **Resolution of Disputes.** The Buyer and the Member Representative will attempt in good faith promptly to resolve any differences with respect to the calculations under **Section 1.7(b)** (Post-Closing True-Up) that are raised within the applicable period. If the Buyer and the Member Representative resolve their disagreement, they shall set forth the agreement in a written document executed by the Buyer and the Member Representative and such written document shall be deemed final and binding for all purposes of this Agreement. If they are unable to resolve any differences within thirty (30) days after timely delivery of an applicable Change Notice, such remaining differences will be submitted to an Independent Accountant for prompt determination. The Independent Accountant will determine those matters in dispute and will render a written report as to the disputed matters, which report shall be conclusive and binding upon the parties. The fees and expenses of the Independent Accountant shall initially be borne fifty percent (50%) by the Members and fifty percent (50%) by the Buyer; provided that upon resolution of the dispute by the Independent Accountant, the prevailing party, if any, shall be entitled to be reimbursed in proportion to the amount by which the other party's determinations of the items in dispute differed from the amount determined by the Independent Accountant. Such amount shall be determined by the Independent Accountant.

(d) **Merger Consideration Composition.** Notwithstanding the foregoing or anything in this Agreement to the contrary, the Buyer, in its sole discretion, may pay all or a portion of the Merger Consideration that would have otherwise been payable as Closing Share Merger Consideration in cash if any only if all of the following conditions are met: (i) the closing share price of the Parent Common Shares on January 25, 2021 is at least 30% lower than the closing share price of the Parent Common Shares on the date hereof, (ii) the Buyer compensates the Members for any tax consequences incurred as a result of the increase in cash consideration and (iii) the Closing Share Purchase Price plus the Base Cash Purchase Price is no less than \$33,600,000, after any adjustments in accordance with this **Section 1.7(d)**. If the Buyer elects to pay any portion of the Closing Share Merger Consideration in cash, the total Merger Consideration shall be reduced by \$0.20 for each \$1.00 paid in cash. By way of illustration, if the Buyer elects to pay \$1,000,000 in cash, the total Merger Consideration would be reduced to \$41,800,000, of which \$32,400,000 would be paid in Parent Common Shares and \$9,400,000 would be paid in cash.

1.8 Effect of the Mergers.

(a) At the Effective Time, by virtue of the First Merger and without any action on the part of the Parent, the Buyer, the Merger Sub I, the Company or the Members:

(i) Cancellation of Certain Shares. Any Ownership Interests that are owned by the Company (as treasury interests or otherwise) shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(ii) Conversion of Shares into Merger Consideration. The Ownership Interests issued and outstanding immediately prior to the Effective Time shall be cancelled and extinguished and converted into the right of the holder of such Ownership Interest to receive the consideration set forth in the Allocation Certificate.

(iii) First Merger Surviving Company. The First Merger shall have the effects set forth herein and in the applicable provisions of the DE Act. Without limiting the generality of the foregoing, and subject thereto, from and after the Effective Time, all property, rights, privileges, immunities, powers, franchises, licenses, and authority of the Company and Merger Sub I shall vest in the Company as the surviving company, and all debts, liabilities, obligations, restrictions, and duties of each of the Company and Merger Sub I shall become the debts, liabilities, obligations, restrictions, and duties of the First Merger Surviving Company.

(iv) Shares in the First Merger Surviving Company. On the First Merger, (i) all of the equity of Merger Sub I issued and outstanding immediately prior to the Effective Time shall be converted into and exchangeable for a proportion of the stock of the First Merger Surviving Company equal in value to the value of the equity of Merger Sub I immediately prior to the First Merger, and (ii) the balance of the stock in the First Merger Surviving Company shall be issued to Buyer as consideration for Buyer satisfying, or causing to be satisfied, all the payments required to be made under this Agreement (including, for greater certainty, in consideration for Buyer causing Parent to deliver the Closing Share Merger Consideration), such that 100% of the stock of the First Merger Surviving Company shall be held by Buyer following the First Merger. As compensation for Parent issuing the Closing Share Merger Consideration (and, if applicable, as compensation for any other payments made by Parent hereunder), Buyer shall issue its Shares to Parent or agree to compensate Parent in such other manner as may be agreed to between Buyer and Parent.

(b) At the Second Effective Time, by virtue of the Second Merger and without any action on the part of the Parent, the Buyer, Merger Sub II, the First Merger Surviving Company or the Members, all of the equity of Merger Sub II and the First Merger Surviving Company issued and outstanding immediately prior to the Second Effective Time shall be converted into and exchangeable for 100% of the stock of the Surviving Company.

1.9 Payments by the Buyer. At the Closing, by wire transfer (or other method of delivery as may be agreed) of immediately available funds:

(a) the Buyer shall deliver or cause to be delivered to the holders of the Company Debt the amount set forth in the respective payoff letters delivered pursuant to **Section 1.7(a)(iii)**;

(b) the Buyer shall deliver or cause to be delivered to the relevant payees of the Transaction Expenses the amounts set forth with respect to Transaction Expenses specified in the Allocation Certificate;

(c) the Buyer shall deliver or cause to be delivered to the Members the amount of the Closing Cash Merger Consideration, less the Escrow Amount;

(d) the Buyer shall have delivered or caused to be delivered to each Member, such Member's Pro Rata Share of the Closing Share Merger Consideration as set out in the Allocation Schedule, as evidenced by statements from the Parent's registrar and transfer agent showing the issuance of the Closing Share Merger Consideration in the names of the Member in certificated form, in non-certificated book-entry form, via direct registration statements (DRS) or other similar instrument and in the amounts specified on the Allocation Schedule; and

(e) the Buyer shall deliver to the Escrow Agent the Escrow Amount, to be held in escrow pursuant to the provisions of the Escrow Agreement to provide for any payments to the Buyer pursuant to **Section 1.7(b)** and **1.7(c)** and as security for the Members' indemnification obligations under **Section 9**.

1.10 Milestone Payment.

(a) Within five (5) Business Days of the release of Parent's audited financial statements for the fiscal year ending December 31, 2021 (or the Company's audited financial statements if the Closing has not occurred prior to December 31, 2021) (such date, the "**Milestone Determination Date**"):

(i) the Buyer shall deliver or cause to be delivered to the Members an amount in cash equal to 20% of the Milestone Amount; and

(ii) the Buyer shall have delivered or caused to be delivered to each Member, such Member's Pro Rata Share of the Milestone Shares, as evidenced by statements from the Parent's registrar and transfer agent showing the issuance of the Milestone Shares in the names of the Member in certificated form, in non-certificated book-entry form, via direct registration statements (DRS) or other similar instrument.

(b) For purposes of this **Section 1.10**, the capitalized terms used herein are defined as follows:

(i) "**2021 EBITDA**" means the cumulative earnings before interest, Taxes, depreciation and amortization of the Company and its Subsidiaries for the calendar year ending December 31, 2021.

(ii) "**Milestone Amount**" means an amount equal to the lesser of (A) \$2,473,760 and (B) (i) the 2021 EBITDA multiplied by 5.75, minus (ii) \$12,987,241.00.

(iii) "**Milestone Share Price**" means the greater of (i) the volume-weighted average price of the Parent Common Shares on the NEO for the ten (10) trading day period ending on (and including) the trading day immediately preceding the Milestone Determination Date and (ii) the closing price of the Parent Common Shares on the NEO on the

day that is two (2) Business Days prior to the date on which the Milestone Shares are actually issued, less the maximum discount permissible by the Exchanges. The Milestone Share Price shall be expressed in U.S. dollars, calculated using the exchange rate published by the Bank of Canada at <https://www.bankofcanada.ca/rates/exchange/daily-exchange-rates/> for the day that is two (2) Business Days prior to the Milestone Determination Date.

(iv) “Milestone Shares” means a number of Parent Common Shares equal to (A) the Milestone Amount *multiplied* by .8, divided by (B) the Milestone Share Price.

(c) Sale of the Company. At any time prior to the payment of the Milestone Amount to the Members pursuant to **Section 1.10(a)**, if Buyer effects a sale, exchange or other transfer, directly or indirectly, in one transaction or a series of related transactions, of all or substantially all of the assets of the Company or any of its Subsidiaries, or a merger, consolidation, recapitalization or other transaction in which any Person other than Parent becomes the beneficial owner, directly or indirectly, of 50% or more of the combined voting power of all interests in the Company or any of its Subsidiaries, Buyer shall (i) remain responsible for all of its obligations with respect to payment of the Milestone Amount set forth in **Section 1.10(a)**; and (ii) make provision for the transferee or successor to assume and succeed to the obligations of Buyer in this **Section 1.10**.

(d) Post-Closing Operation of the Company. Notwithstanding anything herein to the contrary, following the Closing and until December 31, 2021, the Buyer and its Affiliates, including Parent, shall:

- (i) act in good faith with respect to the oversight and control of the business and affairs of the Company and its Subsidiaries;
- (ii) use commercially reasonable efforts to continue the Business and provide capital as reasonably required for such continued operations;
- (iii) not willfully divert any sales or income away from the Company or its Subsidiaries;
- (iv) use commercially reasonable efforts to promote the Company and its Subsidiaries and preserve the goodwill and material business relationships of the Company and its Subsidiaries; and
- (v) not, directly or indirectly, take any actions in bad faith that would have the purpose of avoiding or reducing payment of the Milestone Amount.

1.11 Fractional Shares. No fractional Parent Common Shares shall be issued to any Person pursuant to this Agreement. Notwithstanding any other provision of this Agreement, the number of Parent Common Shares to be issued at any time to a Person who would otherwise have been entitled to receive a fraction of a Parent Common Share shall be rounded down to the nearest whole number.

1.12 Tax Withholding. The Parent, the Buyer, the Company, the First Merger Surviving Company and the Surviving Company, as the case may be, shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement, the Letters of Transmittal or any Ancillary Agreement, to or for the benefit of any Person such amounts as it reasonably believes that it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or non-U.S. Tax Law. To the extent that amounts are so withheld and properly paid over to the applicable Governmental Entity, such withheld amounts shall be treated for purposes of this Agreement as having been paid to such Person in respect of which such deduction and withholding was made.

1.13 Further Actions. If, at any time after the Effective Time, any further action is necessary or desirable to vest the First Merger Surviving Company with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the Company and Merger Sub I, the officers and directors from time to time of the First Merger Surviving Company are fully authorized in the name of the Company and Merger Sub I, as the case may be, or otherwise to take, and will take, all such lawful and necessary action as is consistent with this Agreement. If, at any time after the Second Effective Time, any further action is necessary or desirable to vest the Surviving Company with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the First Merger Surviving Company and Merger Sub II, the officers and directors from time to time of the Surviving Company are fully authorized in the name of the First Merger Surviving Company and Merger Sub II, as the case may be, or otherwise to take, and will take, all such lawful and necessary action as is consistent with this Agreement.

SECTION 2

REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

The Company hereby makes to the Parent, the Buyer, Merger Sub I and Merger Sub II the representations and warranties regarding itself and each of its Subsidiaries contained in this Section 2 as of the Agreement Date and as of the Closing, subject to the exceptions and qualifications disclosed by the Company in the written schedules provided to the Parent, the Buyer Merger Sub I and Merger Sub II, dated as of the Agreement Date (the “Company Disclosure Schedules”). The term “Company” as used throughout Section 2 shall be deemed to refer to the Company and each of its Subsidiaries, except that the representations in Section 2.2 and Section 2.3 shall refer only to the Company. The Company Disclosure Schedules shall be arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in this Section 2. The disclosures in any section or subsection of the Company Disclosure Schedules corresponding to any section or subsection of this Section 2 shall qualify other sections and subsections in this Section 2 only to the extent readily apparent that such disclosures qualify such other sections and subsections.

2.1 Organization; Good Standing; Power.

(a) The Company is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation or organization and is licensed or qualified to conduct its business and is in good standing in each jurisdiction where such licensing or qualification is material to the business it is conducting or the operation, ownership or leasing of its properties (which such jurisdictions are set forth on Schedule 2.1(a)). The Company possesses full power and authority necessary to own and operate its properties and assets and to carry on its businesses as presently conducted and as contemplated to be conducted immediately after the Closing.

(b) The Company has made available true, complete and correct copies of the articles of organization and operating agreement (and any other comparable organizational documents) of the Company, each as amended and in effect as of the date of this Agreement.

(c) No dissenters' or appraisal rights shall be available to the Members with respect to the Merger or the Transactions.

2.2 Capitalization; Subsidiaries.

(a) **Schedule 2.2(a)** sets forth, as of the date of this Agreement, all of the issued and outstanding Ownership Interests of the Company and identifies, as of the date of this Agreement, by name and number of Ownership Interests held, the holder thereof. No Person that is not set forth on **Schedule 2.2(a)** has any right, interest or claim in or to any Equity Equivalents of the Company, and other than as set forth opposite such Person's name on **Schedule 2.2(a)**, no Person set forth on **Schedule 2.2(a)** has any right, interest or claim in or to any additional or different Equity Equivalents of the Company. The outstanding Ownership Interests (i) are issued and outstanding as of the date of this Agreement, (ii) have been duly authorized and validly issued and are fully-paid and nonassessable, (iii) have been issued in compliance with applicable Law and (iv) are held and owned beneficially and of record by the Members as set forth on **Schedule 2.2(a)**, free and clear of any Liens. The calculations of the amounts payable to each Member set forth in the Allocation Certificate pursuant to **Section 1.7(a)(viii)** when delivered will be accurate and correct in all material respects and are compliant with the Company's organizational documents and related issuance documents.

(b) All transfers and sales of all issued and outstanding Ownership Interests prior to the Agreement Date have been duly authorized and fully paid and each such transfer and sale is valid. Such issued and outstanding Ownership Interests were offered, issued, sold and delivered in compliance with all applicable Laws governing the issuance of securities and were not issued or transferred in violation of (or subject to) any preemptive rights (including any preemptive rights set forth in the organizational documents or other governing documents of the Company), rights of first refusal or offer or other similar rights. Other than Ownership Interests held by the Members, the Company does not have any outstanding Equity Equivalents. There are no declared or accrued but unpaid dividends or other distributions with respect to any of the Ownership Interests. There are no (x) outstanding obligations of the Company (contingent or otherwise) to repurchase or otherwise acquire or retire any of Equity Equivalents of the Company, or (y) voting trusts, proxies or other agreements between or among the Company or any of the Company's members with respect to the voting or transfer of any Equity Equivalents of the Company (other than this Agreement). No outstanding Ownership Interests are subject to vesting or forfeiture rights or repurchase by the Company.

(c) **Schedule 2.2(c)** contains a true and accurate schedule of each of the Subsidiaries of the Company, including each Subsidiary's corporate form, jurisdiction of formation and list of officers, directors and beneficial owners. The Company is not a participant in any joint venture, partnership or similar arrangement. Except as set forth in **Schedule 2.2(c)**,

the Company has not made any investment and does not hold or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, limited liability company, association or other business entity. Except as set forth in **Schedule 2.2(c)**, each Subsidiary of the Company is owned, directly or indirectly, 100% by the Company and there are no outstanding subscriptions, options, warrants, commitments, preemptive rights, agreements, arrangements or commitments of any kind relating to the issuance or sale of, or outstanding securities convertible into or exercisable or exchangeable for, any shares of capital stock of any class or other equity interests of any such Subsidiary. Each Subsidiary of the Company is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, with full corporate power and authority to conduct its business as is now being conducted and to own or use the properties and assets that it purports to own or use. Each Subsidiary of the Company is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it or the nature of the activities conducted by it makes such qualification or licensing necessary, except where the failure to be so qualified or licensed and in good standing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

2.3 Authorization; Execution & Enforceability; No Breach.

(a) The execution, delivery and performance of this Agreement and each Ancillary Agreement by the Company and the consummation of the Transactions contemplated hereby and thereby are within its power and have been duly and validly authorized by all necessary corporate action on the part of the Company and, other than receipt of the Member Approval (as defined below), no further limited liability company action is required on the part of the Company to authorize this Agreement and any Ancillary Agreements to which it is a party and the Transactions contemplated hereby and thereby. This Agreement and each Ancillary Agreement has been duly executed and delivered by the Company, and (assuming due authorization, execution and delivery by the other parties hereto) constitutes the valid and binding obligation of the Company, enforceable against the Company, in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in an Action at law or in equity). The written consent and release of the Company by all of the Members, delivered to Buyer on even date herewith (the "**Member Approval**") is the only approval of holders of Equity Equivalents that is necessary to consummate the Mergers and the Transactions contemplated hereby under the DE Act and the Company's organizational documents.

(b) Except for the filing of the Certificates of Merger and the filings, applications, submissions, notices and approvals required under State and Local Cannabis Laws, no filing with or notice to, and no permit, authorization, registration, consent or approval of, any Governmental Entity is required on the part of the Company for the execution, delivery and performance by the Company of this Agreement or any Ancillary Agreement to which it is or will be a party nor the consummation of the Transactions contemplated hereby or thereby.

(c) Neither the execution, delivery nor performance by the Company of this Agreement or any Ancillary Agreement to which it is or will be a party, nor the consummation of the Transactions contemplated hereby or thereby, will (i) result in a breach or infringement of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the passage of time, the giving of notice or both), (iii) result in the creation of any Lien (except for a Permitted Lien), (iv) give any third party the right to modify, cancel, terminate, suspend, revoke or accelerate or increase any obligation under, (v) result in a violation of, (vi) require the consent, notice or other action by any third party under or (vii) create in any third party the right to terminate, modify, accelerate, cancel or change any right or obligation or deny any benefit arising under (A) the organizational documents of the Company, (B) any Law to which the Company is subject or (C) any Contract to which the Company is subject.

2.4 Financial Statements.

(a) **Schedule 2.4(a)** sets forth true, complete and correct copies of (i) the audited consolidated balance sheet of the Company as of December 31, 2020 and the related statements of income, cash flows and members' equity for the respective years then ended, and (ii) the unaudited consolidated balance sheet (the "**Recent Balance Sheet**") of the Company as of March 31, 2021 (the "**Recent Balance Sheet Date**") and the unaudited statements of income, members' equity and cash flows of the Company for the three (3) month period then ended. Collectively, the financial statements referred to in the immediately preceding sentence are sometimes referred to herein as the "**Financial Statements.**" The Financial Statements (including the notes thereto, if any) have been prepared from, and are consistent with, the books and records of the Company (which are true, correct and complete), and fairly present the financial condition of the Company in all material respects as of the dates thereof, and the results of operations and cash flows for the periods then ended, and have been prepared in accordance with GAAP (except that the interim Financial Statements are subject to normal and recurring year-end adjustments, none of which are, individually or in the aggregate, material in amount or effect and do not include footnotes). Except as set forth on **Schedule 2.4(a)**, since January 1, 2018, there has been no change in any of the accounting (and Tax accounting) policies, practices or procedures of the Company.

(b) The Company has established and adhered to a system of internal accounting controls that are designed to provide reasonable assurance regarding the reliability of financial reporting. Since January 1, 2015, there have been no (i) any significant deficiency or material weakness in any system of internal accounting controls used by the Company, (ii) any fraud or other wrongdoing that involves any of the management or other employees of the Company who have a role in the preparation of financial statements or the internal accounting controls used by the Company or (iii) to the Company's Knowledge, any claim or allegation regarding any of the foregoing.

(c) **Schedule 2.4(c)** sets forth a list of all Company Debt as of the date of this Agreement and identifies for each item of such Company Debt the outstanding principal and accrued but unpaid interest as of the date of this Agreement.

2.5 Absence of Undisclosed Liabilities. The Company has no Liabilities, except for (a) Liabilities set forth on the Recent Balance Sheet (or notes thereto), or (b) Liabilities that have arisen after the Recent Balance Sheet Date in the Ordinary Course of Business, and are not, individually or in the aggregate, material in amount, none of which is a Liability resulting from noncompliance with any applicable Law or Permits, breach of contract, breach of warranty, tort, infringement, misappropriation, dilution or Action.

2.6 Absence of Changes.

(a) Since December 31, 2020 through the Closing Date, there has not been any result, occurrence, fact, change, event or effect which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on **Schedule 2.6(b)**, since December 31, 2020 through the Closing Date, the Company has operated in the Ordinary Course of Business and without any material change of policy or procedure, and the Company has not:

(i) incurred or suffered any material loss, damage, destruction or other casualty to any of the assets, properties or rights used or held by the Company (whether or not covered by insurance);

(ii) mortgaged, pledged or subjected to any Lien any of the assets of the Company, except for Permitted Liens;

(iii) entered into, terminated (other than at its stated expiration date), amended in any material respect, suspended or canceled any Material Contract or Permit;

(iv) sold, transferred or otherwise disposed of any assets or rights of the Company, other than sales, transfers or other dispositions made in the Ordinary Course of Business;

(v) settled or compromised any material Actions; (vi) incurred any material capital expenditures;

(vii) entered into any employment, retention, severance, consulting, or similar Contract with any Employee, or authorized or granted any increase in the compensation or benefits of any of the Employees, other than changes to the Employee Benefit Plans, other than in the Ordinary Course of Business; or

(viii) made any material change in any method of accounting or accounting practice, including, without limitation, its practices in connection with the treatment of expenses, accounts receivable, accounts payable or valuations of inventory.

2.7 Assets.

(a) The Company has good and valid title to, a valid leasehold interest in, or a valid license or other contractual right to use the properties and assets, tangible or intangible, shown on the Recent Balance Sheet or acquired thereafter (the "**Business Assets**"), free and clear of all Liens, other than any Permitted Liens. Each Business Asset, as applicable, is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to reasonable wear and tear) and is suitable for the purposes for which it is presently used. Except as set forth on **Schedule 2.7(b)**, the Business Assets constitute all of the assets, rights and properties necessary, and are sufficient, for the conduct of the Business as currently conducted. Except as set forth on **Schedule 2.7(a)**, all properties used in the operations of the Company are reflected in the Recent Balance Sheet to the extent required by GAAP.

(b) **Schedule 2.7(b)** lists all machinery, equipment, tools, furniture, fixtures, leasehold improvements, office equipment, motor vehicles, mobile equipment, rolling stock and other items of depreciable (or fully depreciated) tangible personal property owned by the Company with a net book value in excess of \$50,000. **Schedule 2.7(b)** also lists all items of personal property leased or subleased to the Company and identifies the applicable Contract with respect thereto.

2.8 Tax Matters.

(a) The Company has duly and timely filed all Tax Returns required to be filed by or with respect to it under applicable Laws, and all such Tax Returns are true, complete and correct in all material respects and have been prepared in compliance with all applicable Laws.

(b) The Company has paid all Taxes due and owing by it (whether or not such Taxes are related to, shown on or required to be shown on any Tax Return), and has properly and timely withheld or deducted and paid over to the appropriate Taxing Authority all Taxes which it has been required to withhold or deduct from amounts paid or owing or deemed paid or owing or benefits given to any Employee, equityholder, member, creditor or other third party.

(c) The Company is not currently the beneficiary of any extension of time within which to file any Tax Return or pay any Taxes, which extension is still in effect (other than valid automatic extensions received in the Ordinary Course of Business).

(d) The Company has not (i) waived any statute of limitations with respect to any Taxes or Tax Returns of the Company or (ii) consented in writing to any extension of time with respect to any Tax assessment or deficiency of the Company, which waiver or extension of time is currently in effect. The Company has not granted any powers of attorney concerning any Taxes or Tax Returns, which powers of attorney are still in effect.

(e) No Tax audits, investigations, actions, or assessments or administrative or judicial Actions are pending or are threatened with respect to the Company, and there are no matters under discussion, audit or appeal with any Taxing Authority with respect to Taxes or Tax Returns of the Company.

(f) There are no Liens for Taxes on any of the assets of the Company, other than Liens for Taxes not yet due and payable and for which appropriate reserves have been established according to GAAP on the Financial Statements.

(g) No claim has ever been made by a Taxing Authority in a jurisdiction where the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction, which claim has not been resolved.

(h) The Company (i) has never been a member of any affiliated group (other than any such group the common parent of which is the Company) filing or required to file a consolidated, combined, unitary, or other similar Tax Return, (ii) has no Liability for the Taxes of any Person other than itself under Section 1.1502-6 of the Treasury Regulations (or any similar provision of U.S. state or local or non-U.S. Law), as a transferee or successor, by Contract or otherwise, (iii) is not party to or bound by and does not have any obligations under any Tax allocation, Tax sharing, Tax indemnification or other similar Contract and (iv) is not party to any Contract or arrangement to pay, indemnify or make any payment with respect to any Tax liabilities of any member, manager, director, officer or other Employee or contractor of the Company or any Member.

(i) Since March 31, 2021, the Company has not made any material change (or filed for or requested any change) in financial or Tax accounting methods or practices or made, changed, revoked or modified any material Tax election, filed any amended Tax Return, settled or compromised any Tax liability, voluntarily approached any Taxing Authority in respect of any Taxes or Tax Returns relating to a prior Tax period (including through any voluntary disclosure process), consented to any claim or assessment related to any Taxes, entered into any closing or other agreement (including any extension or waiver of any statute of limitations) with any Taxing Authority with respect to any Taxes or Tax Returns, or changed its fiscal or Tax year.

(j) The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, (ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date, (iii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law) executed prior to the Closing, (iv) intercompany transaction or excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local or non-U.S. Tax Law), (v) installment sale or open transaction disposition made prior to the Closing, (vi) prepaid amount or advance payment received on or prior to the Closing Date, or (vii) election under Section 108(i) of the Code (or any corresponding provision of state, local, or non-U.S. Law).

(k) The Company has not been a resident for Tax purposes in any jurisdiction, other than the jurisdiction of its formation, nor has the Company had any branch, agency, permanent establishment or other taxable presence in any jurisdiction.

(l) The Company has been validly classified as either an "S corporation" within the meaning of Sections 1361 and 1362 of the Code or as a "qualified subchapter S subsidiary" within the meaning of Section 1361(b)(3)(B) of the Code at all times since its formation.

(m) The Company has not engaged in any "listed transaction" within the meaning of Sections 6111 and 6112 of the Code or any similar provisions of U.S. state or local or non-U.S. Law.

(n) The Company has not requested or received a written ruling from any Taxing Authority or signed any binding agreement with any Taxing Authority or made or filed any election, designation or similar filing with respect to Taxes of the Company.

(o) The unpaid Taxes of the Company (including, for the avoidance of doubt, any employment, payroll or similar Taxes deferred under the CARES Act) (i) did not, as of the Recent Balance Sheet Date, exceed the reserve for Tax liabilities (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Recent Balance Sheet (rather than in any notes thereto) and (ii) will not exceed that reserve as adjusted for operations and transactions through the Closing Date in accordance with the past custom and practice of the Company in filing its Tax Returns.

(p) The Company has duly and timely collected all amounts on account of any transfer taxes, including goods and services, harmonized sales and state, provincial or territorial sales taxes, required by applicable Laws to be collected by it and has duly and timely remitted to the appropriate Taxing Authority any such amounts required by Law to be remitted by it.

(q) **Schedule 2.8(q)** lists all Tax Returns filed with respect to the Company for taxable periods ended on or after December 31, 2016, identifies those Tax Returns that have been audited, and identifies those Tax Returns that currently are the subject of audit. The Company has delivered to the Buyer correct and complete copies of all income and other material Tax Returns, examination reports and statements of deficiencies assessed against or agreed to by the Company for taxable periods ended on or after December 31, 2016.

(r) No property owned by the Company (i) is “tax-exempt use property” within the meaning of Section 168(h)(1) of the Code; (ii) directly or indirectly secures any debt the interest of which is tax-exempt under Section 103(a) of the Code; (iii) is “tax-exempt bond financed property” within the meaning of Section 168(g) of the Code; (iv) is “limited use property” within the meaning of Rev. Proc. 76-30 or Rev. Proc. 2001-28; (v) is subject to Section 168(g)(1)(A) of the Code; or (vi) is subject to any provision of Tax Law comparable to any of the provisions listed above. No property owned by the Company is (i) required to be treated as being owned by another person pursuant to the so-called “safe harbor lease” provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended; (ii) subject to a lease under Section 7701(h) of the Code or under any predecessor section; or (iii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

(s) The Company (i) has not applied for, and has not received, any loan or other financial assistance under the CARES Act or the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139), or (ii) has so applied for, or received, any such loan or other financial assistance and was eligible to make such application or receive such loan or other financial assistance, undertook its analysis to determine its eligibility and to make certifications regarding necessity in good faith, and has complied with all applicable conditions (including to maintain eligibility for any available loan forgiveness).

2.9 Contracts.

(a) Schedule 2.9(a) sets forth an accurate and complete list (by each applicable subsection referenced below in this Section 2.9(a)) of each of the following Contracts to which the Company is a party or by which the Company is otherwise bound:

(i) any Contract providing for (A) payment by any Person to the Company in excess of \$100,000 annually or (B) the purchase of products or services by the Company from any Person in excess of \$100,000 annually;

(ii) any Contract that involves non-cancelable, or non-cancelable without a material penalty, commitments to make capital expenditures in excess of \$50,000 annually;

(iii) any Contract establishing any joint ventures, strategic alliance, partnership, sharing of profit arrangement, and minority equity investments;

(iv) (A) any Contract for the employment or service of any officer, individual Employee or individual service provider or providing for the payment of any severance, retention, or Change in Control Payment or (B) any other Person providing for (x) fixed and/or variable compensation in the aggregate in excess of \$100,000 annually or (y) commission based arrangements;

(v) any Contract or indenture under which the Company has (A) created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) Company Debt, (B) granted a Lien (other than a Permitted Lien) on its properties or assets, whether tangible or intangible, to secure such Company Debt or (C) extended credit to any Person (including any loan or advance);

(vi) any Contract under which the Company is a (A) lessee of or holds or operates any personal property, owned by any other Person or (B) lessor of or permits any other Person (other than the Company) to hold or operate any personal property owned or controlled by it;

(vii) any collective bargaining agreement, labor peace agreement or any other Contract with any labor union, works council, trade association, or other agreement or Contract with any employee organization;

(viii) any (A) license, royalty, indemnification, covenant not to sue, escrow, co-existence, concurrent use, consent to use or other Contract relating to any Intellectual Property Rights (including any Contracts relating to the licensing of Intellectual Property Rights by the Company to a third party or by a third party to the Company) and (B) other Contracts affecting the Company's ability to own, enforce, use, license, or disclose any Intellectual Property Rights (clauses (A) and (B), collectively, "**IP Licenses**"), provided that commercial "shrink-wrap" software and "shrink-wrap" software licenses ("**Off-the-Shelf Software Licenses**") shall not be required to be set forth on Schedule 2.9(a), but shall constitute Material Contracts;

(ix) any agent, sales representative, referral, marketing or distribution agreement;

(x) any Contract that limits the ability of the Company to engage in any line of business or that contains a covenant not to compete applicable to the Company;

(xi) any Contract wherein or whereby the Company has agreed to, or assumed, any obligation or duty to indemnify, reimburse, hold harmless, guarantee, or otherwise assume or incur any obligation or liability and such obligation or duty is uncapped or otherwise not limited (including by reference to standard of conduct) or provides a right of rescission;

(xii) any Contract that contains "most favored nations" pricing terms or grants to any customer, supplier or vendor any right of first offer or right of first refusal or exclusivity or any similar requirement;

(xiii) any Contract that contains any "non-solicitation," "no hire" or similar provisions which restrict the Company from soliciting, hiring, engaging, retaining or employing any other Person's current or former employees;

(xiv) any settlement, conciliation or similar agreement entered into in the past three (3) years or under which there are continuing obligations or Liabilities on the part of the Company;

(xv) any Contract for the disposition of any portion of the assets or Business (other than sales of products in the Ordinary Course of Business) or for the acquisition by the Company of the assets or business of any other Person (other than purchases of inventory or components in the Ordinary Course of Business);

(xvi) any Contract between or among the Company, on the one hand, and any Member or any of its Affiliates (other than the Company), on the other hand, or any Contract between the Company, on the one hand, and any current officer, director, manager or Employee of the Company (other than employment and employment-related Contracts made in the Ordinary Course of Business), on the other hand; and

(xvii) any commitment or arrangement to enter into any of the foregoing.

(b)(i) Each of the Contracts set forth or required to be set forth on **Schedule 2.9** and each of the Real Property Leases (collectively, the "**Material Contracts**") is in full force and effect and constitutes a valid, binding and enforceable obligation of the Company and the other parties thereto, (ii) the Company is not or, to the Knowledge of the Company, is not alleged to be in breach of or default in any material respect under any Material Contract, and (iii) to the Knowledge of the Company, no counterparty is in breach of or default in any material respect under any Material Contract. The Company has not received notice of an intention by a counterparty to a Material Contract to terminate such Contract or amend the terms of such Contract, other than in the Ordinary Course of Business. To the Knowledge of the Company, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or

permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. The Company has not waived any material rights under any Material Contract. The Company has provided the Buyer (x) a true, complete and correct copy of each written Material Contract, together with all amendments, waivers or other changes thereto and (y) a true, complete and correct description of the terms and conditions of each oral Material Contract.

2.10 Intellectual Property Rights.

(a) **Schedule 2.10(a)** sets forth (with the application or registration number/date, title or mark, country or other jurisdiction and owner(s), as applicable) a complete and accurate list of all Owned IP that is registered, patented, or the subject of a pending application (“**Registered Owned IP**”). All Owned IP, including the Registered Owned IP, is valid, subsisting and enforceable. The Owned IP and Licensed Intellectual Property constitute all Intellectual Property Rights used in or necessary to conduct the Business as currently conducted. The Intellectual Property Rights owned and the Licensed Intellectual Property, except for Off-the-Shelf Software Licenses, used by the Company immediately prior to the Closing will continue to be owned or available for use by the Company on identical terms and conditions immediately after the Closing.

(b) To the Knowledge of the Company, no Action is or has been pending or threatened in writing (or otherwise threatened) that challenges the legality, validity, enforceability, use or ownership of any item of Owned IP or that alleges that the operation of the Business infringes, violates or misappropriates the Intellectual Property Rights of any Person. To the Knowledge of the Company, no operations of the Company or any product, ingredient or process that is used, manufactured, sold or distributed by or for the Company, as such operations are conducted or as such product, ingredient or process is used, manufactured, sold or distributed has infringed, violated or misappropriated the Intellectual Property Rights of any Person. To the Knowledge of the Company, no Person is infringing, violating or misappropriating any Owned IP. Except as set forth on **Schedule 2.10(b)**, the Company is not subject to any Order or contractual obligation that limits the Company’s right to use or enforce the Owned IP, other than any limitations set forth in any registration or application for Owned IP.

(c) The Company (i) exclusively owns and possesses, free and clear of all Liens, other than Permitted Liens, all right, title and interest in and to the Owned IP; and (ii) has the right to use all Licensed Intellectual Property pursuant to a license that is valid and enforceable.

(d) Each Employee and contractor of the Company that has made a contribution to the development of any Owned IP either (i) has assigned to the Company all Intellectual Property Rights and inventions (whether patentable or unpatentable) such Person has conceived, created, authored, developed, or invented in connection with such material contribution, or (ii) developed such development as a “work made for hire” for the Company or in other circumstances under which, by operation of Law, the Intellectual Property Rights in such development are owned by the Company.

(e) In the past twelve (12) months, there have been no material failures, crashes, security breaches or other adverse events affecting the IT Assets used by the Company, which have caused material disruption to the Business. The Company has taken commercially reasonable steps to implement security, backup, and disaster recovery measures and technology consistent with industry practices and, to the Knowledge of the Company, there has been no unauthorized or improper access of the IT Assets. All IT Assets are owned by the Company, or used pursuant to a valid license.

2.11 Litigation. Except as set forth in **Schedule 2.11**, (a) there have been no Actions (i) pending or threatened against or affecting the Company or its assets, properties or rights or against any of its directors, managers, officers or employees (in each case, in their capacity as such) or (ii) initiated or threatened by or on behalf of the Company, and (b) there have been no outstanding Orders to which the Company or any of its Affiliates is a party or to which the Company or any of its Affiliates or its or their assets or properties is or are bound. No event has occurred or circumstances exist that may give rise to, or serves as a basis for, any such Action or Order.

2.12 Labor Matters.

(a) **Schedule 2.12(a)** sets forth a list of, as of the Recent Balance Sheet Date, (i) all current Employees with the country, state and city/town in which the Employee normally works, (ii) the position, date of hire, accrued vacation, current annual base rate of compensation (or with respect to Employees compensated on an hourly or per diem basis, the hourly or per diem rate of compensation), any bonus, contingent or deferred compensation, and estimated or target total annual incentive compensation of each such person, (iii) the exempt or non-exempt classification of such person under the Fair Labor Standards Act and any other applicable Law regarding the payment of wages, and (iv) the total annual compensation for such person during the fiscal year ended December 31, 2020 (including any bonus, contingent or deferred compensation). **Schedule 2.12(a)** also contains a complete and accurate list of all of the independent contractors, consultants, temporary employees or leased employees of the Company ("**Contingent Workers**") as of the Agreement Date, showing for each Contingent Worker such individual's role in the business, fee or compensation arrangements, notice requirements to terminate the agreement, and other contractual terms with the Company.

(b) To the extent that any Contingent Workers are used, the Company has properly classified and treated them in accordance with applicable Laws and for purposes of all wage, hour, classification and Tax Laws and employee benefit plans and perquisites. The Company currently classifies and has properly classified each of its employees as exempt or non-exempt for the purposes of the Fair Labor Standards Act and state, local and foreign wage and hour Laws, and is and has been otherwise in compliance with such Laws.

(c) The Company is not a party to or otherwise bound by any collective bargaining agreement, labor peace agreement or relationship with any labor union, works council, trade association or other employee organization (collectively, "**Union**"). There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, picket, unfair labor practice charges, grievances or other similar labor dispute affecting the Company or any of its employees. The Company has no duty to bargain with any Union. The Company: (i) has not experienced any strikes, work stoppages, walkouts or other material labor disputes and no such dispute is pending or threatened, (ii) has not committed any material unfair labor practice, (iii) has not experienced any union organizational or decertification activities and no such activities are

currently underway or threatened by, on behalf of or against any labor union, works council, trade association or other employee organization with respect to employees of the Company; (iv) has not implemented any plant closing or layoff of employees that could implicate the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar foreign, state, provincial or local plant closing or mass layoff Law or (v) has not been subject to any pending or threatened Action in any forum, relating to the foregoing clauses (i) – (iv), and neither the Company nor its employees, officers, directors or agents have committed any act or omission giving rise to material Liability for any violation or breach identified in this **Section 2.12(c)**.

(d) The Company has paid all wages, salaries, wage premiums, bonuses, vacation pay, commissions, fees, and other compensation due and payable to its current and former employees and Contingent Workers pursuant to applicable Law, Contract or policy, and no current or former Contingent Workers may claim status as an employee or payment of any benefits or entitlements, including any unpaid employment tax or government contribution or benefit, as an employee of the Company.

(e) Except as set forth on **Schedule 2.12(e)**, to the Knowledge of the Company, no officer, group of employees or Contingent Workers of the Company (including salespersons) has informed the Company in writing of any plan to terminate employment with or services for the Company, and no such person or persons has any plans to terminate employment with or services for the Company, in either case, within the first twelve (12) months following the Closing Date, except, in each case, in the Ordinary Course of Business.

(f) The Company is and has been in compliance in all material respects with all Laws relating to employment or the workplace, including provisions relating to wages, hours, employee classification, collective bargaining, safety and health, work authorization, equal employment opportunity, immigration, U.S. or foreign visa requirements, unemployment compensation, worker's compensation, employee privacy and right to know and discrimination against race, color, national origin, religious creed, physical or mental disability, sex, age, ancestry, medical condition, marital status, sexual orientation or other ground protected by applicable Law. No investigation by any Governmental Entity of the employment policies or practices of the Company is pending or threatened. No litigation, arbitration or administrative proceeding is pending or threatened against the Company relating to its employment policies or practices. During the past five (5) years, the Company has not been a party to a settlement agreement with a current or former employee that relates primarily to allegations of sexual harassment or sexual misconduct. During the past five (5) years no allegations of sexual harassment or sexual misconduct have been made against any officer, director or employee of the Company in his or her capacity as an officer, director or employee of the Company.

2.13 Employee Benefits.

(a) **Schedule 2.13(a)** sets forth a true, complete and correct list of each "employee benefit plan" (as such term is defined in Section 3(3) of ERISA, whether or not subject to ERISA), medical, dental, life insurance, equity or equity-based compensation, stock option, stock purchase, employee stock ownership, bonus or other incentive compensation, employment, consulting, profit sharing, disability, fringe benefit, salary continuation, severance, change in control, retention, retirement, pension, deferred compensation, vacation, sick pay or paid time off

plan, program, arrangement or policy, and each other benefit or compensation plan, policy, agreement (including employment and consulting agreements), program or arrangement, whether oral or written, funded or unfunded, that the Company maintains, sponsors, contributes to or is required to contribute to, or under or with respect to which the Company has any current or potential Liability, including on account of an ERISA Affiliate, (each, an “**Employee Benefit Plan**” and collectively, the “**Employee Benefit Plans**”).

(b) With respect to each Employee Benefit Plan, the Company has provided true, complete and correct copies of, as applicable: (i) the current plan and trust documents, or, if terminated, the plan document and trust as of the plan termination date, with all amendments thereto (or for each Employee Benefit Plan that is not written, a description thereof); (ii) the most recent summary plan description and all related summaries of material modifications; (iii) the most recent determination or opinion letter received from the IRS; (iv) the three (3) most recent annual reports (Form 5500-series, with all applicable schedules and attachments); (v) all current related insurance Contracts, other funding arrangements and administrative services agreements; (vi) all material notices or correspondence from or with any Governmental Entity since December 31, 2018; and (vii) all other material documents pursuant to which such Employee Benefit Plan is maintained, funded and administered.

(c) Each Employee Benefit Plan (and each related trust, insurance Contract or fund) has been established, maintained, funded and administered in accordance with its terms (and the terms of any applicable collective bargaining agreement, if applicable) and in compliance with all applicable requirements of ERISA, the Code and other applicable Laws, including the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended, and any guidance issued thereunder (“**PPACA**”). The Company and each Person that at any relevant time could be, is or has been treated as a single employer with the Company under Section 414 of the Code (each, an “**ERISA Affiliate**”) have complied and are in compliance with the requirements of Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code, and any similar state Laws (“**COBRA**”) and PPACA. The Company has not incurred, or is not reasonably expected to incur or to be subject to, any Tax, penalty or other liability that may be imposed under PPACA.

(d) Each Employee Benefit Plan that is intended to be “qualified” under Section 401(a) of the Code either has received a current favorable determination from the IRS or may rely upon a current favorable opinion letter from the IRS that such Employee Benefit Plan is so qualified, and, to the Knowledge of the Company, nothing has occurred that could adversely affect the qualification of such Employee Benefit Plan.

(e) With respect to each Employee Benefit Plan, all contributions, distributions, reimbursements and payments (including all employer contributions, employee salary reduction contributions, and premium payments) that are due have been made within the time periods prescribed by the terms of each Employee Benefit Plan, ERISA, the Code and other applicable Laws, and all contributions, distributions, reimbursements or payments for any period ending on or before the Closing Date that are not yet due have been made or properly accrued. No Employee Benefit Plan has any unfunded Liability not accurately reflected on the Financial Statements.

(f) Neither the Company nor any ERISA Affiliate maintains, sponsors, contributes to, has any obligation to contribute to, or has any current or potential Liability under or with respect to (i) any “defined benefit plan” as defined in Section 3(35) of ERISA or any other plan that is or was subject to the funding requirements of Section 412 of the Code or Section 302 or Title IV of ERISA, (ii) any “multiemployer plan” as defined in Section 3(37) or 4001(a)(3) of ERISA, (iii) any multiple employer welfare arrangement (within the meaning of Section 3(40) of ERISA), (iv) any multiple employer plan (as described in Section 413(c) of the Code) or (v) any plan, program or arrangement that provides for post-retirement or post-employment medical, life insurance or other similar benefits (other than health continuation coverage required by COBRA for which the covered Person pays the full cost of coverage). Neither the Company nor any ERISA Affiliate has any current or potential Liability to the Pension Benefit Guaranty Corporation or otherwise under Title IV of ERISA. The Company has no Liability (whether current or contingent) as a result of at any time being treated as a single employer under Section 414 of the Code with any other Person.

(g) All required reports and descriptions (including Form 5500 annual reports, summary annual reports, and summary plan descriptions) have been timely filed and distributed in accordance with the applicable requirements of ERISA and the Code with respect to each Employee Benefit Plan.

(h) With respect to each Employee Benefit Plan, (i) there have been no non-exempt “prohibited transactions” (as defined in Section 406 of ERISA or Section 4975 of the Code), (ii) no “fiduciary” (as defined under ERISA) has any Liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of such Employee Benefit Plan, and (iii) no Action (other than routine claims for benefits) is pending or threatened, and there are no facts that would give rise to or could reasonably be expected to give rise to any such Action. No act, omission or transaction has occurred which would result in the imposition on the Company of (A) breach of fiduciary duty liability damages under Section 409 of ERISA, (B) a civil penalty assessed pursuant to subsections (c), (i) or (l) of Section 502 of ERISA or (C) a Tax, penalty or assessment imposed pursuant to Chapter 43 of Subtitle D of the Code.

(i) The Company has correctly classified those individuals performing services for the Company as common law employees, leased employees, exempt or non-exempt employees, independent contractors or agents of the Company, as the case may be, and the Company has no Liability for improper classification of any such individual, including for unpaid overtime or by reason of an individual who performs or performed services for the Company in any capacity being improperly excluded from participating in an Employee Benefit Plan.

(j) The consummation of the Transactions, alone, or in combination with any other event, shall not (i) entitle any current or former employee or other individual service provider of the Company (or the beneficiaries of such individuals) to any severance, change in control, retention, or other payment or benefit under any Employee Benefit Plan or otherwise or (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation or benefits due to any such employee or other individual service provider (or their beneficiaries), or otherwise give rise to any obligation to fund or any Liability under any Employee Benefit Plan or otherwise. No amount that could be received (whether in cash, property or the vesting of property,

or any form of benefit) as a result of the execution of this Agreement or the consummation of the transactions contemplated hereby (either alone or upon the occurrence of any subsequent termination of employment) would result, separately or in the aggregate, in the payment of an “excess parachute payment” within the meaning of Section 280G of the Code or an amount that would be subject to an excise tax under Section 4999 of the Code.

(k) Each Employee Benefit Plan that is a “nonqualified deferred compensation plan” (as defined under Section 409A(d)(1) of the Code) has been operated and administered in compliance with, and is in documentary compliance with, Section 409A of the Code and the Treasury Regulations and other official guidance promulgated thereunder. The Company has no indemnity or gross-up obligation on or after the Closing for any Taxes imposed under Section 409A of the Code (or any corresponding provisions of state, local, or foreign Tax Law).

2.14 Compliance with Laws; Permits.

(a) Except with respect to Federal Cannabis Law, the Company is and has been in material compliance with all Laws of any Governmental Entity applicable to the Company. Except as set forth on **Schedule 2.14(a)**, the Company has not received any written notice from a Governmental Entity that alleges that it is not in compliance with any Law, and the Company has not been subject to any adverse inspection, finding, investigation, penalty assessment, audit or other compliance or enforcement action.

(b) The Company holds and is, and has been, in material compliance with all Permits required for the conduct of the Business and the ownership of its assets and properties. **Schedule 2.14(b)** sets forth an accurate and complete list of all of such Permits (collectively, the “**Company Permits**”), including with respect to each Company Permit: (i) the operations, activities, locations and/or facilities authorized, covered by, or subject to such Company Permit; (ii) the issuer of such Company Permit; (iii) the expiration or renewal date for such Company Permit and (iv) any conditions provided in such Company Permit. All conditions of or restrictions on such Company Permits that may materially affect the ability to perform any cannabis related activity authorized by the Laws of the states and municipalities in which the Company operates, whether or not embodied in the Company Permit, are disclosed in **Schedule 2.14(b)**. Each Company Permit is in full force and effect, and is not subject to any pending or, to the Knowledge of the Company or any of its officers, directors, and employees, threatened administrative or judicial proceeding to revoke, cancel, suspend or declare such Permit invalid. The Company Permits are the only licenses, permits, franchises, authorizations and approvals required for the conduct of the Business. The Company has not violated a material term of any Company Permit or a material condition under which any Company Permit was granted. All renewals for the Company Permits have been timely applied for and no event or circumstance has occurred or exists that would prohibit or prevent the re-issuance to the Buyer or the Company of any of the Company Permits. All fees and charges with respect to such Company Permits as of the Agreement Date have been paid in full and will be paid through the Closing Date.

(c) Except as set forth on **Schedule 2.14(c)**, the Company has not received any written notice from any Governmental Entity having jurisdiction over its operations, activities, locations, or facilities, of (A) any deficiencies or violations of, or (B) (i) any remedial or corrective actions required in connection with, any Company Permits or their renewal, (ii) no Action is being

or, to the Knowledge of the Company, has been threatened or contemplated with which (1) could reasonably be expected to result in the issuance of any such notice or (2) could prevent or impair the operations and activities engaged in pursuant to such Company Permits, and (iii) to the Knowledge of the Company, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Company Permits. Without limiting the foregoing, neither the Company nor any Affiliate of the Company has made any bribe, rebate, payoff, influence payment, kickback or other payment unlawful under any applicable Law.

(d) The Company's activities have been and are being conducted in a manner consistent with the following priorities: (i) preventing the distribution of marijuana to minors; (ii) preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; (iii) preventing the diversion of marijuana from states where it is legal under state law in some form to other states; (iv) preventing state-authorized marijuana activity from being used as a cover or pretext for trafficking of other illegal drugs or other illegal activity; (v) preventing violence and the use of firearms in the cultivation and distribution of marijuana; (vi) preventing drugged driving and exacerbation of other adverse health consequences associated with marijuana use; (vii) preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by growing marijuana on public lands; and (viii) preventing marijuana possession and use on federal property.

(e) To the Knowledge of the Company, each Person who is required to have a Permit under applicable law or regulation to provide any cannabis or cannabis-related services for which the Company has hired or engaged with such Person (the "**Licensed Provider**") has all Permits necessary for the conduct of their business activities involving the Company. Except as set forth on **Schedule 2.14(e)**, (i) the Company has not received any notice from any Governmental Entity having jurisdiction over the Licensed Provider's operations, activities, locations, or facilities, of (A) any deficiencies or violations of, or (B) any remedial or corrective actions required in connection with any Permit held by a Licensed Provider or their renewal, and (ii) no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit held by a Licensed Provider necessary for its cannabis or cannabis-related activities and operations involving the Company.

(f) The Company's Affiliates and Members have complied with all restrictions on ownership, control and participation in the Company and its Business under all applicable State and Local Cannabis Laws and have made no false statement, representation or omission to any Governmental Entity in connection with the Company, its Business, or its Permits.

2.15 Real Property.

(a) The Company does not own any real property.

(b) **Schedule 2.15(b)** sets forth a true, correct and complete list of all real property leased by the Company, whether as lessee or lessor (the "**Leased Real Property**"), each Contract relating to the use and/or occupancy of such Leased Real Property, including all leases, subleases, agreements to lease or other occupancy agreements (written or oral) entered into by the

Company, including all amendments thereto (the “**Real Property Leases**”), and any lease guarantees, tenant estoppels, subordinations, non-disturbance and attornment agreements, including all amendments thereto, and all condominium documents and service agreements relating thereto. **Schedule 2.15(b)** also lists (i) the street address of each Real Property Lease; (ii) the landlord under the Real Property Lease, the rent currently being paid pursuant to each Real Property Lease, and the expiration of the term of such Real Property Lease; and (iii) the current use under such Real Property Lease. The Company has a valid and enforceable leasehold interest in all its Leased Real Property reflected in the Financial Statements or acquired after the Recent Balance Sheet Date. All Leased Real Property is free and clear of all Liens, other than Permitted Liens.

(c) The Company has delivered or made available to Buyer true, complete and correct copies of all Real Property Leases. Each Real Property Lease is in full force and effect; all rents and additional rents due to date on each Real Property Lease have been paid and neither the Company nor any other party to any such Real Property Lease has received notice of any breach or default nor repudiated any material provision thereof. The Company has not received a notice of cancellation or termination with respect to any Real Property Lease. There exists no event that, with notice or lapse of time, or both, would constitute a material breach or default by the Company or any other party thereto, under any of the Real Property Leases. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased or subleased Leased Real Property.

(d) The Leased Real Property comprises all of the real property used or intended to be used in, or otherwise related to, the Business. The use and operation of the Leased Real Property in the conduct of the Business does not violate in any material respect any Law, covenant, condition, restriction, easement, license, Permit or Contract. To the Knowledge of the Company, there are no material Actions pending nor threatened against or affecting the Leased Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

(e) Except as set forth on **Schedule 2.15(e)**, no consent of any landlord or any other party is required under any Real Property Lease as the result of the Transactions contemplated hereby or to keep such Real Property Lease in full force and effect after the execution and delivery of this Agreement and the consummation of the Transactions contemplated hereby.

(f) All improvements necessary for the Business and constituting part of the Leased Real Property have been completed and the Company has not received any written notice that the Leased Real Property is not in compliance with applicable Law and, to the Knowledge of the Company, there are presently in effect all Permits required by Law. The Company has not received any written notice that there does not exist at least the minimum access required by applicable subdivision or similar Law to the Leased Real Property.

2.16 Environmental Matters.

(a) The operations of the Business, and all products manufactured and services provided by the Business, have been and through the Closing Date will be in compliance in all respects with all applicable Environmental Laws and Environmental Permits issued thereunder, except where the failure to be in such compliance would not reasonably be expected to have a Material Adverse Effect.

(b) The Company has obtained all Environmental Permits required for the Leased Real Property or the Business and all such Environmental Permits are valid, in good standing and in full force and effect, and the Company is in compliance with all terms and conditions of such Environmental Permits, except where the failure to be in such compliance would not reasonably be expected to have a Material Adverse Effect. The Company has not received any written notice regarding any actual or alleged violation of or material liability under Environmental Laws. The Company has not assumed or provided an indemnity with respect to any Liabilities of any other Person arising under Environmental Laws.

(c) The Company has not generated, transported, treated, stored, or disposed of any Hazardous Substances at or on the Leased Real Property or any part thereof or in any area surrounding or adjacent thereto, or on, under or at any real property leased or licensed by the Company, in each case, except in compliance with applicable Environmental Laws, and, to the Knowledge of the Company, there has been no Release of any Hazardous Substances by any Person at or on the Leased Real Property that requires reporting or remediation by such Person pursuant to any applicable Environmental Law. To the Knowledge of the Company, the Leased Real Property is free from Hazardous Substances. To the Knowledge of the Company, no part of the currently operated or Leased Real Property of the Company has ever been used as a disposal site or storage site (whether temporary or permanent) of any Hazardous Substances and, to the Knowledge of the Company, such properties are free from Hazardous Substances. To the Knowledge of the Company, all containers for or containing Hazardous Substances used, generated or disposed of by the Company in the conduct of the Business, have been identified, dated, logged, manifested and disposed of in full compliance with all applicable Environmental Laws, whether or not on the Leased Real Property. No Hazardous Substances handler, treatment, storage or disposal facility is used by the Company in connection with the conduct of the Company's business or the operation of the Business Assets, including the Leased Real Property. None of the Leased Real Property is located in an active or inactive hazardous waste disposal site. There are no pending or written threatened investigations of the Business or the Leased Real Property regarding violations of or liabilities under Environmental Laws.

(d) The Company has not: (i) received written notice under the citizen suit provisions of any Environmental Law; (ii) received any written request for information, notice, demand letter, administrative inquiry or written complaint or claim from any Governmental Entity under any Environmental Law; (iii) been subject to or threatened in writing with any governmental or citizen enforcement action with respect to any Environmental Law; or (iv) received written notice of any unsatisfied liability under any Environmental Law. The Company is not subject to any outstanding Order pursuant to Environmental Laws. Neither the Company, nor the Leased Real Property or operations has been named as a potentially responsible party or is subject to any outstanding written order from or agreement with any Governmental Entity or other Person or is subject to any judicial or docketed administrative proceeding respecting (x) Environmental Laws, (y) Remedial Action or (z) any Environmental Liabilities. To the Knowledge of the Company, there are no conditions or circumstances associated with the Leased Real Property or operations of the Company which may give rise to Environmental Liabilities. Neither the Company nor any of its Affiliates have received any notice or claim to the effect that it is or is reasonably expected to be liable to any Person as a result of a Release or threatened Release or any notice letter or request for information under the Comprehensive Environmental Response, Compensation, and Liability Act.

(e) No Environmental Lien, including any unrecorded Environmental Lien of which the Company has notice, has attached to the Leased Real Property or any Business Asset.

(f) The Company provided to the Buyer true and correct copies of all material environmental studies, audits, reviews, reports and assessments, if any, conducted by or on behalf of or in possession, custody or control of the Company bearing on Environmental Liabilities relating to the past or current operations or facilities of the Company.

2.17 **Affiliate Transactions.** Except as set forth on **Schedule 2.17**, (a) the Company is not a party to any contract or arrangement with, or indebted, either directly or indirectly, to any of its officers, directors, managers, Members or, to the Knowledge of the Company, any of their respective relatives or Affiliates, other than (i) the compensation disclosed with respect to employees on **Schedule 2.12(a)** and (ii) at-will employee offer letters; (b) none of such Persons is indebted to the Company, or, to the Knowledge of the Company, has any direct or indirect ownership interest in, or any contractual or business relationship with, any Person with which the Company is or was affiliated or with which the Company has a business relationship, or any Person which, directly or indirectly, competes with the Company; and (c) none of the Company's officers, directors, managers, or equityholders has any interest in any property, real or personal, tangible or intangible, including inventions, copyrights, trademarks, or trade names, used in or pertaining to the Business, or to the Knowledge of the Company, any supplier, distributor or customer of the Company.

2.18 **Insurance.** **Schedule 2.18** sets forth, as of the Agreement Date, a description of each insurance policy (each, an "Insurance Policy") carried by, or maintained on behalf of, the Company. Such Insurance Policies are in full force and effect and shall remain in full force and effect immediately following the consummation of the Transactions contemplated by this Agreement. The Company (a) is not in default under any Insurance Policy and (b) has never been denied insurance coverage. There are no claims under the Insurance Policies which are reasonably likely to exhaust the applicable limit of liability and the Company has reported in a timely manner all reportable events to its insurers. All premiums due and payable under the Insurance Policies have been timely paid, and the Company is in material compliance with the terms of the Insurance Policies.

2.19 **Brokers.** Except as set forth on **Schedule 2.19**, no broker, finder or investment banker is entitled to any brokerage commissions, finders' fees or similar compensation in connection with the Transactions contemplated by this Agreement based on any arrangement or agreement to which the Company is a party or to which the Company is subject for which the Surviving Company, the Buyer, Merger Sub I or Merger Sub II could become obligated after the Closing.

2.20 Accounts Receivable.

(a) Since the Recent Balance Sheet Date, except as set forth on **Schedule 2.20(a)**, and subject to established reserves as shown on the Recent Balance Sheet, all of the material billed Accounts Receivable and other advances of the Company are valid and enforceable claims arising in the Ordinary Course of Business and have not accelerated any such collections;

(b) **Schedule 2.20(b)**, sets forth, by payor name and amount, all billed receivables of the Company as of the Recent Balance Sheet Date and includes an accurate aging of all such receivables.

(c) There are no Liens (other than Permitted Liens) on such receivables or any part thereof, and no agreement for deduction, free goods, discount or other deferred price or quantity adjustment has been made with respect to any such receivables by the Company, except in the Ordinary Course of Business.

2.21 Vendors. **Schedule 2.21** sets forth a list as of the Agreement Date of the top ten (10) suppliers and vendors to the Company (based on total amount purchased from such supplier or vendor) for (i) the calendar year ended December 31, 2020, and (ii) the three (3) month period ended on the Recent Balance Sheet Date (each a “**Material Vendor**”, and collectively, the “**Material Vendors**”), showing the approximate total spend by the Company from each such supplier or vendor during such period and the percentage of total spend of the Company represented by such spend. Since the December 31, 2020, (a) no Material Vendor has canceled or otherwise terminated, or threatened to cancel, or, to the Knowledge of the Company, intends to cancel or terminate, its relationship with the Company, and (b) no Material Vendor has materially decreased or otherwise materially adversely modified or threatened to materially decrease or materially limit or otherwise materially adversely modify its business with the Company.

2.22 Bank Accounts. **Schedule 2.22** contains a true, complete and correct list of (a) all banks or other financial institutions with which the Company has an account or maintains a lock box or safe deposit box, showing the type of each such account, lock box and safe deposit box and (b) the names of the Persons authorized as signatories thereon or to act or deal in connection therewith.

2.23 Inventory. All of the Company’s inventories, materials, and supplies consist of items of quality and quantity, in materially good condition and usable or salable in the Ordinary Course of Business. The values of the inventories stated in the Financial Statements reflect the Company’s normal inventory valuation policies and were determined in accordance with GAAP.

2.24 Compliance with Privacy and Security Laws.

(a) The Company has established and implemented such policies, programs, procedures, contracts and systems, as are necessary to comply with (i) applicable state and federal laws governing the privacy and security of health information pertaining to individuals, including regulations promulgated pursuant thereto, and (ii) applicable state and federal laws governing the privacy and security of Personal Information (collectively, the “**Privacy and Security Laws**”).

(b) All Personal Information that has been collected, acquired, stored, disposed, processed, maintained, or otherwise used by the Company has been collected, acquired, stored, disposed, processed, maintained, and otherwise used in compliance with all applicable industry standards and requirements, in each case to the extent applicable to the Company, and the Company's own applicable policies and procedures related to rights of publicity, privacy, data protection, information security, or the collection, use, storage or disposal of Personal Information collection, used or held for use by the Company in the conduct of their businesses. There has been no loss of, or unauthorized access, use, disclosure or modification of any Personal Information that would require notification to individuals under Privacy and Security Laws.

(c) The Company has established, and is in compliance with, its currently posted privacy policy available on its website(s), and its current internal information security and human resources policies and procedures (and has been in compliance with all historically posted privacy policies and all historic information security and human resources policies and procedures) pertaining to the collection, access, storage, transfer, receipt and use of Personal Information, and has never collected, accessed, stored, transferred, received, or used any Personal Information in a manner alleged to be violative of such privacy policies, information security policies and human resource policies and procedures. Each such privacy policy, information security policy, human resources policy and procedure, and all materials distributed or marketed by the Company have at all times made all disclosures to employees, users, customers, and prospective customers, as the case may be, required by applicable Privacy and Security Laws and none of such disclosures made or contained in any such materials have been alleged to be inaccurate, misleading, or deceptive or in violation of any applicable Privacy and Security Laws. The Company has made available to Parent a true, correct, and complete copy of each Company privacy policy, information security policy, and human resources policy pertaining to Personal Information in effect at any time since inception of the Company.

(d) The Company has not received a notice of noncompliance with any Privacy and Security Law, guidelines or industry standards, and no claim or proceeding has been asserted in writing or threatened in writing against the Company alleging a violation of any Person's rights of publicity or privacy or Personal Information or data rights. The consummation of the Merger and the Transactions will not breach or otherwise cause any violation of any of the Company's own applicable policies and procedures related to rights of publicity, privacy, data protection, information security, or the collection, use, storage or disposal of Personal Information collection, used or held for use by the Company in the conduct of their businesses.

(e) The Company has not, and currently does not, market its products and services to any Persons under the age of 13, and the Company does not knowingly collect Personal Information from any Persons under the age of 13.

(f) The Company has complete and correct records of all Persons who have notified the Company of such Person's election not to receive any electronic communications or solicitations ("**Opt-Out Notifications**") from the Company. The Company has complied with all such Opt-Out Notifications.

(g) The Company has in place, maintains, and complies with adequate anti-virus and malware protection, and security measures and safeguards to protect business data and Personal Information against illegal or unauthorized access or use by its personnel or third parties, or access or use of such information by its personnel or third parties in a manner violative of any Privacy and Security Law, applicable industry standards or guidelines, or the privacy rights of third parties, as applicable, in each case consistent with applicable industry best practices. To the Knowledge of the Company, no Person has gained unauthorized access to or made any unauthorized use of any trade secrets of the Company.

(h) Except as set forth on **Schedule 2.24(h)**, the Company is in compliance with the Privacy and Security Laws, there exist no incident reports or allegations that it has breached the Privacy and Security Laws and the Company has maintained an accounting of any disclosures required by the Privacy and Security Laws. Attached to **Schedule 2.24(h)** are all consultant reports, corrective actions and plans of action for implementation of any requirements with respect to the Business under the Privacy and Security Laws.

SECTION 3

REPRESENTATIONS AND WARRANTIES OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II

The Parent, the Buyer, Merger Sub I, and Merger Sub II hereby represent and warrant to the Company that:

3.1 **Organization; Authority.** Each of the Buyer, the Parent, Merger Sub I, and Merger Sub II is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation or organization. Each of the Parent, the Buyer, Merger Sub I and Merger Sub II has all requisite power and authority to enter into this Agreement and the Ancillary Agreements to which the Parent, the Buyer, Merger Sub I and Merger Sub II are parties, as applicable, and to perform fully its obligations hereunder and thereunder and to consummate the Transactions.

3.2 **Binding Effect.** The execution and delivery of this Agreement and the Ancillary Agreements to which the Parent, the Buyer and Merger Sub I and Merger Sub II are parties, as applicable, the performance of the obligations hereunder and thereunder and the consummation of the Mergers and the other Transactions have been duly authorized by all necessary action on the part of the Parent, the Buyer and Merger Sub I and Merger Sub II, respectively and no further corporate action is required on the part of the Parent, the Buyer or Merger Sub I or Merger Sub II to authorize this Agreement and any Ancillary Agreements to which they are a party and the Transactions contemplated hereby and thereby. This Agreement has been, and the Ancillary Agreements to which the Parent, the Buyer and Merger Sub I and Merger Sub II are parties, as applicable, will have been, duly executed and delivered by each of the Parent, the Buyer and Merger Sub I and Merger Sub II, as the case may be, and, assuming due authorization, execution and delivery of this Agreement and the Ancillary Agreements to which the Parent, the Buyer or Merger Sub I and Merger Sub II, as the case may be, may be a party, by the Company, this Agreement constitutes, and the Ancillary Agreements will constitute, the valid and binding obligation of the Parent, the Buyer or Merger Sub I or Merger Sub II, as the case may be, enforceable against them in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and, subject, as to enforceability, to general equitable principles (regardless of whether enforcement is sought in an Action at law or in equity).

3.3 No Breach; Consents. Neither the execution, delivery nor performance by the Parent, the Buyer or Merger Sub I or Merger Sub II of this Agreement or any Ancillary Agreement to which it is or will be a party, nor the consummation of the Transactions contemplated hereby or thereby, will (i) result in a breach or infringement of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the passage of time, the giving of notice or both), (iii) result in the creation of any Lien (except for a Permitted Lien), (iv) give any third party the right to modify, cancel, terminate, suspend, revoke or accelerate or increase any obligation under, (v) result in a violation of, (vi) require the consent, notice or other action by any third party under or (vii) create in any third party the right to terminate, modify, accelerate, cancel or change any right or obligation or deny any benefit arising under (A) the organizational documents of the Parent, the Buyer or Merger Sub I or Merger Sub II, (B) any Law to which the Parent, the Buyer or Merger Sub I or Merger Sub II is subject or (C) any Contract to which the Parent, the Buyer or Merger Sub I or Merger Sub II is subject.

3.4 Actions and Proceedings. There is no Action pending or, to the knowledge of the Parent or the Buyer, threatened against or involving the Parent or the Buyer or any of their respective directors, officers or employees in their capacities as such that in any manner challenges or seeks to prevent, enjoin, alter or delay any of the Transactions.

3.5 No Prior Operations of Merger Sub I or Merger Sub II. Each of Merger Sub I and Merger Sub II has been formed solely for the purpose of engaging in the Transactions contemplated hereby and prior to the Agreement Date will not have incurred liabilities or obligations of any nature, other than pursuant to or in connection with this Agreement and the Mergers and the Transactions. Buyer is, and always has been, a disregarded entity for U.S. federal and state income tax purposes.

3.6 Brokers. No broker, finder, agent or similar intermediary has acted on behalf of the Parent, the Buyer, Merger Sub I or Merger Sub II in connection with this Agreement or the Transactions, and there are no commissions, finders' fees or similar fees or commissions payable in connection therewith.

3.7 Reporting Issuer; Compliance with Laws and Exchange Filings. The Parent is a "reporting issuer" as that term is defined under applicable Canadian securities Laws in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, and the North West Territories, Yukon territory, and Nunavut. The Parent has complied, and is now complying in all material respects, with all applicable Canadian securities Laws and has made all required material filings under all applicable Canadian securities Laws and in accordance with the policies of the NEO Exchange (the "**NEO**") and the Canadian Securities Exchange (the "**CSE**" and together with the NEO, the "**Exchanges**"). The Parent does not have any confidential filings with any securities authorities.

3.8 Listing of Parent Common Shares. The Parent Common Shares are listed and posted for trading on the Exchanges, and Parent has provided notice to list the Parent Common Shares issued as Closing Share Merger Consideration to the Members on the Exchanges in accordance with the policies of the Exchanges. Parent has not taken any action which would be reasonably expected to result in the delisting or suspension of the Parent Common Shares on or from the Exchanges and no order ceasing or suspending trading in any securities of Parent or the trading of any of the Parent's issued securities is currently outstanding or threatened and no proceedings for such purpose are pending.

3.9 Parent Shares; Capitalization. The Parent Common Shares issued as Closing Share Merger Consideration have been duly authorized, and upon consummation of the Transactions contemplated by this Agreement, will be validly issued, fully paid and nonassessable, and will be free of any Liens or encumbrances other than restrictions on transfer under the Lock-Up Agreement, applicable federal and local securities Laws and Liens or encumbrances created by or imposed by a Member. The issuance of the Parent Common Shares issued as Closing Share Merger Consideration is not and will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied.

3.10 Sufficiency of Funds. The Parent and the Buyer have sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Closing Cash Merger Consideration and consummate the transactions contemplated by this Agreement.

3.11 Trade or Business. Neither the Parent nor the Buyer have a current intent to substantially discontinue the trade or business of the Company.

3.12 Independent Investigation. Each of Parent, Buyer, Merger Sub I, and Merger Sub II acknowledges and agrees that: (a) in making its decision to enter into this Agreement and the Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby, each of Parent, Buyer, Merger Sub I, and Merger Sub II has relied solely upon the express representations and warranties of the Company set forth in Section 2 (including the related portions of the Company Disclosure Schedules); and (b) neither the Company nor any other Person has made any representation or warranty as to the Company, this Agreement or any of the Ancillary Agreements, except as expressly set forth in Section 2 (including the related portions of the Company Disclosure Schedules).

SECTION 4

REPRESENTATIONS AND WARRANTIES OF THE MEMBERS

Each Member, severally and not jointly, represents and warrants to Buyer and Parent as follows;

4.1 Title to Shares. As of the date hereof and as of immediately prior to the Closing, the Member owns of record and beneficially the Ownership Interests set forth next to the Member's name on Section 1, free and clear of all Liens, and such Ownership Interests represent all of the issued and outstanding Equity Equivalents of the Company then held by the Member.

4.2 Binding Effect; No Conflict.

(a) The Member possesses full legal right and all requisite power and authority, necessary to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is or will be a party and, subject to the required statutory approvals contemplated herein, to consummate the transactions contemplated by this Agreement and the Ancillary Agreements, as applicable, in accordance with the terms of this Agreement and the Ancillary Agreements to which the Member is or will be a party, as applicable. This Agreement and each Ancillary Agreement to which the Member is or will be a party is or will be duly and validly executed and delivered by the Member and assuming the other party(ies) thereto have duly and validly executed this Agreement or such Ancillary Agreement, as applicable, constitutes or, upon its execution and delivery will constitute, a valid and legally binding obligation of the Member, enforceable against the Member, in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in an Action at law or in equity).

(b) Except for filings, applications, submissions and notices required under State and Local Cannabis Laws, no filing with or notice to, and no permit, authorization, registration, consent or approval of, any Governmental Entity or other third party is required on the part of the Member for the execution, delivery and performance by the Member of this Agreement and the Ancillary Agreements to which it is or will be a party nor the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

4.3 Affiliate Transactions. Except as set forth in **Schedule 4.3**, neither the Member nor any of its Affiliates (excluding the Company and its Subsidiaries) or any of their respective directors, officers, partners, members, equityholders, former equityholders or employees or any Person in the immediate family of any of the foregoing, (a) is a party to any Contract with the Company or its Subsidiaries or that pertains to the Business other than any employment, non-competition, confidentiality or other similar agreements between the Company or its Subsidiaries and any Person who is an officer, director or employee of the Company or its Subsidiaries, (b) has any indebtedness owing to or from, or has an outstanding obligation to pay capital to, the Company or its Subsidiaries, or (c) owns, leases, or has any economic or other right, license, title or interest in or to any asset, tangible or intangible (including Intellectual Property Rights), that is owned, used, or held for use by, or necessary or material to the operation of the Business as currently conducted.

4.4 Litigation. Except as set forth in **Schedule 4.4**, to the Knowledge of the Company, there are no Actions pending or threatened against or affecting the Member in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with the transactions contemplated by this Agreement and the other Transaction Documents.

4.5 Investment Representations.

(a) This Agreement is made in reliance upon the Member's representation to Buyer and Parent, which by its acceptance hereof the Member hereby confirms, that the Closing Share Merger Consideration to be received by it will be acquired for investment for its own account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and that it has no present intention of selling, granting participation in, or otherwise distributing the same, but subject nevertheless to any requirement of law that the disposition of his or her property shall at all times be within its control.

(b) The Member understands that the Closing Share Merger Consideration are not registered under the Securities Act of 1933, as amended (the "1933 Act"), on the basis that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the 1933 Act pursuant to Section 4(a)(2) thereof, and that Buyer's and Parent's reliance on such exemption is predicated on the Member's representations set forth herein.

(c) The Member understands that the Closing Share Merger Consideration may not be sold, transferred, or otherwise disposed of without registration under the 1933 Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Closing Share Merger Consideration or an available exemption from registration under the 1933 Act, the Closing Share Merger Consideration must be held indefinitely. In particular, the Member is aware that the Closing Share Merger Consideration may not be sold pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of the applicable Rules are met. Among the conditions for use of Rule 144 is the availability of current information to the public about Parent. The Member represents that, in the absence of an effective registration statement covering the Closing Share Merger Consideration, it will sell, transfer, or otherwise dispose of the Closing Share Merger Consideration only in a manner consistent with its representations set forth herein.

(d) The Member agrees that in no event will it make a transfer or disposition of any of the Closing Share Merger Consideration (other than pursuant to an effective registration statement under the 1933 Act), unless and until (i) the Member shall have notified Parent of the proposed disposition and shall have furnished Parent with a statement of the circumstances surrounding the disposition, and (ii) if requested by Parent, at the expense of the Member or transferee, the Member shall have furnished to Parent either (A) an opinion of counsel, reasonably satisfactory to Parent, to the effect that such transfer may be made without registration under the 1933 Act or (B) a "no action" letter from the Securities and Exchange Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the Securities and Exchange Commission that action be taken with respect thereto. Parent will not require such a legal opinion or "no action" letter in any transaction in compliance with Rule 144.

(e) The Member represents and warrants to Parent that it is an "accredited investor" within the meaning of Securities and Exchange Commission Rule 501 of Regulation D.

(f) The Member understands that the Closing Share Merger Consideration is being issued to such the Member on a "private placement" basis in reliance upon specific exemptions from Canadian provincial prospectus requirements, and will not be qualified for distribution, and be subject to applicable Canadian securities Laws. The Member understands that the Closing Share Merger Consideration will be subject to statutory resale restrictions contained in Section 2.6(3) of National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators, and the Member covenants that it will not resell the Closing Share Merger Consideration except in compliance with such applicable restrictions and the Member understands that it is solely responsible for such compliance.

(g) The Member understands that it has been notified by Parent: (a) (i) of the potential delivery to the Ontario Securities Commission (the “OSC”) of certain personal information pertaining to the Member, including the Member’s full name, address and telephone number, the number and type of securities purchased, the merger consideration, the exemption relied upon and the date of distribution; (ii) that this information is being collected indirectly by the OSC under the authority granted to it under Canadian securities Law; (iii) that this information is being collected for the purposes of the administration and enforcement of the securities Laws of Ontario; and (iv) that the Member may contact the public official at the OSC 20 Queen Street West, 22nd Floor, Toronto, Ontario M5H 3S8, Telephone: (416) 593-8314, Toll free in Canada: 1-877-785-1555, Facsimile: (416) 593-8122, email: exemptmarketfilings@osc.gov.on.ca regarding any questions about the OSC’s indirect collection of this information.

(h) The Member understands and consents to: (i) the fact that Parent is collecting personal information (as that term is defined under applicable privacy legislation, including, without limitation, the *Personal Information Protection and Electronic Documents Act* (Canada) and any other applicable similar, replacement or supplemental provincial or federal legislation or Laws in effect from time to time); (ii) Parent retaining such personal information for as long as permitted or required by applicable law or business practices; (iii) the fact that Parent may be required by applicable securities Laws, the rules and policies of any stock exchange or the rules of the Investment Industry Regulatory Organization of Canada to provide regulatory authorities with any personal information provided by the Member in or in connection with this Agreement, including disclosure to the CSE Exchange or NEO Exchange; and (iv) the collection, use and disclosure of the Member’s personal information by the CSE Exchange or NEO Exchange.

(i) The Member acknowledges that the certificates(or book-entry) representing the Closing Share Merger Consideration will bear the following legends:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (“U.S. SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE 144A THEREUNDER, IF AVAILABLE AND IN COMPLIANCE WITH STATE SECURITIES LAWS OR (D) WITHIN THE UNITED STATES, WITH ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PROVIDED, IN THE CASE OF AN OFFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE OR OTHER TRANSFER PURSUANT TO (C)(i) OR (D), THE HOLDER SHALL HAVE PROVIDED TO THE

CORPORATION AN OPINION OF COUNSEL TO THE EFFECT THAT THE PROPOSED TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, WHICH OPINION AND COUNSEL MUST BE REASONABLY SATISFACTORY TO THE CORPORATION.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CONTRACTUAL RESTRICTIONS THAT RESTRICT THE TRANSFER OF THESE SHARES, SUBJECT TO CERTAIN EXCEPTIONS AS SET FORTH IN THE APPLICABLE CONTRACT. COPIES OF THE APPLICABLE CONTRACT MAY BE OBTAINED UPON WRITTEN REQUEST OF THE SECRETARY OF THE COMPANY.”

provided, that if the Closing Share Merger Consideration is being sold under clause (b) above (and in compliance with Canadian local laws and regulations), the legend set forth above may be removed by providing a declaration and broker letter in such form as Parent or its registrar and transfer agent (“**Transfer Agent**”), may from time to time prescribe, together with such other documentation as Parent and/or Transfer Agent may reasonably require, including, but not limited to, an opinion of counsel selected by the Member Representative and reasonably acceptable to Parent or other evidence of exemption, in either case reasonably satisfactory to Parent and its Transfer Agent, to the effect that the sale of the securities is being made in compliance with Rule 904 of Regulation S under the U.S. Securities Act; and provided further, that, if any of the securities are being sold pursuant to Rule 144 of the U.S. Securities Act, the legend may be removed by delivery to the Transfer Agent of an opinion of counsel selected by the Member Representative and reasonably acceptable to Parent in form and substance reasonably satisfactory to Parent, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act.

SECTION 5 COVENANTS OF THE PARTIES

5.1 Conduct of the Business. Unless otherwise approved in writing by the Buyer or set forth in Schedule 5.1, the Company will, and shall cause its Subsidiaries to, comply with the following covenants until the earlier of the Effective Time and the termination of this Agreement.

- (a) The Company will, and shall cause its Subsidiaries to:
 - (i) conduct the Business in the Ordinary Course of Business;
 - (ii) pay all applicable Taxes as such Taxes become due and payable;
 - (iii) maintain all Permits in the Ordinary Course of Business, and
 - (iv) use commercially reasonable efforts to maintain and preserve the Business, retain its officers, key employees and consultants, and maintain and preserve its relationships with customers, suppliers, service providers, regulatory authorities and others having business relationships with the Company or any of its Subsidiaries in the Ordinary Course of Business.

(b) Without limiting the generality of the foregoing, the Company will not, and shall cause its Subsidiaries not to:

(i) amend or change the organizational documents of the Company (including the Company Organizational Documents) or its Subsidiaries, as applicable; respect;

(ii) change its method of management or operations in any material

(iii) dispose of, acquire or license any material (indirectly or in the aggregate) assets or properties, or make any commitment to do so, other than in the Ordinary Course of Business;

(iv) (A) incur any obligation or liability other than (1) in the Ordinary Course of Business, (2) for Transaction Expenses, or (3) Intercompany Debt, (B) incur any indebtedness for borrowed money, make any loans or advances, or assume, guarantee or endorse or otherwise become responsible for the obligation of any other Person, other than in the Ordinary Course of Business or Intercompany Debt, or (C) subject any of its properties or assets to any Lien other than Permitted Liens;

(v) prepay any Change in Control Payments;

(vi) make any material change in the compensation paid or payable to any employee, manager, agent, representative or consultant as shown or required to be shown on **Schedule 2.12(a)** or make any material change in the fringe benefits of any employee, other than in the Ordinary Course of Business;

(vii) promote, change the job title of, or otherwise alter in any material respect the responsibilities or duties of, any Company management or employee, except in the Ordinary Course of Business;

(viii) hire any employee or consultant whose annual compensation is in excess of \$100,000;

(ix) enter into any licensing, distribution, sponsorship, advertising, merchant program or other similar contracts, agreements, or obligations;

(x) undertake any action or fail to take any action that does or could, individually or in the aggregate, reasonably be expected to result in the loss, lapse, expiration, or abandonment of any material Owned IP;

(xi) (i) enter into any Contract that, if entered into prior to the Agreement Date, would be a material IP License or Material Contract or (ii) amend, modify, renew, terminate or waive any material right under any material IP License or Material Contract;

(xii) authorize for issuance, issue, sell, pledge, grant, encumber or deliver or agree or commit to issue, sell, pledge, grant, encumber or deliver any Equity Equivalents of the Company;

(xiii) (i) enter into any new line of business, or incur or commit to incur any material capital expenditures or Liabilities in connection therewith or (ii) abandon or discontinue any material existing lines of business;

(xiv) (i) apply for any new Permits pursuant to State and Local Cannabis Laws, or (ii) abandon any pending applications for Permits applied for under State and Local Cannabis Laws;

(xv) fail to take any actions necessary to maintain the existing Company Permits in good standing;

(xvi) change any method of Tax accounting, make or change any Tax election, file any amended Tax Return, settle or compromise any Tax liability, agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a Tax refund;

(xvii) acquire any business or Person, whether by merger or consolidation, purchase of assets or equity securities or any other manner;

(xviii) cancel or waive any rights in excess of \$100,000, or pay, discharge or settle any claim \$100,000;

(xix) make any new capital expenditure commitments in excess of \$25,000 individually or \$50,000 in the aggregate; or

(xx) commit to do any of the foregoing referred to in clauses (i) - (xviii).

5.2 Access. Until the Closing Date, consistent with applicable Laws regarding the permissible exchange of information and subject to the terms of the Confidentiality Agreement, if reasonably requested by the Buyer and at Buyer's sole expense, the Company will permit the Buyer and its legal counsel and other representatives, during normal business hours, reasonable access to (a) the assets, properties, records, books of account, contracts and other documents of the Company, and (b) members of senior management of the Company and their professional advisors. Until the Closing Date, consistent with applicable Laws regarding the permissible exchange of information and subject to the terms of the Confidentiality Agreement, the Company will furnish reasonably promptly to the Buyer such additional data and other information as to its affairs, assets, business, properties, prospects, finances, customers, products, services, ongoing disputes, litigation, technology, personnel and other information regarding the Company as the Buyer or its legal counsel and other representatives may from time to time reasonably request; provided, that such data and other information provided by the Company shall not modify or expand the representations made by the Company pursuant to Section 2.

5.3 Efforts; Cooperation.

(a) The Buyer and the Company shall, cooperate with each other and use their respective 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 this Agreement and applicable Laws to consummate and make effective the Transactions contemplated by this Agreement and the other Ancillary Agreements as soon as practicable, including using commercially reasonable efforts to prepare and file as promptly as reasonably practicable all documentation to obtain as promptly as reasonably practicable all consents, approvals, registrations, authorizations, waivers or licenses necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Transactions contemplated by this Agreement and the other Ancillary Agreements, including, without limitation, the consents, approvals, registrations, authorizations, waivers and licenses set forth on **Schedule 5.3(a)**. Without limiting the generality of the foregoing, the parties hereto shall act promptly, and use their commercially reasonable best efforts, and shall cooperate with each other, in making, or causing to be made, any filings, applications, submissions and notices required under State and Local Cannabis Laws (including responding to any follow-up inquiries or requests relating to such filings, applications, submissions and notices and providing any additional information and documentary material that may be requested pursuant to State and Local Cannabis Laws as promptly as practicable) (collectively, "**Regulatory Approval Materials**"), in order to permit consummation of the Transactions. To the extent that any Regulatory Approval Materials must be submitted by the Company pursuant to State and Local Cannabis Laws, the Buyer shall have the opportunity to review all such Regulatory Approval Materials and all such Regulatory Approval Materials shall be in the form reasonably acceptable to the Buyer. Any fees required to be paid in connection with such filings, applications and submissions shall be borne equally by the Members, on the one hand, and the Buyer and the Parent, on the other hand.

(b) The Company shall use its reasonable best efforts to give any notices to, and seek any consents required from, any third parties required in connection with the transactions contemplated by this Agreement.

(c) This Agreement and the Transactions may be subject to review by one or more Governmental Entities. If any Governmental Entity determines this Agreement must be reformed, the Parties shall negotiate in good faith to so reform this Agreement in a commercially reasonable manner according to the Governmental Entity's requirements while effectuating the original intent of this Agreement as near as possible.

5.4 Nonsolicitation.

(a) Until the earlier of the Effective Time and the date of termination of this Agreement, none of the Company, its Subsidiaries, nor any of its or their respective managers, members, directors, officers, Affiliates, financial advisors or representatives (collectively, the "**Representatives**") shall, directly or indirectly, take any of the following actions with any Person other than the Buyer and its designees: (i) solicit, initiate, entertain or agree to any proposals or offers from any Person relating to (A) any merger, share exchange, business combination, reorganization, consolidation or similar transaction involving the Company or any of its Subsidiaries, (B) the acquisition of beneficial ownership of any equity or ownership interest in the

Company or any of its Subsidiaries, whether by issuance by the Company or a Subsidiary or by purchase (through a tender offer, exchange offer, negotiated purchase or otherwise) from any Member, the Company or otherwise, or (C) the license or transfer of all or a material portion of the assets of the Company and its Subsidiaries taken as a whole (any of the transactions described in clauses (A) through (C), a “**Third-Party Acquisition**”), or (ii) participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or otherwise cooperate with, facilitate or knowingly encourage any effort or attempt by any Person to do or seek, a Third-Party Acquisition.

(b) Until the earlier of the Effective Time and the date of termination of this Agreement, if the Company or any of its Representatives receives an inquiry, proposal or offer relating to a Third-Party Acquisition from any Person, the Company shall (i) promptly notify Buyer of the same and the details thereof (including the identity of the Person making same) and the Company shall be permitted to provide a response without breaching this **Section 5.4**; provided that the response is limited to informing the initiator of such inquiry, proposal or offer that the Company is unable to respond further at this time, (ii) provide to the Buyer a copy of any written inquiry, proposal or offer and all correspondence related thereto (subject to any confidentiality obligations in existence as of the Agreement Date), and (iii) keep the Buyer reasonably informed of the status thereof.

5.5 Confidentiality. Prior to the Closing, each of the Parent, the Buyer and the Company shall abide by the terms of the Confidentiality Agreement.

5.6 Public Disclosure. Except as contemplated by this Agreement or as otherwise required by Law, regulatory authority, stock exchange or court order, no disclosure (whether or not in response to an inquiry) of the existence or subject matter of this Agreement shall be made by any party hereto (including any third-party representatives of the Buyer, the Company, any of the Members or any of their respective Affiliates) (other than communications with any Member and third parties necessary to obtain the consents and approvals required under this Agreement and applicable Law), whether before or after the Closing, unless approved by the Buyer prior to release. Notwithstanding the immediately preceding sentence, in the event that the Company (or any of its Affiliates) is required by Law, regulatory authority, stock exchange or court order to make any such disclosure, the Company shall notify the Buyer prior to making such disclosure and shall use its commercially reasonable efforts to give the Buyer an opportunity (as is reasonable under the circumstances) to comment on such disclosure.

5.7 Resignation of Officers and Directors. Unless otherwise directed by the Buyer, the Company shall obtain the resignation of the Manager, the officers of the Company and the officers, managers and directors of each Subsidiary, effective as of the Closing.

5.8 Certain Deliveries. As soon as practicable after the Agreement Date, the Company will deliver to the Buyer’s outside counsel, a complete and accurate (as of the Agreement Date) electronic copy of the “data room” (the “**Signing Disk**”). Until the Closing, the Signing Disk and the documents and other information thereon shall remain subject to the terms of the Confidentiality Agreement.

5.9 Waiver of Conflicts Regarding Representation: Attorney Client Privilege.

(a) Husch Blackwell, LLP (“**Husch Blackwell**”) has acted as counsel for the Company and the Members (collectively, the “**Company Parties**”) in connection with the negotiations, preparation, execution, and delivery of this Agreement, the Ancillary Agreements, and the consummation of the transactions contemplated hereby and thereby, including Transactions contemplated hereby (the “**Sale Engagement**”) and not as counsel for any other Person, including, without limitation, the Parent, the Buyer, Merger Sub I, Merger Sub II, the First Merger Surviving Company or the Surviving Company, or any of their Affiliates (collectively, the “**Buyer Parties**”). Only the Company Parties shall be considered clients of Husch Blackwell in the Sale Engagement. Each party hereto agrees that Husch Blackwell shall be permitted, without the need for any future waiver or consent, to represent any of the Member Indemnitees, including the Members, from and after the Closing in connection with any matters, including the Sale Engagement, contemplated by this Agreement, the Ancillary Agreements, and any other agreements referenced herein or therein, or any disagreement or dispute relating thereto, and may in connection therewith represent the Representatives of the Member Indemnitees, including the Members, in any of the foregoing cases, including in any dispute, litigation or other adversary proceeding against, with or involving the Buyer Parties. The Parent and the Buyer shall not, and shall cause the other Buyer Parties not to, seek or have Husch Blackwell disqualified from any such representation solely based upon the prior representation of the Company Parties by Husch Blackwell. Each of the parties hereto hereby consents thereto and waives any conflict of interest arising from such prior representation, and each of such parties shall cause any of its Affiliates to consent to waive any conflict of interest arising from such representation. Each of the parties acknowledges that such consent and waiver is voluntary, that it has been carefully considered, and that the parties have consulted with counsel or have been advised they should do so in connection herewith. The covenants, consent and waiver contained in this **Section 5.9** shall not be deemed exclusive of any other rights to which Husch Blackwell is entitled whether pursuant to Law, contract or otherwise.

(b) Any communications between a Company Party, on the one hand, and Husch Blackwell, on the other hand, that relate to the Sale Engagement, including any emails, correspondence, invoices, recordings, and other documents or files and all attorney work product prepared in connection therewith (collectively, the “**Attorney Client Communications**”) shall be deemed to be attorney client privileged and shall belong solely to the Members, and shall not pass to or be claimed by the Buyer Parties. The Parent and the Buyer acknowledge and agree, for themselves and on behalf of the other Buyer Parties, upon and after the Closing, that: (i) the Member Indemnitees, including the Members, and Husch Blackwell shall be the sole holders of the Attorney Client Communications, and none of the Buyer Parties shall be a holder thereof of such Attorney Client Communications; and (ii) Husch Blackwell shall have no duty whatsoever to reveal or disclose any Attorney Client Communications to the Buyer Parties. Notwithstanding the foregoing, in the event that a dispute arises between the Buyer Parties, on the one hand, and a third party other than any of the Company Parties, on the other hand, the Buyer Parties may assert the attorney client privilege to prevent disclosure of confidential communications to such third party? provided, however, that no Buyer Party may waive such privilege without the prior written consent of the Member Representative. In the event that any Buyer Party is legally required by an Order or otherwise legally required to access or obtain a copy of all or a portion of the Attorney Client Communications, to the extent (x) permitted by Law, and (y) advisable in the opinion of Parent’s outside counsel, then Parent shall immediately (and, in any event, within two (2) Business Days notify the Member Representative in writing so that the Member Representative can seek a protective order.

(c) This **Section 5.9** is intended for the benefit of, and shall be enforceable by, Husch Blackwell. This **Section 5.9** shall be irrevocable, and no term of this **Section 5.9** may be amended, waived or modified, without the prior written consent of Husch Blackwell.

5.10 **Thornton License**. The Parent shall sell or relinquish the Thornton License Award as soon as practicable following the date of this Agreement.

SECTION 6 TAX COVENANTS

6.1 **Allocation of Taxes for a Straddle Period**. Pre-Closing Taxes (including Transfer Charges) shall include Taxes for a Straddle Period in an amount equal to: (A) in the case of any gross receipts, income or similar Taxes, the portion of such Taxes allocable to the portion of the Straddle Period ending on or before the Closing Date, as determined on the basis of the deemed closing at the end of the Closing Date of the relevant books and records of the Company and (B) in the case of any Taxes (other than gross receipts, income, or similar Taxes), the Taxes for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the Straddle Period from the beginning of the Straddle Period through and including the Closing Date and the denominator of which is the number of days in the entire Straddle Period.

6.2 **Tax Returns**.

(a) The Member Representative shall, prepare and timely file (or cause to be prepared and timely filed) (i) all Tax Returns of the Company due (after taking into account all appropriate extensions) on or prior to the Closing Date (the "**Pre-Closing Tax Returns**") and (ii) the IRS Form 1120S (and any comparable state and local Tax Returns) of the Company for any Pre-Closing Tax period (the "**S Corporation Returns**" and collectively with Pre-Closing Tax Returns, the "**Seller Prepared Returns**"). Each Seller Prepared Return shall be prepared in accordance with historical procedures and practices of the Company unless otherwise required by applicable Tax Law. Each S Corporation Return due after the Closing Date shall be submitted to Buyer for Buyer's review at least thirty (30) days prior to the due date of the Tax Return. The Member Representative shall consider all reasonable comments made by the Buyer in writing within fifteen (15) days prior to the due date for filing such Tax Returns.

(b) Buyer shall cause the Company to prepare and timely file all Tax Returns (other than S Corporation Returns) of the Company due after the Closing Date (the "**Buyer Prepared Returns**"). To the extent that a Buyer Prepared Return relates to a Pre-Closing Tax period, such Tax Return shall be prepared accordance with historical procedures and practices of the Company unless otherwise required by applicable Tax Law.

6.3 Other Tax Return Matters. Notwithstanding anything in this Agreement to the contrary, the Buyer (and, after the Closing, each of the Company) shall be entitled to, upon approval of the Members Representative (such approval not to be unreasonably withheld, conditioned or delayed), (i) participate in and control any “voluntary disclosure” process or procedure sponsored by a particular Taxing Authority with respect to sales and use Taxes or payroll Taxes for any Pre-Closing Tax Period (and any related process with respect to other Taxes that is required under applicable Law in order to participate in such voluntary disclosure process) and (ii) make any remedial Tax filings with respect to any Pre-Closing Tax Period, including, for the avoidance of doubt, any remedial Tax filings relating to sales and use taxes or in any non-U.S. jurisdiction, that the Buyer reasonably determines to be appropriate. The Member Representative shall receive advance written notice from the Buyer of any such proposed process, procedure or remedial Tax filings proposed by the Buyer prior to officially commencing such process or procedure or making such filing, and the Buyer shall consider in good faith all comments reasonably proposed by the Member Representative at least fifteen (15) days prior to the date of filing. The Member Representative shall be entitled to participate in, but not control, any such proposed process at its own expense. The Member Representative and each Member shall cooperate fully with the Buyer in connection therewith.

6.4 Cooperation on Tax Matters.

(a) The Buyer, on the one hand, and the Member Representative and each Member on the other, shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the preparation and filing of any Tax Returns pursuant to this Section 6.4 and any audit or other proceeding with respect to Taxes. Such cooperation shall include the retention and, upon the other party’s request, the provision of records and information which are reasonably relevant to any such audit or other proceeding and making Employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Buyer and each of the Company, on the one hand, and each Member and the Member Representative, on the other hand, agree to retain all books and records with respect to Tax matters pertinent to the Company relating to any taxable period beginning before the Closing Date for a period of seven (7) years and to abide by all record retention agreements entered into with any Taxing Authority; provided that the Buyer may dispose of such books and records that are offered in writing to, but not accepted by, Member Representative.

(b) The Buyer and the Member Representative further agree, upon request, to use their commercially reasonable efforts to obtain any certificate or other document from any Taxing Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including with respect to the transactions contemplated by this Agreement).

6.5 Refunds and Amendments. All refunds of, or direct credits against, Taxes that are realized and received by the Company for any Pre-Closing Tax Period that were not included in any adjustment to Merger Consideration hereunder, shall be for the benefit of the Members. To the extent that the Company or Buyer receives any such refund (whether received as a refund or as a direct credit against Taxes otherwise payable), Buyer shall pay to the Member Representative, on behalf of the Members, the amount of such refund (without interest other than interest received from the relevant Taxing Authority), net of any reasonable out-of-pocket expenses and any Taxes that Buyer or the Company incur with respect to such refund. The net amount due to the Sellers shall be payable within ten (10) days after receipt of the refund by Buyer or the Company, as applicable, from the relevant Taxing Authority (or, if the refund is in the form of direct credit,

ten (10) days after filing the Tax Return claiming such credit). Unless a Taxing Authority requires the Company to do so pursuant to a final determination (as defined in Section 1313(a) of the Code), Buyer shall not amend any Tax Returns of the Company relating to a Pre-Closing Tax Period without the consent of the Member Representative (which consent shall not be unreasonably withheld, conditioned or delayed).

6.6 Transfer Charges. The Members shall be responsible for all transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement (collectively, “**Transfer Charges**”), and the Member Representative shall, at the sole cost of the Members, file all necessary Tax Returns and other documentation with respect to all such Transfer Charges, and, if required by applicable Law, the Buyer shall and shall cause the Company to, join in the execution of any such Tax Returns and other documentation. To the extent that any such Transfer Charge is by applicable Law payable by the Buyer rather than the Members, the Member Representative, on behalf of the Members, shall within twenty (20) days after the Closing, transfer the amount due pursuant to this Section 6.6 in immediately available funds to an account designated by Buyer.

6.7 Tax Treatment. For federal income tax purposes, the Parties intend, by approving resolutions authorizing this Agreement, to treat this Agreement as a “plan of reorganization” under Treasury Regulation Section 1.368-2(g), and to cause the Mergers, taken together, to qualify as a reorganization under the provisions of Section 368(a) of the Code and the Treasury Regulations promulgated thereunder. No Party shall take any position (whether in a Tax Return, an audit or otherwise) or action that is inconsistent with the foregoing treatment, unless required to do so by applicable Law.

SECTION 7

CONDITIONS TO EACH PARTY’S OBLIGATION TO CLOSE

The respective obligations of each Party to consummate the Mergers are subject to the satisfaction, at or before the Closing, of the following conditions:

7.1 Member Approval. The Member Approval shall have been obtained and shall not have been revoked, rescinded or changed.

7.2 Legal Proceedings. No proceeding commenced by a Governmental Entity shall be pending or threatened against any party seeking to restrain or prohibit the Transactions, and there shall be no Order of any nature of any Governmental Entity of competent jurisdiction or any Law that is in effect that restrains, prohibits or prevents the consummation of the Transactions or that has the effect of rendering it unlawful to consummate the Transactions.

7.3 Regulatory Approval. All consents, approvals and waivers of any Governmental Entity necessary under State and Local Cannabis Laws in order to permit consummation of the Closing and the Transactions shall have been obtained, and all notices to any Governmental Entity necessary under State and Local Cannabis Laws in order to permit consummation of the Closing and the Transactions shall have been delivered.

7.4 Futurevision Holdings. The closing of the transactions contemplated by the Futurevision Holdings Agreement shall occur simultaneously with the Closing.

7.5 Offer Letters. Each of Andy Williams and Sally Vander Veer shall have entered into an offer letter with the Buyer or the Company (or one of their Affiliates), in form and substance reasonably acceptable to the Buyer (the “**Offer Letters**”), and such Offer Letters shall remain in full force and effect and shall not have been revoked, rescinded or changed.

7.6 Non-Competition Agreements. Each of Andy Williams and Sally Vander Veer shall have delivered to the Buyer a duly executed Non-Competition Agreement, and such Non-Competition Agreements shall remain in full force and effect and shall not have been revoked, rescinded or changed.

SECTION 8

CONDITIONS TO THE OBLIGATION OF PARENT, BUYER, MERGER SUB I AND MERGER SUB II TO CLOSE

The obligation of the Parent, the Buyer, Merger Sub I and Merger Sub II to consummate the Merger is subject to the satisfaction, at or before the Closing, of the following conditions, any of which may be waived by the Buyer in its discretion:

8.1 Representations and Warranties. (a) All Fundamental Representations of the Company shall be true and correct in all respects, on and as of the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct as of such date), without giving effect to any materiality, Material Adverse Effect or similar qualifiers and (b) all of the other representations and warranties of the Company in this Agreement shall be true and correct in all respects (without giving effect to materiality, Material Adverse Effect, or similar qualifiers) on and as of the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct would not reasonably be expected to have a Material Adverse Effect.

8.2 Covenants. The Company shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it on or before the Closing Date.

8.3 No Material Adverse Effect. No result, occurrence, fact, change, event or effect of any character shall have occurred that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

8.4 Certification. The Company shall have delivered to the Buyer a certificate of its chief executive officer, dated the Closing Date, certifying that each of the conditions set forth in Sections 8.1 (Representations and Warranties) and 8.2 (Covenants).

8.5 Secretary Certificate. The Company shall have delivered to the Buyer a certificate of the Secretary of the Company dated the Closing Date as to (a) the Company's certificate of formation and the Company Organizational Documents, each as in effect on and as of the Closing Date and (b) the resolutions of the Manager and the Members authorizing and approving the execution, delivery and performance by the Company of this Agreement and all Transactions.

8.6 Escrow Agreement. The Member Representative and the Escrow Agent shall have entered into the Escrow Agreement.

8.7 Required Consents. The Company shall have obtained and delivered to the Buyer all of the consents set forth on Schedule 8.7, in each case in form and substance reasonably satisfactory to the Buyer.

8.8 Good Standing Certificates. The Company shall have provided the Buyer with certificates of appropriate governmental officials as to the due qualification and corporate good standing of the Company and each Subsidiary from the state in which such entity is organized and each state in which such entity is foreign qualified, dated no more than ten (10) days prior to the Closing Date.

8.9 Resignation of the Company Directors and Officers. Each of the managers, directors and officers of the Company and each Subsidiary shall have submitted his or her resignation to be effective at the Effective Time.

8.10 Termination of Affiliate Transactions. Evidence of the termination of all agreements set forth on Schedule 8.10 with no Liability to the Company (in each case, in a form reasonably satisfactory to the Buyer).

8.11 W-9s. On or before the Closing Date, each Member shall deliver to the Buyer a duly executed IRS Form W-9.

8.12 Lock-Up Agreements. The Company shall have delivered to the Buyer a Lock-Up Agreement duly executed by each Member.

8.13 Certain Deliveries. The Company shall have delivered to the Buyer's outside counsel the Signing Disk.

8.14 No Company Debt or Liens. Neither the Company nor any of its Subsidiaries shall be party to any loan, line of credit or other Company Debt, and there shall be no Liens (other than Permitted Liens) in favor of any Person on any assets of the Company or any of its Subsidiaries, except, in each case, for Intercompany Debt, provided that Sellers shall notify Buyer of any new Intercompany Debt, and provided further, that Buyer shall have satisfied its obligations under Section 1.9(a).

8.15 Longmont. The Longmont Option shall not have been terminated and shall remain in full force and effect, and the Buyer and Longmont shall have entered into a Services Agreement substantially in the form attached hereto as Exhibit E.

SECTION 9

CONDITIONS TO COMPANY'S OBLIGATION TO CLOSE

The obligation of the Company to consummate the Mergers is subject to the satisfaction, at or before the Closing, of the following conditions, any of which may be waived by the Company in its discretion:

9.1 Representations and Warranties. All of the representations and warranties of the Parent, the Buyer, Merger Sub I and Merger Sub II in this Agreement (i) that are qualified as to materiality, Material Adverse Effect or a similar qualifier shall be true and correct in all respects on and as of the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct as of such date), and (ii) that are not qualified as to materiality, Material Adverse Effect or a similar qualifier shall be true and correct in all material respects on and as of the Closing Date as if made on and as of the Closing Date (except for representations and warranties that are made as of a specific date, in which case they shall be true and correct in all material respects as of such date).

9.2 Covenants. The Parent, the Buyer, Merger Sub I and Merger Sub II shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it on or before the Closing Date.

9.3 Certification. The Buyer shall have delivered to the Company a certificate of an officer of the Buyer, dated the Closing Date, certifying that each of the conditions set forth in Sections 9.1 (Representations and Warranties), and 9.2 (Covenants) have been met.

9.4 Escrow Agreement. The Buyer and the Escrow Agent shall have entered into the Escrow Agreement.

9.5 Longmont. The Buyer shall have entered into the Longmont Option.

9.6 Removal of Guarantees. All of the Persons set forth on Schedule 9.6 shall have been removed as guarantors guaranteeing the Real Property Leases pursuant to the personal guarantees set forth on Schedule 9.6.

9.7 Thornton License. The Parent shall have sold or relinquished the Thornton License Award.

SECTION 10

INDEMNIFICATION

10.1 Obligation of the Members to Indemnify. Subject to the limitations set forth in Section 10.4 (Limitations on Indemnification; Other Remedies) hereof, after the Closing, as an integral term of this Agreement, the Members shall jointly, up to the Indemnity Escrow Amount, and, in excess of the Indemnity Escrow Amount, severally, and not jointly, based on his, her or its respective Pro Rata Share, indemnify, reimburse, compensate and hold harmless the Parent, the Buyer, the Company, and their respective directors, officers, employees, partners, members, agents, Affiliates and assigns (collectively, the "**Buyer Indemnitees**") from and against any and all Losses incurred or suffered by any Buyer Indemnitee as a result of, with respect to or in connection with:

(a) any inaccuracy or breach of a representation or warranty of the Company contained in Section 2 of this Agreement or in any Ancillary Agreement;

(b) any failure by the Company (as of the Closing) or the Members or Member Representative (following the Closing) to materially perform or comply with any covenant or agreement set forth herein or in any certificate, document or other instrument delivered by such party pursuant to this Agreement;

(c) any claims by any current or former equityholder, director, officer or employee of the Company to the effect that such Person is entitled to any equity, membership or ownership interest or equity security or any payment in connection with the Transactions other than as specifically set forth on the Allocation Certificate;

(d) any Company Debt, Change in Control Payments, or Transaction Expenses as of the Closing to the extent not included in the Company Debt Payoff Amount, Change in Control Payments, or Transaction Expenses set forth in the Allocation Certificate;

(e) any claim by any current or former employee of any of the Company, in their capacity as Employees, arising out of facts or circumstances existing through the Closing Date, including claims related to termination of any such employee's employment with the Company on or prior to the Closing Date;

(f) any Pre-Closing Taxes to the extent not included in Estimated Pre-Closing Taxes set forth in the Allocation Certificate;

(g) the Technology License Agreement, solely to the extent arising out of or relating to facts or circumstances existing prior to the Closing; for the avoidance of doubt, except as would be a breach of the Confidentiality Agreement (and subject exclusively to the remedies therein), the Members shall not be liable for any Losses relating to the Technology License Agreement which arise from the transfer by Parent, Buyer, or any of their Affiliates, of any patents, inventions, trade secrets, know-how, or any other similar rights intellectual property rights, to the Company or its Affiliates, including the Members, after the Closing; and

(h) the CDA Investigation (as defined in the Company Disclosure Schedules).

10.2 Obligation of the Buyer to Indemnify. Subject to the limitations set forth in **Section 10.4** (Limitations on Indemnification; Other Remedies) hereof, as an integral term of this Agreement, the Buyer shall indemnify and hold harmless the Members and their respective directors, officers, employees, partners, members, agents, Affiliates and assigns (the "**Member Indemnitees**") from and against any and all Losses incurred or suffered by any Member Indemnitee directly or indirectly, as a result of, with respect to or in connection with:

(a) any inaccuracy or breach of a representation or warranty of the Buyer in this Agreement or any certificate, document or other instrument delivered by or on behalf of the Buyer pursuant hereto; and

(b) any failure by the Buyer to fully perform or comply with any covenant or agreement set forth herein or in any certificate, document or other instrument delivered by such party pursuant to this Agreement.

10.3 Notice and Opportunity to Defend.

(a) A party or parties entitled to indemnification hereunder (an “**Indemnified Party**”) with respect to any legal proceeding, claim or demand instituted by any third party (in each case, a “**Third-Party Claim**”) will give the party or parties required to provide such indemnification (the “**Indemnifier**”) prompt written notice of such Third-Party Claim, along with a notice of the facts giving rise to such Third-Party Claim; provided that the failure to provide prompt notice shall not relieve the Indemnifier of its indemnification obligations hereunder, except to the extent (and only to the extent) that the Indemnifier is prejudiced by the failure of the Indemnified Party to provide such prompt notice.

(b) If the Indemnifier provides written notice to the Indemnified Party within twenty (20) days after the Indemnifier’s receipt of written notice from the Indemnified Party of such Third-Party Claim, the Indemnifier shall have the right, at the Indemnifier’s expense, to defend against, negotiate, settle or otherwise deal with such Third-Party Claim and to have the Indemnified Party represented by counsel selected by the Indemnifier and the Indemnified Party shall cooperate with the Indemnifier and its counsel in all commercially reasonable respects in the defense thereof and in any settlement thereof; provided, that (i) the Indemnified Party may participate in any proceeding with counsel of its choice and at its expense, (ii) the Indemnifier shall only have a right to elect to defend any Third-Party Claim if (A) the Third-Party Claim involves only money damages and does not seek an injunction or other equitable relief, and (B) the defense strategy, settlement, failure to reach settlement, or adverse judgment with respect to the Third-Party Claim is not likely to establish a precedential custom or practice materially adverse to the continuing business interests (including vendor and customer relations) of the Indemnified Party or materially adversely affect the reputation of the Indemnified Party, (iii) the Buyer or any of its Affiliates, at any time when the Buyer believes that a Third-Party Claim for indemnification relates to or arises in connection with any criminal matter, may assume the defense and otherwise deal with such Third-Party Claim in good faith with counsel of its choice, (iv) the Indemnifier may not assume the defense of any Third-Party Claim if a material conflict of interest exists between the Indemnifier and the Indemnified Party that precludes effective joint representation or the amount of the Third-Party Claims exceed or reasonably could exceed the limitations set forth in **Section 10.4(e)**, if applicable, and (v) the Indemnified Party may take over the defense and prosecution of a Third-Party Claim from the Indemnifier (at the Indemnified Party’s cost and expense) if the Indemnifier has failed or is failing to diligently prosecute or defend such Third-Party Claim following the provision of written notice to the Indemnifier of such failure and the failure of the Indemnifier to cure such failure within fifteen (15) days of receipt of such notice; provided, further that (x) the Indemnifier may not enter into a settlement of any Third-Party Claim without the written consent of the Indemnified Party, unless such settlement provides the Indemnified Party with a full release from such Third-Party Claim and requires no more than a

monetary payment for which the Indemnified Party is fully indemnified; and (y) with respect to any Third Party Claim arising from **Section 10.1(g)** for which the Members are not entitled to defend against, negotiate, settle or otherwise deal with pursuant to this **Section 10.3**, then, notwithstanding anything to the contrary herein, the Members shall not be liable to any Buyer Indemnitee for any Losses arising from such Third Party Claim if any Buyer Indemnitee settles such Third Party Claim without the consent of the Members, which consent shall not be unreasonably withheld, conditioned, or delayed. If the Indemnified Party has assumed the defense of any Third-Party Claim, neither the Indemnified Party nor any of its Affiliates may settle or otherwise dispose of any Third-Party Claim for which the Indemnifier may have a liability under this Agreement without the prior written consent of the Indemnifier, which consent shall not be unreasonably withheld, conditioned or delayed. If the Indemnified Party has assumed the defense or is otherwise negotiating any such Third-Party Claim, the Indemnifier may participate in any proceeding or negotiation with counsel of its choice and at its expense.

(c) Any notice that a Buyer Indemnitee shall be required to give to the Members shall be satisfied by the delivery of notice by the Buyer Indemnitee to the Member Representative, and the Member Representative may respond to the Buyer Indemnitee on behalf of all Members.

10.4 **Limitations on Indemnification; Other Remedies.** The indemnification provided by **SECTION 10** (Indemnification) shall be subject to the following limitations, terms and conditions:

(a) **Survival of Representations and Warranties.** No action for indemnification pursuant to **Section 10.1(a)** shall be brought more than fifteen (15) months after the Closing Date, except for claims arising out of the Fundamental Representations, which shall survive until 11:59 P.M. Eastern Time on the sixth (6th) anniversary of the Closing Date, and except for claims arising out of the Tax Representations, which shall survive until the expiration of the applicable statute of limitations plus sixty (60) days (in each case, the “**Survival Period**”). Any claim for indemnification under this Agreement pursuant to **Section 10.1(a)** shall be deemed time-barred, and no such claim shall be made after the applicable Survival Period; provided, however, that if a claim notice is delivered in good faith with respect to such a claim for indemnification prior to the expiration of the applicable Survival Period, the indemnification claim under this **SECTION 10** shall survive until such indemnification claim is finally resolved pursuant to this **SECTION 10**. **Sections 2.1** (Organization; Good Standing; Power), **2.2** (Capitalization; Subsidiaries), **(b)** (Authorization; Execution & Enforceability; No Breach), and **2.19** (Brokers) are sometimes referred to herein as the “**Fundamental Representations**”. The representations and warranties of the Company set forth in this Agreement and related to Taxes, including those set forth in **Section 2.8** (Tax Matters) are sometimes referred to herein as the “**Tax Representations**.” All other representations and warranties set forth in **Section 2** are referred to herein as the “**General Representations**.”

(b) **Covenants.** The respective covenants, agreements and obligations of the Company, the Buyer, the Members and the Member Representative set forth in this Agreement and the Member Closing Agreements, in any certificate, document or other instrument delivered by such party pursuant to this Agreement, and the Member Closing Agreements shall survive the execution and delivery of this Agreement, any investigation by or on behalf of any party hereto, and the Closing without limitation and shall survive until the expiration of the applicable statute of limitations, or such earlier time period as specified herein or therein.

(c) Determination of Losses. For purposes of determining the amount of Losses incurred in connection with any inaccuracy in or breach of any General Representations pursuant to this Section 10, but not for purposes of determining whether such breach or inaccuracy has occurred, such General Representations shall be read without regard for or giving effect to the terms “material”, “in all material respects”, “Material Adverse Effect” or similar qualifiers.

(d) Basket.

(i) No indemnification shall be payable pursuant to Section 10.1(a) (other than with respect to a Fundamental Representation or in the event of fraud or intentional misrepresentation for which this Section 10.4(c) shall not apply) unless the total amount of all indemnifiable Losses incurred by the Buyer Indemnitees, including those subject to all previous claims, exceeds \$97,404 (the “**Basket**”), whereupon indemnification shall be payable for the amount in excess of the Basket.

(ii) No indemnification shall be payable pursuant to Section 10.2(a) unless the total amount of all indemnifiable Losses incurred by the Member Indemnitees, including those subject to all previous claims, exceeds the Basket, whereupon indemnification shall be payable for the amount in excess of the Basket.

(e) Cap. Subject to the remaining provisions of this Section 10.4:

(i) other than in the event of fraud or intentional misrepresentation, the total aggregate liability by all Members for all Losses indemnifiable under Section 10.1(a) shall not exceed (A) \$1,298,724 (the “**Cap**”) with respect to the General Representations and (B) the Merger Consideration, as adjusted pursuant to Section 1.7, with respect to the Fundamental Representations;

(ii) the aggregate liability of a Member for all Losses indemnifiable under Section 10.1 (other than in the event of fraud or intentional misrepresentation of such Member) shall not exceed such Member’s Pro Rata Share of the Merger Consideration, as adjusted pursuant to Section 1.7;

(iii) the Buyer’s aggregate liability for all Losses for indemnification under Section 10.2(a) shall not exceed the Cap (other than in the event of fraud or intentional misrepresentation of the Buyer); and

(iv) the aggregate liability of the Buyer for all Losses indemnifiable under Section 10.1 shall not exceed the Merger Consideration, as adjusted pursuant to Section 1.7.

(f) Source of Recovery: Indemnity Escrow Amount.

(i) Any indemnification owing by the Members pursuant to this Section 10 shall be satisfied first, from the Indemnity Escrow Amount and second, by the Members in accordance with their Pro Rata Shares; provided, however, that Parent agrees to release the Members from the Lock-Up Agreements to the extent required to satisfy any such indemnity claims.

(ii) The Indemnity Escrow Amount shall be released to the Members based on their applicable Pro Rata Share as follows: (A) on the first (1st) Business Day after the date that is nine (9) months following the Closing Date, an amount equal to the lesser of (x) \$103,073.33 and (y) the remaining portion of the Indemnity Escrow Amount minus the amount of any unresolved indemnification claims or resolved but unreleased indemnification claims of the Indemnified Parties pursuant to this **Section 10**; (B) on the first (1st) Business Day after the date that is twelve (12) months following the Closing Date, an amount equal to the lesser of (x) \$103,073.33 and (y) the remaining portion of the Indemnity Escrow Amount minus the amount of any unresolved indemnification claims or resolved but unreleased indemnification claims of the Indemnified Parties pursuant to this **Section 10** and (C) on the first (1st) Business Day after the date that is fifteen (15) months following the Closing Date, the remaining portion of the Indemnity Escrow Amount minus the amount of any unresolved indemnification claims or resolved but unreleased indemnification claims of the Indemnified Parties pursuant to this **Section 10**. Each of the Buyer and the Member Representative shall be obligated to promptly execute and deliver written instructions to the Escrow Agent requesting that it release such amounts.

(g) **No Subrogation**. Following the Closing, no Member shall have any right of indemnification, contribution or subrogation against the Company with respect to any indemnification payment made by or on behalf of any Member under **Section 10.1**.

(h) **Merger Consideration Adjustment**. The Company, the Parent, the Buyer, the Surviving Company, the Member Representative and the Members agree to treat each indemnification payment pursuant to this **SECTION 10** as an adjustment to the Merger Consideration for all Tax purposes and shall take no position contrary thereto unless required to do so by applicable Tax Law pursuant to a determination as defined in Section 1313(a) of the Code.

(i) **Exclusive Remedy**. The Parties (other than the Member Representative, in its capacity as Member Representative and not on behalf of the Members, with respect to claims against or amongst the Members) acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any Losses under this Agreement (except (a) in the case of fraud or intentional misrepresentation and (b) for any other remedies expressly set forth in **Section 12.5**) shall be pursuant to the indemnification provisions set forth in this **SECTION 10**. In furtherance of the foregoing, each of the Parties (other than the Member Representative, in its capacity as Member Representative and not on behalf of the Members, with respect to claims against or amongst the Members) hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of actions for any breach of any such representation, warranty, covenant, agreement, or obligation it may have against the other Parties and their Affiliates arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this **SECTION 10**.

SECTION 11
TERMINATION

11.1 **Termination.** This Agreement may be terminated and the Mergers and the other Transactions abandoned at any time before the Effective Time, regardless of any approval by Members as follows and in no other manner:

(a) by written agreement of the Company and the Buyer;

(b) by the Buyer, if the Company shall have breached or failed to perform in any material respect any of its obligations, covenants or agreements under this Agreement, or if any of the representations and warranties of the Company set forth in this Agreement shall not be true and correct such that the conditions set forth in **Section 8.1** (Representations and Warranties) or **Section 8.2** (Covenants) would not be satisfied, and such breach, failure or misrepresentation is not cured to the Buyer's reasonable satisfaction within thirty (30) days after the Buyer gives the Company written notice identifying such breach, failure or misrepresentation;

(c) by the Company, if the Buyer shall have breached or failed to perform in any material respect any of its obligations, covenants or agreements under this Agreement, or if any of the representations and warranties of the Buyer set forth in this Agreement shall not be true and correct such that the condition set forth in **Section 9.1** (Representations and Warranties) or **Section 9.2** (Covenants) would not be satisfied, and such breach, failure or misrepresentation is not cured to the Company's reasonable satisfaction within thirty (30) days after the Company gives the Buyer written notice identifying such breach, failure or misrepresentation;

(d) by the Buyer if the conditions set forth in **Section 7** (Conditions to the Obligation of Parent, Buyer and Merger Sub I and Merger Sub II To Close) become incapable of satisfaction, unless such incapability to be satisfied shall be due to the failure of any Buyer Party to perform or comply respects with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(e) by the Company, if the conditions set forth in **SECTION 8** (Conditions to Company's Obligation To Close) become incapable of satisfaction, unless such incapability to be satisfied shall be due to the failure of any Company Party to perform or comply respects with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(f) by either the Buyer or the Company if the Closing shall not have occurred on or before December 31, 2021 (the "**Closing Deadline**"), which date may be extended by mutual agreement of the Company and the Buyer; provided that the right to terminate this Agreement under this **Section 11.1(f)** shall not be available to any party whose failure to fulfill any obligation under this Agreement has been a principal cause of or resulted in the failure of the Closing to occur on or before the Closing Deadline; provided, further, that neither party may terminate this Agreement pursuant to this **Section 11.1(f)** if the Closing has not occurred on or prior to the Closing Deadline solely due to a failure to obtain all necessary approvals under State and Local Cannabis Laws, for so long as the Parties are working in good faith to obtain such approvals;

(g) by either the Buyer or the Company if: (i) any court of competent jurisdiction or other Governmental Entity shall have issued an Order or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Transactions, and such Order or ruling shall have become final and nonappealable, or (ii) there shall be any Law enacted, promulgated or issued or deemed applicable to the Transactions by any Governmental Entity that would make consummation of the Transactions illegal;

(h) by either Buyer or the Company if there shall have been any action taken, final decision made or any Law enacted, promulgated or issued or deemed applicable to the Transactions, by any Governmental Entity which would: (i) prohibit Buyer's or the Company's ownership or operation of any portion of the Business, or (ii) compel Buyer or any of its Affiliates or the Company to dispose of or hold separate, as a result of the Transactions, any portion of the business or assets of Buyer or any of its Affiliates or the Company;

(i) by either the (i) Buyer, if the condition in **Section 7.4** is not satisfied due to the fault of the Company, or (ii) the Company, if the condition in **Section 7.4** is not satisfied due to the fault of any Buyer Party;

11.2 Effect of Termination. If this Agreement is terminated in accordance with **Section 11.2** (Termination), it shall forthwith be void and have no effect, without liability or obligation as a result of such termination on the part of any party, its directors, officers or equityholders, except that the Confidentiality Agreement, this **Section 11.2**, **Section 5.5** (Confidentiality), **Section 5.6** (Public Disclosure) and **Section 12** (Miscellaneous) shall survive termination; provided that nothing contained in this Agreement shall relieve any Person from liability for any material breach of this Agreement occurring before such termination.

SECTION 12 MISCELLANEOUS

12.1 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed given (a) when delivered personally by hand, (b) the next Business Day when sent by overnight mail, postage prepaid with proof of delivery from the courier requested, (c) the next Business Day when sent by certified or registered mail, postage prepaid, or (d) when sent if in writing and sent by electronic mail. Notices shall be sent to the addresses set forth below:

If to the Company:

Futurevision 2020, LLC
4750 Nome Street
Denver, Colorado 80239
Attention: Sally Vander Veer
Telephone: [***]
Email: [***]

with a copy (which shall not constitute notice) to:

Husch Blackwell LLP
Attn: Steve Levine
1801 Wewatta Street, Suite 1000
Denver, Colorado 80202
[***]
[***]

If to the Member Representative:

Futurevision Representative, LLC
4750 Nome Street
Denver, Colorado 80239
Attention: Sally Vander Veer
Telephone: [***]
Email: [***]

If to the Buyer:

Columbia Care LLC
680 5th Ave, 24th Floor
Attention: Joshua Snyder
Telephone: [***]
Email: [***]

with a copy (which shall not constitute notice) to:

Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts 02210
Attention: Erica Rice
Telephone: [***]
Email: [***]

Any party may by notice given in accordance with this **Section 12.1** to the other parties designate another address or person for receipt of notices hereunder; provided that any party receiving such a designation shall not be required to send any notice hereunder to the new address or person before the fifth (5th) Business Day after receipt thereof.

12.2 Entire Agreement; Amendment; Waiver.

(a) This Agreement, the Ancillary Agreements and the Confidentiality Agreement, the schedules and exhibits hereto and thereto, the Company Disclosure Schedules and the documents and instruments and other agreements among the Parties referenced herein and therein constitute the entire agreement among the Parties with respect to the Transactions, and supersede all prior agreements and understandings, written or oral, with respect thereto, including the Indication of Interest, dated January 26, 2021.

(b) Except as otherwise required by applicable Law, prior to the Closing, this Agreement may be amended at any time, notwithstanding the adoption hereof by the Members, only by a written instrument signed by Buyer, the Company and the Member Representative. Except as otherwise required by applicable Law, after the Closing, this Agreement may be amended at any time, only by a written instrument signed by the Buyer and the Member Representative.

(c) At any time prior to the Effective Time, the Buyer, on the one hand, and the Company, on the other, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations of the other party hereto, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, or (iii) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. From and after the Effective Time, the Buyer, on the one hand, and the Member Representative, on the other, may, to the extent legally allowed, (x) extend the time for the performance of any of the obligations of the other party hereto, (y) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, or (z) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if, and to the extent, set forth, in an instrument in writing signed on behalf of such party.

(d) This Agreement, the Ancillary Agreements and the schedules and exhibits hereto and thereto are not intended to confer upon any person any rights or remedies hereunder, except as specifically provided, following the Effective Time, in **Section 10** (Indemnification).

(e) No Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written consent of the other Parties, which consent shall not be unreasonably withheld, delayed, or conditioned; provided, however, that the Buyer and Parent may assign all or a portion of their respective rights to any lender (or any agent or collateral trustee for any such Person) of the Buyer, Parent, or their respective Affiliates as collateral security in connection with any new financings or refinancings, and such collateral assignments shall be deemed to include any further assignment or transfer that may occur due to a foreclosure or other remedy under such financing documents; provided, further, that such assignment shall be in compliance with all applicable Law, including State and Local Cannabis Laws, and shall not reasonably be expected to delay or impede the Transactions.

12.3 Governing Law; Venue; Waiver of Jury Trial.

(a) This Agreement shall be governed and construed in accordance with the Laws of the State of Delaware, regardless of Laws that might otherwise govern under applicable principles of conflicts of laws thereof, as to all matters, including matters of validity, construction, effect, performance and remedies; provided, however, that any claims, controversies, or disputes related to any matter involving the cultivation, harvesting, production, manufacturing, processing, marketing, distribution, sale or possession of cannabis, marijuana or related substances or products containing cannabis, marijuana or related substances shall be governed by and construed in accordance with the Laws of the State of Colorado, regardless of Laws that might otherwise govern under applicable principles of conflicts of laws thereof as to all such matters.

(b) Each Party irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by another Party hereto or its successors or assigns shall be brought and determined exclusively in the state courts located in the State of Colorado. Each Party hereby irrevocably submits with regard to any action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each Party hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (c) to the fullest extent permitted by applicable Law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER OR RELATING TO THIS AGREEMENT OR ANY ANCILLARY AGREEMENT OR THE TRANSACTIONS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE ESCROW AGREEMENT OR ANY OTHER ANCILLARY AGREEMENT OR THE TRANSACTIONS OR THE FACTS OR CIRCUMSTANCES LEADING TO EACH PARTY'S EXECUTION OR PERFORMANCE OR ANY ACTIONS OF ANY OF THE AFFILIATES OR REPRESENTATIVES OF ANY OTHER PARTY RELATED THERETO.

(d) EACH OF THE MEMBER REPRESENTATIVE, THE COMPANY, PARENT, BUYER, MERGER SUB I AND MERGER SUB II (1) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE THAT SUCH OTHER PARTY WOULD NOT IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, (2) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (3) IT MAKES SUCH WAIVERS KNOWINGLY AND VOLUNTARILY, AND (4) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION 12.3**.

12.4 Subject to Approval of the Colorado Marijuana Enforcement Division. NOTWITHSTANDING ANYTHING TO THE CONTRARY, THE CLOSING OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND THE ANCILLARY AGREEMENTS IS CONTINGENT UPON AND SUBJECT TO THE PRIOR APPROVAL OF THE MED AND EACH APPLICABLE LOCAL JURISDICTION.

12.5 Specific Performance and Other Remedies. Each Party hereby acknowledges that the rights of each Party to consummate the Transactions and the covenants of the Parties are special, unique and of extraordinary character and that, in the event that any party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party may be without an adequate remedy at Law. In the event that any Party violates or fails or refuses to perform any covenant or agreement made by such Party herein, the non-breaching Party shall be entitled, in addition to the exercise of other remedies, to seek injunctive and other equitable relief, without necessity of posting a bond, restraining such party from committing such breach or threatened breach.

12.6 No Waiver. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

12.7 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and legal representatives.

12.8 Construction. Whenever the context requires:

(a) the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(b) Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. The words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

(c) Whenever this Agreement requires the disclosure of an agreement or Contract on the Company Disclosure Schedule or the delivery to the Buyer of an agreement or Contract, that disclosure requirement or delivery requirement, as applicable, require disclosure or delivery of the entire document and shall also require the disclosure or delivery of each and every material amendment, extension, exhibit, attachment, schedule, addendum, appendix, statement of work, change order, and any other similar instrument or document relating to that agreement or Contract.

(d) References to "Dollars" and "\$" mean dollars in lawful currency of the United States of America.

(e) All references to accounting terms shall be interpreted in accordance with GAAP unless otherwise specified.

(f) Any reference to any party to this Agreement shall include such party's successors and permitted assigns.

(g) Any reference to the Company in this Agreement shall include any of its respective predecessor entities, including any entity that merged with and into such predecessor entity.

12.9 Counterparts; Delivery. This Agreement may be executed by the parties hereto in two (2) or more separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

12.10 Exhibits and Schedules. The exhibits and schedules (including the Company Disclosure Schedule) are a part of this Agreement as if fully set forth herein. All references herein to Sections, subsections, clauses, exhibits and schedules shall be deemed references to such parts of this Agreement, unless the context shall otherwise require.

12.11 Headings. The table of contents and the headings in this Agreement are for reference only, and shall not affect the interpretation of this Agreement.

12.12 Expenses. Except as set forth herein, all fees and expenses incurred in connection with the Transactions, including all legal, accounting, tax and financial advisory, consulting, investment banking and all other fees and expenses of third parties, shall be the obligation of the Party incurring such fees and expenses. Notwithstanding the foregoing, if any action, claim or proceeding relating to this Agreement or any Ancillary Agreements or the enforcement of any provision thereof is brought against any Party, the prevailing Party shall be entitled to recover reasonable attorneys' fees, costs and disbursements, in addition to any other relief to which the prevailing Party may be entitled.

12.13 Severability. Nothing contained herein shall be construed to require the commission of any act contrary to Law. Should there be any conflict between any provisions hereof and any present or future statute, Law, ordinance, regulation, or other pronouncement having the force of Law, the latter shall prevail, but the provision of this Agreement affected thereby shall be curtailed and limited to the extent necessary to bring it into compliance therewith, and the remaining provisions of this Agreement shall remain in full force and effect.

12.14 Reformation. If, after the Agreement Date, the Parties determine in good faith that the Mergers cannot be effected in the order or manner described in Section 1.2 without adversely affecting (i) the tax treatment of the Transactions pursuant to Section 6.7, or (ii) the ability of the Parties to obtain the consents, approvals, and waivers described in Section 7.3, then the Parties shall immediately, and in any case within fourteen (14) Business Days of such determination, use their good faith efforts to amend this Agreement in a way so as to give full effect to Section 6.7 and so as not to adversely affect the Parties obligations pursuant to Section 7.3.

12.15 No Strict Construction. The Parties hereto have participated jointly in the negotiation and drafting of this Agreement and the other agreements and documents contemplated herein. In the event an ambiguity or question of intent or interpretation arises under any provision of this Agreement or any other agreement or documents contemplated herein, this Agreement and such other agreements or documents shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authoring any of the provisions of this Agreement or any other agreements or documents contemplated herein.

12.16 Member Representative.

(a) By voting in favor of the adoption of this Agreement, the approval of the principal terms of the Mergers, and the consummation of the Mergers or participating in the Mergers and receiving the benefits thereof, including the right to receive the consideration payable in connection with the Mergers, each Member shall be deemed to have approved the designation of, and hereby designates, the Member Representative as the representative, agent and attorney-in-fact for and on behalf of the Members and each Member (i) agrees that all actions taken by the Member Representative under this Agreement or any Ancillary Agreement shall be binding upon such Member and its successors as if expressly confirmed and ratified in writing by such Member, and (ii) waives any and all defenses which may be available to contest, negate or disaffirm the action of the Member Representative taken in good faith under this Agreement or the Ancillary Agreements. The Member Representative shall take or refrain from taking any and all actions that they believe are necessary under this Agreement for and on behalf of the Members, as fully as each such Member were acting on its own behalf. All actions taken by the Member Representative under this Agreement shall be binding upon each Member and its successors as if expressly confirmed and ratified in writing by each of them and all defenses which may be available to any Member to contest, negate or disaffirm the action of the Member Representative taken in good faith under this Agreement or any other Ancillary Agreement are waived.

(b) If the Member Representative shall resign or otherwise be unable to fulfill their responsibilities as representative of the Members, the Members shall, within ten (10) days after the occurrence of such event, appoint a successor representative and, promptly thereafter, shall notify Buyer of the identity of such successor. Any such successor shall become the "Member Representative" for purposes of this Agreement and the other Ancillary Agreements. If for any reason there is no Member Representative at any time, all references herein or in any other Ancillary Agreement to the Member Representative shall be deemed to refer to each Member.

(c) The immunities and rights to indemnification of the Member Representative shall survive the resignation or removal of the Member Representative and the Closing or any termination of this Agreement and any other Ancillary Agreement. The powers, immunities and rights to indemnification granted to the Member Representative hereunder are coupled with an interest and shall be irrevocable and survive the death, incompetence, bankruptcy or liquidation of the respective Member and shall be binding on any successor thereto.

(d) Except in cases of fraud, intentional misconduct or gross negligence, the Member Representative will have no Liability to any Buyer Party, any Company Party or their respective successors or assigns with respect to actions taken or omitted to be taken in good faith in their capacity as the Member Representative and shall be entitled to indemnification and reimbursement from the Members against any loss, liability, fees or expenses arising out of actions taken or omitted to be taken in good faith in their capacity as the Member Representative.

(e) Parent and Buyer shall be entitled to rely upon any document or other paper delivered by the Member Representative as being authorized by each Member, and neither Parent nor Buyer shall be liable to the Member Representative or any Member for any action taken or omitted to be taken by Parent or Buyer based on such reliance. All decisions and actions by the Member Representative, including any agreement between the Member Representative and Buyer relating to the defense or settlement of any claims for which any Member may be required to indemnify the Buyer Indemnitees pursuant to **Section 10**, shall be binding upon each Member, and no Member shall have the right to object, dissent, protest or otherwise contest the same.

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PARENT:

COLUMBIA CARE INC.

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: CEO

BUYER:

COLUMBIA CARE LLC

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: CEO

MERGER SUB I:

MAIA ACQUISITION IB INC.

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: CEO

MERGER SUB II

MAIA ACQUISITION II INC.

By: /s/ Nicholas Vita
Name: Nicholas Vita
Title: CEO

[Signature Page to Futurevision 2020 Agreement and Plan of Merger]

COMPANY:

FUTUREVISION 2020, LLC

By: /s/ Andrew Williams

Name: Andrew Williams

Title: Manager

**FUTUREVISION REPRESENTATIVE,
LLC, solely in its capacity as Member
Representative:**

By: /s/ Sally Vander Veer

Name: Sally Vander Veer

Title: Manager

MEMBERS:

**ANDREW JOHN WILLIAMS
REVOCABLE TRUST**
Dated May 28, 2015

By: /s/ Andrew Williams
Name: Andrew Williams
Title: Trustee

**SALLY J. VANDER VEER REVOCABLE
TRUST**
Dated March 8, 2018

By: /s/ Sally Vander Veer
Name: Sally Vander Veer
Title: Trustee

**MICHELLE Y. ZEMAN IRREVOCABLE
S. TRUST**
Dated April 30, 2018

By: /s/ Sally J. Vander Veer
Name: Sally J. Vander Veer
Title: Trustee

Schedule 1

Members

<u>Member</u>	<u>Ownership Interest</u>
Andrew John Williams Revocable Trust, dated May 28, 2015 (Grantor: Andrew Williams)	51%
Sally J. Vander Veer Revocable Trust, Dated March 8, 2018 (Grantor: Sally J. Vander Veer)	29%
Michelle Y. Zeman Irrevocable S. Trust, dated April 30, 2018 (Trustee: Sally J. Vander Veer)	20%
Total	100%

Schedule 1

Exhibit A
Non-Competition Agreements

FORM OF NONCOMPETITION AND NONSOLICITATION AGREEMENT

THIS NONCOMPETITION AND NONSOLICITATION AGREEMENT (this "Agreement") is by and between Columbia Care LLC, a Delaware limited liability company ("Buyer"), and [____], an individual ("Securityholder"). Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings assigned to them in the Agreement and Plan of Merger ("Merger Agreement"), among Buyer, Columbia Care Inc., a company continued under the laws of the Province of British Columbia ("Parent"), Maia Acquisition IB Inc., a Delaware corporation ("Merger Sub I"), Maia Acquisition II Inc., a Delaware corporation ("Merger Sub II"), and together with Merger Sub I, the "Merger Subs"), FutureVision 2020, LLC, a Delaware limited liability company (the "Company"), the members set forth on Section 1 thereto (including the Securityholder) (the "Members") and Futurevision Representative, LLC, solely in its capacity as the representative of the Members (the "Securityholder Representative"). Buyer and Securityholder are sometimes jointly referred to herein as the "Parties."

RECITALS

A. The Parent, the Buyer, the Merger Subs, the Members and the Company entered into the Merger Agreement to effectuate a merger (the "Merger"), pursuant to which the Company will merge with and into Merger Sub I, with the Company to survive the first merger, following which, the surviving company will merge with and into Merger Sub II, with Merger Sub II to survive the second merger.

B. Securityholder is an equityholder of the Company, has been actively involved in the management of the Company's business and in the development of the Company's products and technology and has thereby acquired significant experience, skill, and confidential and proprietary information relating to the business and operation of the Company. Securityholder, in the course of operating the business of the Company, has also developed on behalf of the Company significant goodwill and know-how that is now a significant part of the value of the Company.

C. Securityholder has a material economic interest in the consummation of the Merger. Securityholder will become employed by Buyer immediately following the Closing Date in a non- executive role with responsibilities for Buyer in the State of Colorado.

D. Buyer desires to protect its investment in the assets, business, goodwill, and know- how of the Company to be acquired pursuant to the Merger Agreement and accordingly, as a material condition to its willingness to enter into the Merger Agreement and consummate the Merger, has required that Securityholder agree to limit certain activities by Securityholder (as set forth herein) that would compete with or otherwise harm such assets, business, goodwill or know- how.

E. As part of the consideration and inducement to Buyer to enter into the Merger Agreement and acquire the Company and its businesses, Securityholder is willing to agree to and abide by such restrictions.

F. References to Buyer hereinafter shall include all Affiliates of Buyer and, following the Closing Date, shall include the Company.

NOW, THEREFORE, in consideration of the premises, the mutual promises hereinafter set forth, and other good and valuable consideration had and received, the Parties hereto agree as follows:

AGREEMENT

1. Effectiveness. This Agreement shall be effective as of the Closing Date. To the extent the Merger Agreement is terminated for any reason prior to the Closing Date, this Agreement shall immediately upon termination of the Merger Agreement terminate in its entirety without ever having become effective and shall be null and void in all respects.

2. Definitions. For purposes of this Agreement:

(a) "Confidential Information" means (i) any and all trade secrets concerning the business and affairs, or the planned business and affairs, of the Company, its Subsidiaries, and any of their Affiliates including product specifications, data, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current and planned research and development, current and planned distribution methods and processes, customer lists, customer information databases, customer mailing lists, current and anticipated customer requirements, price lists, market studies, business plans, computer software and programs (including object code and source code), data-base technologies, systems, structures and architectures and related processes, formulae, compositions, improvements, devises, know-how, inventions, discoveries, concepts, methods and information and any other information, however documented, that is a trade secret of the Company, its Subsidiaries, and any of their Affiliates; (ii) any and all other information concerning the business and affairs, or the planned business and affairs, of the Company, its Subsidiaries, and any of their Affiliates (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, personnel training and techniques and materials), however documented; and (iii) any and all notes, analyses, compilations, studies, summaries and other material prepared by or for the planned activities of the Company, its Subsidiaries, and any of their Affiliates containing or based, in whole or in part, on any information included in the foregoing, regardless of medium. Confidential Information specifically includes any and all information that Securityholder may have obtained concerning Buyer or Parent in connection with discussions and negotiations concerning the transactions contemplated by the Merger Agreement. Notwithstanding anything in the foregoing to the contrary, "Confidential Information" shall not be deemed to include any information that: (A) is or becomes generally available to the public through no action or inaction of Securityholder in violation of this Agreement; (B) is required to be disclosed by Law or legal process; (C) is or becomes available to Securityholder on a non-confidential basis, so long as the source of such information was not known by Securityholder to be bound by a confidentiality obligation to Buyer, Parent, or the Company with respect to such information; or (D) was or is independently developed by Securityholder without violating Securityholder's obligations hereunder, including without limitation, information developed in connection with the Excluded Businesses, as defined below.

(b) “Restricted Business” means the development, cultivation, growing, producing, distributing, marketing, selling or licensing of cannabis or otherwise providing any cannabis- related products, services or technologies, which, for the avoidance of doubt, does not include the Securityholder’s ownership, investment, or participation in the operations of Medpharm Holdings LLC, Mx LLC, Medpharm Research LLC or Medicine Man Longmont, LLC and any affiliates (the “Excluded Businesses”).

(c) “Restricted Employee” means any (A) employee, consultant, agent, or contractor of any of the Company, its Subsidiaries, or any of their Affiliates as of the Closing Date, or (B) former employee, consultant, agent, or contractor of any of the Company, its Subsidiaries, or any of their Affiliates who Securityholder knows to be employed by Buyer or any of its Affiliates as of immediately after the Closing.

(d) “Restricted Territory” means each and every country, province, state, city, or other similar political subdivision of the world in which the Buyer, its Subsidiaries, or any of their Affiliates has carried on the Restricted Business prior the later of the Closing Date or the date of termination of Securityholder’s employment with the Buyer.

(e) “Restriction Period” means the longer of (1) thirty (30) months following the Closing Date, or (2) eighteen (18) months following the date of termination of Securityholder’s employment with the Buyer.

3. Noncompetition; Nonsolicitation.

(a) Securityholder acknowledges that due to Securityholder’s position with and relationship to the Company (as referenced in Recital B above), Securityholder has had access to the Company’s Confidential Information (as defined above) and has been responsible for developing and maintaining (in whole or in part) the goodwill and know-how of the Company. Securityholder acknowledges that prior to the Closing Date, the Company, its Subsidiaries, or their Affiliates were engaged in the Restricted Business throughout the United States and/or have substantial and material plans to do so. To protect the Company’s trade secrets, Confidential Information and relationships, goodwill with customers, and know-how during the Restriction Period, Securityholder shall not in any manner within the Restricted Territory, directly or indirectly, including through entities that Securityholder directly or indirectly controls, participate or engage in, own or have any financial or other interest in, lend credit to, lend Securityholder’s name to, manage, operate, join, accept employment or any other service with, provide advice or any assistance to or participate in the ownership, management, operation or control of, any entity or business, division, group, or other subset of any business that is engaged (or the Securityholder’s knowledge, planning to engage) in the Restricted Business, whether for Securityholder’s own account or for that of another Person, and whether as shareholder, principal, partner, member, joint venturer, agent, investor, creditor, proprietor, director, officer, employee or consultant or in any other capacity, except (i) as an employee or consultant to Buyer or (ii) as otherwise expressly consented to in writing by Buyer. Notwithstanding the foregoing, this Section 3(a) shall not restrict Securityholder from passively owning (directly or indirectly through a mutual fund or similar common investment vehicle) one percent (1.0%) or less of any Person that has any securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, treating for such purposes any securities owned by an Affiliate of Securityholder as owned by Securityholder.

(b) During the Restriction Period, Securityholder shall not, without the prior written consent of Buyer, directly or indirectly (including through any Affiliate of Securityholder or any other Person) encourage, induce, attempt to induce, solicit or attempt to solicit any Restricted Employee to leave his or her employment, consulting or independent contractor relationship with Buyer or any of Buyer's Affiliates; provided that the foregoing shall not apply to any general solicitations not directly targeted at a Restricted Employee.

(c) Except with respect to the Excluded Businesses, during the Restriction Period, Securityholder shall not, directly or indirectly (including through any Affiliate of Securityholder or any other Person): (i) solicit any existing (as of the Closing Date) customer, vendor, supplier, licensor, lessor, joint venturer, associate, consultant, agent or partner of the Company, its Subsidiaries, or any of their Affiliates, for the purpose of influencing such Person to provide business or services to Securityholder (or through Securityholder to any other Person) in connection with the Restricted Business or to cease doing business in whole or in part with the Company, its Subsidiaries, or any of their Affiliates or whatever corporate entity or entities through which the Restricted Business is carried on by Buyer after the Closing Date; or (ii) knowingly interfere with, disrupt, or attempt to disrupt the business relationships (contractual or otherwise) existing (now or at any time in the future) between the Company, its Subsidiaries, or any of their Affiliates or whatever corporate entity through which the Restricted Business is carried on by Buyer after the Closing Date and any third party (including the Company's customers, vendors, suppliers, licensors, lessors, joint venturers, associates, consultants, agents and partners).

4. Confidential Information.

(a) Securityholder acknowledges that Securityholder has occupied a position of trust and confidence with the Company and with respect to the transactions contemplated by the Merger Agreement prior to the date hereof, and has become familiar with Confidential Information of the Company.

(b) Securityholder acknowledges that, from and after the Closing Date, all Confidential Information known or obtained by Securityholder will constitute property of Buyer. Therefore, Securityholder shall not at any time (i) disclose any Confidential Information to any unauthorized person or entity; or (ii) use any Confidential Information for Securityholder's own account or for the benefit of any third party, whether Securityholder has such information in Securityholder's memory or embodied in writing or other physical form, without the prior written consent of Buyer (which may be granted or withheld for any reason or no reason). Securityholder shall deliver to Buyer at any time after Closing upon Buyer's request, any and all copies of Confidential Information (regardless of medium) in Securityholder's possession or control.

5. Understanding of Covenants.

(a) The recitals to this Agreement are incorporated herein by this reference. Securityholder acknowledges and agrees with such recitals, and further agrees that the value of the consideration paid by Buyer in connection with the Merger Agreement is substantial and that preservation of the confidential and proprietary information, goodwill, know-how, stable workforce, and customer relations of the Company and any of their Affiliates is a material part of the consideration which Buyer is receiving under the Merger Agreement.

(b) Securityholder further acknowledges and agrees that Securityholder (i) is familiar with and has carefully considered the covenants set forth above in this Agreement, (ii) is fully aware of Securityholder's obligations hereunder, (iii) has been actively involved in the management of the Company's business, is an equityholder of the Company, is in possession of the Confidential Information, and in continuing to provide services to Buyer following the Closing Date will continue to have access to Confidential Information (as well as other trade secrets and confidential information of Buyer), (iv) understands that one of the material inducements for Buyer to enter into the Merger Agreement is Securityholder's agreement to enter into an agreement containing the covenants set forth in this Agreement, (v) the goodwill and know-how associated with the Company prior to the transaction contemplated by the Merger Agreement is an integral, substantial and material component of the value of the Company to Buyer and is reflected in the value of the cash or Buyer equity being paid/issued in connection with the Merger for Securityholder's equity in the Company, (vi) Securityholder's agreement to the terms set forth in this Agreement is necessary to preserve the value of the Company for Buyer following the transactions contemplated by the Purchase Agreement, (v) agrees to the reasonableness of the character, duration, geographic area and subject matter scope of the covenants set forth in this Agreement and that such covenants shall continue through the Restriction Period regardless of whether Securityholder receives any compensation from Buyer for employment or services during the Restriction Period, (vi) agrees that the Company currently conducts and/or currently has substantial and material plans to conduct the Restricted Business throughout the United States, (vii) agrees that the covenants set forth above in this Agreement are necessary to protect the Company's Confidential Information, goodwill, know-how, stable workforce, and customer relations, and (viii) that such covenants are separately bargained-for consideration and are material inducements to Buyer to enter into the Merger Agreement.

(c) Securityholder agrees that the covenants set forth above in this Agreement do not confer a benefit upon the Company disproportionate to the detriment of Securityholder. Securityholder represents that the execution of this Agreement, and the performance of Securityholder's obligations under this Agreement, do not and will not conflict with, or result in a violation or breach of, any other Contract of which Securityholder is a party or any Order to which Securityholder is subject. Securityholder represents that Securityholder is competent and has all necessary authority to execute this Agreement, and that Securityholder has entered into this Agreement freely and voluntarily and not under duress.

6. Consideration. As consideration for Securityholder's covenants set forth in Sections 3 and 4 of this Agreement, Buyer has entered into the Merger Agreement, following which Securityholder will receive certain benefits in connection with the Merger in Securityholder's capacity as an equityholder of the Company.

7. Injunctive Relief. Each Party agrees that any breach by the other of this Agreement (given, among other factors, the unique skills, position and exposure to Confidential Information at issue with respect to this Agreement) may cause immediate and irreparable harm to the non-breaching Party, that such harm may be difficult or impossible to measure, and that damages for the non-

breaching Party may therefore be an inadequate remedy for any such breach. Therefore, each Party agrees that in the event of a breach or threatened breach of this Agreement, the Company, Buyer or Securityholder (whichever is seeking to enforce this Agreement) may seek an injunction restraining the Party in breach (or threatened to be in breach, as the case may be) from the conduct which would constitute a breach of this Agreement, specific performance and/or other appropriate relief in order to enforce and prevent any violations of this Agreement. Each Party further hereby waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any Law to provide the inadequacy of money damages or to post security as a prerequisite to obtaining equitable relief. Furthermore, the Restriction Period shall be extended by the same time that the Securityholder is in breach of Section 3 of this Agreement.

8. Non-Exclusivity. The rights and remedies of Buyer hereunder are not exclusive of or limited by any other rights or remedies that Buyer may have, whether at law, in equity, by contract or otherwise. Without limiting the generality of the foregoing, the rights and remedies of Buyer hereunder, and the obligations and liabilities of Securityholder hereunder, are in addition to their respective rights, remedies, obligations and liabilities under the law of unfair competition, misappropriation of trade secrets and the like. This Agreement does not limit Securityholder's obligations or Buyer's rights (or any present or future Affiliate of Buyer) under the terms of any employment, proprietary information, confidentiality, invention assignment or other agreement between Securityholder and Buyer.

9. Notices. All notices, requests, claims, demands and other communications under this Agreement will be in writing and will be deemed given (a) on the date of delivery, if delivered in person, by facsimile (upon confirmation of receipt) or by e-mail prior to 5:00 p.m. in the time zone of the receiving party or on the next Business Day, if delivered after 5:00 p.m. in the time zone of the receiving party, (b) on the first Business Day following the date of dispatch, if delivered by a recognized overnight courier service (upon proof of delivery), or (c) upon receipt if delivered personally or by certified mail, postage prepaid, return receipt requested, addressed as follows:

(a) if to Securityholder, to:

[ADDRESS]

Attention:

E-mail: [_____]

(b) if to Buyer, to:

Columbia Care LLC

680 5th Ave, 24th Floor

New York, New York 10019

Attention: Joshua Snyder

with a copy to:

Foley Hoag LLP

155 Seaport Boulevard

Boston, Massachusetts 02210

Attention: Erica Rice
Telephone: [***]
Email: [***]

10. Rules of Construction. The use in this Agreement of the term “including” means “including, without limitation.” The use in this Agreement of the term “or” means “and/or” unless the context clearly indicates otherwise. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole, as the same may from time to time be amended, modified, supplemented or restated, and not to any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement. All references to Sections mean the Sections of this Agreement, except where otherwise stated. The title of and the section and paragraph headings in this Agreement are for convenience of reference only and shall not govern or affect the interpretation of any of the terms or provisions of this Agreement. The use herein of the masculine, feminine or neuter forms shall also denote the other forms, as in each case the context may require or permit. The singular or plural includes the other, as the context requires or permits. Where this Agreement uses specific language to clarify by example a general statement contained herein, such specific language shall not modify, limit or restrict in any manner the construction of the general statement to which it relates. This Agreement uses language that has been chosen carefully by the Parties to express their mutual intent, and no rule of construction shall be applied against either Party.

11. Governing Law; Disputes; Consent to Jurisdiction.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Delaware without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(b) Consent to Jurisdiction. Each of the Parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any Delaware state court, or, if no such state court has proper jurisdiction, the Federal court of the United States of America, sitting in Delaware, and any appellate court from any thereof, in any Proceedings arising out of or relating to this Agreement and any transactions contemplated hereby or for recognition or enforcement of any judgment relating thereto, and each of the Parties hereby irrevocably and unconditionally (i) agrees not to commence any such Proceeding except in such courts, (ii) agrees that any claim in respect of any such Proceeding may be heard and determined in such Delaware state court or, if no such state court has proper jurisdiction, the such Federal court, (iii) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any Proceeding in the state or Federal courts located in any such Delaware state or Federal court, and (iv) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such Proceeding in the state or Federal courts located in any such Delaware state or Federal court. Each of the Parties hereto agrees that a final judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions in the United States and throughout the world by suit on the judgment or in any other manner provided by Law. Each Party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10. Nothing in this Agreement will affect the right of any Party to this Agreement to serve process in any other manner permitted by Law.

12. Cooperation. Each Party shall cooperate with the other Party and shall take such further action and shall execute and deliver such further documents as may be necessary or desirable in order to carry out the provisions and purposes of this Agreement.

13. Amendments, Modifications and Waivers. No amendment, modification or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by authorized officer of Buyer and Securityholder. No waiver by Buyer of any default, misrepresentation or breach hereunder by Securityholder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach hereunder by Securityholder or affect in any way any rights of Buyer arising by virtue of any prior or subsequent such occurrence.

14. Independent Counsel. Each Party acknowledges that it has been represented by independent counsel of its choice, or has had the opportunity to be represented by independent counsel of its choice, and that to the extent, if any, that it desired, has availed itself of this right and opportunity throughout all negotiations that have preceded the execution of this Agreement, and that it has executed the same with the consent and upon the advice of such independent counsel. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting Party has no application and is expressly waived.

15. Integration. This Agreement is based on the premises and mutual promises contained herein and also upon the Merger Agreement. This Agreement, and the Merger Agreement upon which this Agreement is based, are the entire agreement of the parties pertaining to the subject matter of this Agreement, and all prior or contemporaneous negotiations, agreements, understandings, or representations, whether written or oral, that pertain to the subject matter of this Agreement, are expressly superseded hereby and are of no further force and effect. Each of the parties acknowledges that it has not relied on any promise, representation or warranty, expressed or implied, not contained in this Agreement or the Merger Agreement.

16. Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors, assigns, heirs and/or personal representatives, provided that neither this Agreement nor any interest herein shall be assigned or otherwise transferred, by operation of law or otherwise, by Securityholder without the prior written consent of Buyer. Nothing in this Agreement shall confer, whether expressly or by implication, any rights or remedies under or by reason of this Agreement on any person or entity other than the Parties, Affiliates of Buyer and the respective permitted successors and assigns of any of the foregoing.

17. Separate Covenants. This Agreement shall be deemed to consist of a series of separate covenants, one for each line of business included within the Restricted Business and each county, state, country or other region included within the Restricted Territory. The Parties expressly agree that the character, duration, geographic area and subject matter scope of this Agreement are reasonable in light of the circumstances as they exist on the date upon which this Agreement has

been executed, including but not limited to Buyer's need to protect the value of the Company's assets, relationships, goodwill, know-how, and business it is acquiring. However, should a determination nonetheless be made by a court of competent jurisdiction at a later date that the character, duration, geographical area or subject matter scope of this Agreement exceeds that permitted by applicable Law in a particular jurisdiction, then the Parties agree that such provision(s) will be reformed to the maximum character, duration, geographical area and subject matter scope, as the case may be, permitted by applicable Law in such jurisdiction, without affecting the enforceability of any provisions of this Agreement in other jurisdictions. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because, taken together, they are more extensive (after giving effect to any reformation contemplated by the preceding sentence) than necessary or appropriate to assure Buyer of the intended benefit of this Agreement, it is expressly understood and agreed among the Parties hereto that those of such covenants that, if eliminated, would permit the remaining separate covenants to be enforced in such proceeding shall, for the purpose of such proceeding, be deemed eliminated from the provisions hereof in that jurisdiction.

18. **Severability.** The Parties desire and intend that the provisions of this Agreement be enforced to the fullest extent permissible under the Law and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, in the event that any court of competent authority holds any provision of this Agreement to be invalid, prohibited or unenforceable for any reason in any jurisdiction, then as to such jurisdiction, the offending provision shall be deemed severed from this Agreement and shall be ineffective within that jurisdiction, without invalidating the remaining provisions of this Agreement within that jurisdiction or affecting the validity or enforceability of any provisions of this Agreement in any other jurisdiction. Notwithstanding the foregoing, if an offending provision as described above could be more narrowly drawn or otherwise "blue-penciled," modified or reformed so as not to be invalid, prohibited or unenforceable in the jurisdiction where it was held to be offending, then it shall, as to such jurisdiction, be deemed more narrowly drawn, blue-penciled, modified or reformed, by the minimum necessary to render it valid and enforceable in that jurisdiction, (i) with the nature and extent of such redrawing, blue-penciling, modification or reformation to be determined by a court of competent authority in accordance with applicable procedural and substantive law, and (ii) without invalidating the remaining provisions of this Agreement within that jurisdiction or affecting the validity or enforceability of any provisions of this Agreement in any other jurisdiction.

19. **Obligations.** Securityholder's obligations under this Agreement shall remain in effect without regard to Securityholder's employment or severance of employment with the Company, Company's Affiliates, Buyer or Buyer's Affiliates.

20. **Counterparts; Signatures.** The Parties may execute this Agreement in counterparts, each of which shall be deemed to be an original instrument, but both of which together shall constitute but one agreement. The delivery of a signature to this Agreement by facsimile or electronic mail shall be sufficient for all purposes between the Parties.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Buyer has caused this Agreement to be executed by its duly authorized representatives, and Securityholder has executed this Agreement, in each case, as of the date first written above.

SECURITYHOLDER

[Signature Page – Non-Competition Agreement]

BUYER

Columbia Care LLC,
a Delaware limited liability company

By: _____
Name:
Title:

[Signature Page – Non-Competition Agreement]

Exhibit B
Escrow Agreement

**PROJECT MAIASAURA
ESCROW AGREEMENT**

THIS ESCROW AGREEMENT (this "Escrow Agreement") is entered into and effective as of _____, 2021, by and among Century Bank and Trust Company (the "Escrow Agent"), Columbia Care, LLC ("Buyer") and Futurevision Representative, LLC ("Securityholder Representative"), solely in its capacity as the representative of the Members (defined below).

WHEREAS,

Buyer and Securityholder Representative have entered into that certain Agreement and Plan of Merger, dated June [___], 2021, by and among Columbia Care Inc., a company continued under the laws of the Province of British Columbia, the Buyer, Maia Acquisition IB Inc., a Delaware corporation and wholly owned subsidiary of the Buyer ("Merger Sub I"), Maia Acquisition II Inc., a Delaware corporation and wholly-owned subsidiary of the Buyer ("Merger Sub II"), FutureVision 2020, LLC, a Delaware limited liability company (the "Company"), the members set forth on Section 1 thereto (the "Members") and Securityholder Representative (the "Merger Agreement"), pursuant to which Merger Sub I will be merged with and into the Company, such that the Company will be the surviving entity, and as part of the same overall transaction, the surviving entity of the first merger will be merged with and into Merger Sub II, such that Merger Sub II will be the surviving entity of the second merger;

Buyer and the Securityholder Representative desire for the Escrow Agent to act as escrow agent of the Escrow Funds (defined below), and Escrow Agent is willing to act in such capacity subject to the terms and conditions hereof; and

Schedule I to this Escrow Agreement sets forth the wire transfer instructions for the Buyer, the Escrow Account, and the Members.

NOW, THEREFORE, in consideration of the premises herein, the parties hereto agree as follows:

I. Terms and Conditions

1.1. Buyer and Securityholder Representative hereby appoint the Escrow Agent as their escrow agent, and the Escrow Agent hereby accepts its duties as provided herein.

1.2 Buyer shall remit funds (the "Escrow Funds") to an account (the "Escrow Account"), using the wire instructions set forth on Schedule I, to be held, disbursed and invested as provided in this Escrow Agreement. Unless otherwise instructed in writing by Buyer and Securityholder Representative, the Escrow Agent shall invest and reinvest the Escrow Funds in a "noninterest-bearing deposit account" insured by the Federal Deposit Insurance Corporation ("FDIC") to the applicable limits. The Escrow Fund shall at all times remain available for distribution in accordance with Section 1.3 below.

1.3. Within two Business Days of receipt of written instructions ("Joint Instructions"), signed by an authorized representative of each of Buyer and Securityholder Representative (a list of whom are provided in Exhibit A-1 and Exhibit A-2), the Escrow Agent shall disburse funds held in the Escrow Account as provided in such Joint Instructions and this Section 1.3, but only to the extent that funds are collected and available. The Joint Instructions shall include the amount to be disbursed and shall identify the entity or persons to whom the disbursement shall be made, and the amount to be disbursed to each recipient, which shall be either Buyer or the Members, using the wire instructions on Schedule I. For purposes of this Escrow Agreement, "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth in Section 4.4 is closed. Such Joint Instructions shall be given only once.

1.4 In the event that Buyer or Securityholder Representative provide a formal written notice to the other regarding a claim against funds in the Escrow Funds, the party delivering such written notice shall simultaneously deliver a copy of such written notice to Escrow Agent; *provided, however*, that Escrow Agent shall have no duty to act upon any such written notice, which shall be considered informational only with respect to Escrow Agent.

II. Provisions as to the Escrow Agent

2.1. This Escrow Agreement expressly and exclusively sets forth the duties of the Escrow Agent with respect to any and all matters pertinent hereto and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent. In performing its duties under this Escrow Agreement, or upon the claimed failure to perform its duties, the Escrow Agent shall have no liability except for the Escrow Agent's willful misconduct or gross negligence. In no event shall the Escrow Agent shall not be liable for incidental, indirect, special, consequential or punitive damages of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent shall have no liability with respect to the transfer or distribution of any funds effected by the Escrow Agent pursuant to wiring or transfer instructions provided to the Escrow Agent in accordance with the provisions of this Escrow Agreement. Any wire transfers of funds made by the Escrow Agent pursuant to this Escrow Agreement will be made subject to and in accordance with the Escrow Agent's usual and ordinary wire transfer procedures in effect from time to time, including without limitation call-back procedures. Buyer and Securityholder Representative understand that the Escrow Agent's inability to receive or confirm funds transfer instructions pursuant to such security procedure may result in a delay in accomplishing such funds transfer and agree that the Escrow Agent shall not be liable for any loss caused by any such delay. No provision of this Escrow Agreement shall require the Escrow Agent to risk or advance its own funds or otherwise incur any financial liability or potential financial liability in the performance of its duties or the exercise of its rights under this Escrow Agreement. The Escrow Agent shall not be obligated to take any legal action or to commence any proceedings in connection with this Escrow Agreement or any property held hereunder or to appear in, prosecute or defend in any such legal action or proceedings.

2.2. This Escrow Agreement constitutes the entire agreement between the Escrow Agent and Buyer and Securityholder Representative in connection with the subject matter of this Escrow Agreement, and no other agreement entered into between Buyer and Securityholder Representative, or either of them, including, without limitation, the Merger Agreement, shall be considered as adopted or binding, in whole or in part, upon the Escrow Agent notwithstanding that any such other agreement may be deposited with the Escrow Agent or the Escrow Agent may have knowledge thereof.

2.3. The Escrow Agent shall be protected in acting upon any written instruction, notice, request or instrument which the Escrow Agent in good faith believes to be genuine and what it purports, to be, including, but not limited to, items directing investment or non-investment of funds, items requesting or authorizing release, disbursement or retainage of the subject matter of this Escrow Agreement and items amending the terms of this Escrow Agreement; provided, however, that no amendment to this Escrow Agreement shall be valid without Escrow Agent's written consent.

2.4. The Escrow Agent may consult with legal counsel of Escrow Agent's choice, in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the advice of such counsel.

2.5. In the event of any disagreement between Buyer and Securityholder Representative, or between either of them and any other party, resulting in adverse claims or demands being made in connection with the matters covered by this Escrow Agreement, or in the event that the Escrow Agent, in good faith, be in doubt as to what action it should take hereunder, the Escrow Agent may refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any party for its failure or refusal to act, and the Escrow Agent shall continue to refrain from acting until (i) the rights of Buyer and Securityholder Representative and all other interested parties shall have been fully and finally adjudicated by a court of competent jurisdiction or (ii) all differences shall have been adjudged and all doubt resolved by agreement among Buyer and Securityholder Representative and all other interested parties, and the Escrow Agent shall have been notified thereof in a writing signed by Buyer and Securityholder

Representative. Notwithstanding the preceding, the Escrow Agent may in its discretion obey the order, judgment, decree or levy of any court, whether with or without jurisdiction, or of an agency of the United States or any political subdivision thereof, or of any agency of any State of the United States or of any political subdivision thereof, and the Escrow Agent is hereby authorized to comply with and obey any such orders, judgments, decrees or levies and it shall not be liable to either Buyer and Securityholder Representative hereto or to any other person, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated. The rights of the Escrow Agent in this paragraph are cumulative of all other rights which it may have by law or otherwise.

2.6. Buyer and Securityholder Representative, jointly and severally, agree to indemnify, defend and hold harmless the Escrow Agent and each of the Escrow Agent's officers, directors, agents and employees (the "Indemnified Parties") from and against any and all losses, liabilities, claims made by any Party or any other person or entity, damages, expenses and costs (including, without limitation, reasonable attorneys' fees and expenses) of every nature whatsoever (collectively, "Losses") which any such Indemnified Party may incur and which arise directly or indirectly from this Escrow Agreement or which arise directly or indirectly by virtue of the Escrow Agent's undertaking to serve as the Escrow Agent hereunder; *provided, however*, that no Indemnified Party shall be entitled to indemnity with respect to Losses that have been finally adjudicated by a court of competent jurisdiction to have been directly caused by such Indemnified Party's gross negligence or willful misconduct. The provisions of this section shall survive the termination of this Escrow Agreement and any resignation or removal of the Escrow Agent.

2.7. Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all the escrow business of the Escrow Agent may be transferred, shall be the Escrow Agent under this Escrow Agreement without further act.

2.8. The Escrow Agent may resign at any time from its obligations under this Escrow Agreement by providing written notice to Buyer and Securityholder Representative. The Escrow Agent may be removed and replaced following the giving of thirty (30) days prior written notice to the Escrow Agent by the mutual agreement of Buyer and Securityholder Representative. In either event, such resignation or removal shall be effective on the date set forth in such written notice, which shall be no earlier than thirty (30) days after such written notice has been furnished. Buyer and Securityholder Representative shall promptly appoint a successor escrow agent. On the effective date of the resignation or removal of the Escrow Agent pursuant to this Section 2.8, the Escrow Agent shall deliver the Escrow Funds (including any interested earned thereon) to any successor escrow agent agreeable to Buyer and Securityholder Representative. In the event no successor escrow agent has been appointed on or prior to the date such resignation or removal is to become effective, the Escrow Agent shall be entitled to tender into the custody of any court of competent jurisdiction all Escrow Funds and the Escrow Agent shall thereupon be relieved of all further duties and obligations under this Escrow Agreement. The Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder.

III. Compensation of the Escrow Agent

3.1. Buyer and Securityholder Representative shall pay the fees for the services provided by the Escrow Agent hereunder in accordance with invoices, consistent with the fees agreed to by Buyer, Securityholder Representative and the Escrow Agent.

IV. Miscellaneous

4.1. During the term of this Escrow Agreement, the Escrow Fund shall be deposited as indicated in Section 1.2 above. Any interest will accrue on Escrow Fund deposits beginning the day immediately following the day Escrow Fund deposits are received, based on the daily average balances of Escrow Funds so held in the Escrow Account. Any interest will be credited monthly and become part of the Escrow Fund. Deposits into the Escrow Account are insured, subject to the applicable rules and regulations of the FDIC, in the standard FDIC insurance amount of \$250,000, including principal and accrued interest, and are not secured. Escrow Agent or its affiliates may receive compensation from third parties based on balances deposited in the Escrow Account.

4.2 Buyer and Securityholder Representative agree that, subject to the terms and conditions of this Escrow Agreement, the owner of the Escrow Funds is the Buyer and all interest and income from the investment of the funds shall be reported as having been earned by Buyer as of the end of the calendar year in which it was earned, whether or not such income was disbursed during such calendar year, to the extent required by the United States Internal Revenue Service (“IRS”). On or before the execution and delivery of this Escrow Agreement, each of Buyer and Securityholder Representative shall provide to the Escrow Agent a correct, duly completed, dated and executed current IRS Form W-9 or Form W-8, whichever is appropriate, or any successor forms thereto, in a form and substance satisfactory to the Escrow Agent including appropriate supporting documentation and/or any other form, document, and/or certificate required or reasonably requested by the Escrow Agent to validate the form provided. Notwithstanding anything to the contrary herein provided, except for the delivery and filing of tax information reporting forms required pursuant to the Internal Revenue Code of 1986, as amended, to be delivered and filed with the IRS by the Escrow Agent, as escrow agent hereunder, the Escrow Agent shall have no duty to prepare or file any Federal or state tax report or return with respect to any funds held pursuant to this Escrow Agreement or any income earned thereon. Buyer and Securityholder Representative hereby agree, jointly and severally, to indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the funds deposited under this Escrow Agreement or any earnings or interest thereon unless such tax, late payment, interest, penalty or other cost or expense was finally adjudicated by a court of competent jurisdiction to have been directly caused by the gross negligence or willful misconduct of the Escrow Agent. The indemnification provided in this section is in addition to the indemnification provided to the Escrow Agent elsewhere in this Escrow Agreement and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

4.3 The Escrow Agent shall provide monthly reports of transactions and balances to Buyer and Securityholder Representative as of the end of each month, until the disbursement of all Escrow Funds. This Escrow Agreement shall terminate upon the final disbursement of all Escrow Funds.

4.4. Any notice, request for consent, report, or any other communication required or permitted in this Escrow Agreement shall be in writing and shall be deemed to have been given when delivered during normal business hours on a Business Day (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) by electronic mail to the email address given below, and written confirmation of receipt is obtained promptly after completion of the transmission, (iv) by overnight delivery with a reputable national overnight delivery service, or (v) by United States mail, postage prepaid, or by certified mail, return receipt requested and postage prepaid, in each case to the appropriate address set forth below or at such other address as any party hereto may have furnished to the other parties hereto in writing:

If to the Escrow Agent:

Century Bank and Trust Company
400 Mystic Avenue
Medford, MA 02155
Attention: Paul Evangelista
Phone: [***]
Facsimile: [***]
Email: [***]

with a copy (which shall not constitute notice, nor shall the failure to send make notice defective) to:

Craighead Law LLC
17 Briarwood Road
Framingham, MA 01701
Attention: Susan S. Craighead
Phone: [***]
Email: [***]

If to Buyer:

Columbia Care LLC
680 5th Ave, 24th Floor
New York, New York 10019
Attention: Joshua Snyder
Phone: [***]
Email: [***]

with a copy (which shall not constitute notice, nor shall the failure to send make notice defective) to:

Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts 02210
Attention: Erica Rice
Telephone: [***]
Facsimile: [***]
Email: [***]

If to Securityholder Representative:

Futurevision Representative, LLC
4750 Nome Street
Denver, Colorado 80239
Attention: Sally Vander Veer
Telephone: [***]
Email: [***]

with a copy (which shall not constitute notice, nor shall the failure to send make notice defective) to:

Husch Blackwell LLP
Attn: Steve Levine
1801 Wewatta Street, Suite 1000
Denver, Colorado 80202
[***]
[***]

Any notice delivered outside of normal business hours on a Business Day shall be deemed delivered two hours after the start of the next Business Day. Any party may unilaterally designate a different address by giving notice of each change in the manner specified above to each other party.

4.5. This Escrow Agreement is intended to be construed according to the laws of the Commonwealth of Massachusetts, without reference to choice of law provisions. Except as permitted in [Section 2.7](#), neither this Escrow Agreement nor any rights or obligations hereunder may be assigned by any party hereto without the express written consent of each of the other parties hereto. This Escrow Agreement shall inure to and be binding upon the parties hereto and their respective successors, heirs and permitted assigns.

4.6. The terms of this Escrow Agreement may be altered, amended, modified or revoked only by an instrument in writing signed by all the parties hereto.

4.7. If any provision of this Escrow Agreement shall be held or deemed to be or shall in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

4.8. This Escrow Agreement is for the sole benefit of Buyer, Securityholder Representative, and the Escrow Agent, and their respective successors and permitted assigns, and, with respect to Section 2.6 only, the Indemnified Parties, 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 Escrow Agreement. The Escrow Agent shall have the right to perform any of its duties hereunder through its affiliates, agents, attorneys, custodians or nominees.

4.9. No party to this Escrow Agreement shall be liable to any other party hereto for losses due to, or if it is unable to perform its obligations under the terms of this Escrow Agreement because of, acts of God, fire, war, terrorism, floods, strikes, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control.

4.10 Following the public announcement of the transactions contemplated in the Merger Agreement, either Buyer or Securityholder Representative, or all, shall notify Escrow Agent whereupon, Escrow Agent may reference the parties as clients and disclose that it is serving as the escrow agent in connection herewith.

4.11. All titles and headings in this Escrow Agreement are intended solely for convenience of reference and shall in no way limit or otherwise affect the interpretation of any of the provisions hereof.

4.12. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Electronic signatures shall be deemed to be originals.

4.13. Contemporaneously with the execution and delivery of this Escrow Agreement and, if necessary, from time to time thereafter, each of the parties to this Escrow Agreement (other than the Escrow Agent) shall execute and deliver to the Escrow Agent a Certificate of Incumbency substantially in the form of Exhibit A-1 and A-2 hereto (a "Certificate of Incumbency") for the purpose of establishing the identity and authority of persons entitled to issue notices, instructions or directions to the Escrow Agent on behalf of each such party. Until such time as the Escrow Agent shall receive notice with an amended Certificate of Incumbency replacing any Certificate of Incumbency theretofore delivered to the Escrow Agent, the Escrow Agent shall be fully protected in relying, without further inquiry, on the most recent Certificate of Incumbency furnished to the Escrow Agent. Whenever this Escrow Agreement provides for joint written notices, joint written instructions or other joint actions to be delivered to the Escrow Agent, the Escrow Agent shall be fully protected in relying, without further inquiry, on any joint written notice, instructions or action executed by persons named in such Certificate of Incumbency.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. When a party opens an account, the Escrow Agent will ask for each party's name, address, date of birth, or other appropriate information that will allow the Escrow Agent to identify such party. The Escrow Agent may also ask to see each party's driver's license or other identifying documents.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed as of the date first above written.

CENTURY BANK AND TRUST COMPANY, as the
Escrow Agent

By: _____
Paul Evangelista, Executive Vice President

COLUMBIA CARE LLC

By: _____
Name: Nicholas Vita
Title: CEO

FUTUREVISION REPRESENTATIVE, LLC, solely
in its capacity as Securityholder Representative:

By: _____
Name: Sally Vander Veer
Title: Manager

EXHIBIT A-1

**Certificate of Incumbency
(List of Authorized Representatives)**

[***]

EXHIBIT A-2

**Certificate of Incumbency
(List of Authorized Representatives)**

[***]

SCHEDULE I

WIRE TRANSFER INSTRUCTIONS

[***]

Exhibit C
Lock-Up Agreement

LOCK-UP AGREEMENT

_____, 202__

Columbia Care Inc. (the “**Issuer**”)

Dear Sirs/Mesdames:

Re: Lock-Up Agreement

Reference is made to that certain Agreement and Plan of Merger (the “**Merger Agreement**”) dated as of June __, 2021 (the “**Merger Agreement Effective Date**”), by and among Columbia Care LLC (“**Buyer**”), Columbia Care Inc. (“**Parent**”), Maia Acquisition IA Inc., a Delaware corporation, Maia Acquisition II Inc., a Delaware corporation, Futurevision 2020, LLC (the “**Company**”), the members of the Company and Futurevision Representative, LLC, solely in its capacity as the representative of the Members (the “**Stockholder Representative**”). *Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Merger Agreement.*

1. Lock-Up.

To induce Buyer and Parent to enter into the Merger Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agrees that commencing on the date hereof the undersigned will not, without the prior written consent of the Issuer:

- (a) directly or indirectly sell, transfer, assign, pledge, make any short sale, grant any option for the sale of, or otherwise dispose of the Parent Common Shares (the “**Subject Securities**”);
- (b) enter into any swap, forward or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of the Subject Securities (regardless of whether any such arrangement is to be settled by the delivery of securities of the Issuer, securities of another person, cash or otherwise);
- (c) agree to do any of the foregoing or publicly announce any intention to do any of the foregoing; or
- (d) act jointly or in concert with any third party with respect to any of the foregoing,

prior to the lock-up release dates set forth below (each a “**Lock-Up Period**” in respect of Subject Securities then held).

The Lock-Up Period will commence on the Closing Date and will continue with respect to the Subject Securities as follows:

<u>Percentage of Subject Securities</u>	<u>Expiration of Lock-Up Period</u>
25	120 days following the Closing Date
25	210 days following the Closing Date
25	300 days following the Closing Date
25	390 days following the Closing Date

Notwithstanding the restrictions on the Subject Securities described above, nothing in this letter agreement shall prohibit or otherwise restrict or require the consent of any person in respect of:

- (a) transactions relating to securities of the Issuer acquired in open market transactions following the Closing Date;
- (b) the transfer of any or all of the Subject Securities to a registered investment plan or similar plan of the transferor, such as a registered retirement savings plan;
- (c) the transfer of any or all of the Subject Securities (A) to a personal holding company or a holding company or similar entity controlled by the undersigned for family or estate planning purposes, (B) to a fund, limited partnership, limited liability company or legal entity that is managed or controlled by or under common management with the undersigned, or whose manager or general partner, as applicable, is the same as or is an affiliate of the manager or general partner of the undersigned, as the case may be, (C) as a bona fide gift or gifts, (D) by will or intestate succession, or (E) to any trust, partnership or limited liability company for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, provided that any such transfer shall not involve a disposition for value. For purposes of this letter agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin;
- (d) the transfer (or agreement to vote or tender shares pursuant to a voting, support or letter agreement) of all or any of the Subject Securities pursuant to a take-over bid (as defined in the *Securities Act* (Ontario)), merger, amalgamation, plan of arrangement or other similar business combination transaction available to all holders of shares of the Issuer, involving a change of control of the Issuer, provided that if such take-over bid, merger, amalgamation, plan of arrangement or other similar business combination transaction is not completed, the Subject Securities owned by the undersigned shall remain subject to the restrictions contained in this letter agreement; and
- (e) the transfer of all or any of the Subject Securities to any nominee or custodian of the undersigned provided that such nominee or custodian is only the registered holder of such transferred Subject Securities;

provided, however, that it shall be a condition precedent to any transaction contemplated in clause (c) or (e) above that the transferee execute and deliver to the Issuer an agreement stating that the transferee is receiving the Subject Securities subject to the provisions of this letter agreement and that such transferee shall be subject to the provisions of this letter agreement as if it were the undersigned.

2. General

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this letter agreement. The undersigned hereby authorizes the Issuer during the Lock-Up Period to cause any transfer agent for the Subject Securities to decline to transfer, and to note stop transfer restrictions on the share register and other records relating to, Subject Securities for which the undersigned is the record or beneficial holder. All authority herein conferred or agreed to be conferred shall survive the death, disability, dissolution, winding-up, amalgamation or incapacity of the undersigned and the associates and affiliates thereof and any obligations of the undersigned shall be binding upon the heirs, representatives, successors and permitted assigns of the undersigned.

For the avoidance of doubt, during the Lock-Up Period, the undersigned shall retain all rights of ownership in the Subject Securities, including voting rights and the right to receive any dividends that may be declared in respect thereof and paid in cash or Subject Securities.

The undersigned hereby further represents and warrants that (a) the undersigned is the sole beneficial owner of, or the sole person who can exercise control or direction over, the Subject Securities, with good and marketable title thereto free and clear of any and all mortgages, liens, charges, security interests, adverse claims, pledges, encumbrances and demands or rights of others of any nature or kind whatsoever, and the undersigned has the sole right to sell all of the Subject Securities, (b) except for the Merger Agreement, no person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase, acquisition or transfer from the undersigned of any of the Subject Securities or any interest therein or right thereto, and (c) the only securities of the Issuer beneficially owned, or over which control and direction is exercised by the undersigned, directly or indirectly, on the date hereof, are the Subject Securities.

The undersigned agrees that the details of this letter agreement may be described in any material change report or similar required regulatory filing prepared by the Issuer (or by Buyer or any Buyer affiliate) or in connection with the execution and delivery of this letter agreement and the undersigned further agrees to this letter agreement being made publicly available (with the undersigned's name redacted), including by filing on SEDAR, if required, in accordance with applicable securities laws. Except as required by applicable law or applicable stock exchange requirements, neither the undersigned nor the Issuer, Buyer or any of their Affiliates will, and will ensure that the entities controlled by each of them do not, make any public announcement with respect to the transactions contemplated herein or pursuant to the Merger Agreement without the prior written approval of Issuer, in the case of the undersigned, and the undersigned, in the case of the Issuer or Buyer.

This letter agreement shall terminate on the earlier of (i) the close of trading on the last day of the Lock-Up Period (or, if the last day of the Lock-Up Period is not a trading day, at the start of trading on the trading day immediately following the end of the Lock-Up Period); or (ii) the termination of the Merger Agreement in accordance with its terms prior to the Closing.

This letter agreement shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction).

ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS LETTER AGREEMENT SHALL BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF NEW YORK IN EACH CASE LOCATED IN THE COUNTIES OF NEW YORK, NASSAU OR SUFFOLK, NEW YORK, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

[Remainder of Page Intentionally Left Blank]

MEMBER:

By: _____
Name: _____
Title:

Acknowledged and agreed this ___ day of _____, 202__

ISSUER:

COLUMBIA CARE INC.

By: _____
Name: _____
Title:

Exhibit D
Longmont Option

OPTION TO PURCHASE AGREEMENT

THIS OPTION TO PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of June 14, 2021 (the “**Effective Date**”) by and among each of the individuals set forth on the signature page hereto (each, a “**Seller**” and collectively, the “**Sellers**”), Medicine Man Longmont, LLC (the “**Company**,” and together with the Sellers, the “**Seller Parties**”), and Columbia Care LLC, a Delaware limited liability company (the “**Buyer**” and collectively with the Company and the Sellers, the “**Parties**” and each individually, a “**Party**”). All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Merger Agreement (as defined below).

WHEREAS, concurrently with the execution of this Agreement, the Parties have entered into that certain Agreement and Plan of Merger, dated as of even date herewith, by and among Columbia Care Inc. (“**Parent**”), Buyer, Maia Acquisition IA Inc., Maia Acquisition II Inc. (“**Merger Sub II**”), Futurevision Holdings, Inc. (“**Holdings**”), and the stockholders of Holdings (the “**Holdings Merger Agreement**”); and that certain Agreement and Plan of Merger, dated as of even date herewith; by and among Parent, Buyer, Maia Acquisition IB Inc., Merger Sub II, Futurevision 2020, LLC (“**Futurevision 2020**”), and the stockholders of Futurevision 2020 (the “**2020 Merger Agreement**”).

WHEREAS, the Company operates a recreational marijuana center in Longmont, Colorado (“**Longmont**”).

WHEREAS, Buyer desires to purchase the Company.

WHEREAS, the transfer of the Company to Buyer may not occur until at least January 1, 2022 (the “**Regulatory Transfer Date**”).

WHEREAS, contingent upon the conditions described herein, Seller hereby grants to Buyer an option, exercisable on or after the Regulatory Transfer Date, to purchase the Company, subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals and the mutual agreements that follow, the parties agree to the following terms and conditions:

1. Grant of Option. The Sellers and the Company hereby grant to the Buyer an exclusive, irrevocable option (the “**Option**”) to acquire the Company, for a purchase price of \$7,069,536 (the “**Purchase Price**”), which shall be payable, and subject to adjustment, in accordance with the terms and conditions of the merger agreement attached hereto as Exhibit A (the “**Merger Agreement**”).

2. Condition. On or prior to April 1, 2022, either (a) Buyer shall have entered into a definitive agreement (the “**Buyer Divestiture Agreement**”) to sell its recreational marijuana center located at 206 South Main St., Longmont, Colorado 80501 and the associated recreational marijuana center license (No.#402R-00718 / Local # 402R-00718) to a third-party (the “**Buyer Divestiture**”) or (b) Buyer shall otherwise be legally permitted to acquire the Company, whether due to a change in Longmont rules and regulations related to the ownership of cannabis licenses, an accommodation from Longmont cannabis regulators, or otherwise (clause (a) or (b), the “**Option Exercise Condition**”).

3. Exercise of Option. If the Option Exercise Condition has been satisfied, the Buyer may exercise the Option at any time between the Regulatory Transfer Date and on or prior to the Option Exercise Outside Date. As used herein, the “**Option Exercise Outside Date**” shall mean 10:00 am New York Time on April 31, 2022; provided, however, that the Option Exercise Outside Date shall automatically extend if and for so long as (i) the Buyer has entered into a Buyer Divestiture Agreement, (ii) the Buyer Divestiture has not closed solely because the parties to such sale have not received all regulatory approvals necessary to consummate such closing, (iii) Buyer is in compliance with **Section 7.7**, and (iv) the parties to the Buyer Divestiture have not received a final, non-appealable determination from any state or local cannabis regulator that such regulator will not approve the Buyer Divestiture.

4. Exercise of Put. If the Option Exercise Condition has been satisfied and Buyer has not exercised the Option on or prior to the Option Exercise Outside Date, then Seller shall have the right, beginning on the date following the Option Exercise Outside Date and lasting until three (3) months thereafter to require Buyer to exercise the Option (the “**Put**”) by providing Buyer written notice thereof. Promptly following the exercise of the Option or the Put, but in any case within fourteen (14) days thereafter (the “**Execution Date**”), the Parties shall enter into the Merger Agreement, together with any additions, modifications or deletions to which the Parties mutually agree.

5. Term; Make Whole Fee. In the event that (a) the Option Exercise Condition is not satisfied on or prior to April 1, 2022; (b) the closing of the acquisition of the Company by Buyer (the “**Closing**”) does not occur by the Closing Outside Date (except as described in subsection (z) hereunder); or (c) Buyer breaches its representations and warranties under **Section 8.2**, which breach materially adversely affects Buyer’s ability to consummate the transactions contemplated hereunder, including the Closing and satisfaction of the Option Exercise Condition, then, in each case, after notice from the Company to Buyer and five (5) business days’ opportunity to cure, the Sellers shall have the right to terminate this Agreement pursuant to **Section 9.4(b)** and Buyer shall pay to the Sellers an amount in cash equal to \$3,500,000 in the aggregate (the “**Make Whole Fee**”). As used herein, the “**Closing Outside Date**” shall mean the date that is four (4) months following the Execution Date; provided, however, that, with regard to **Section 5(b)** only, the Closing Outside Date shall automatically extend if and for so long as (i) the Closing shall not have occurred by such date solely because the Parties have not received all regulatory approvals necessary to consummate the Closing, (ii) the Buyer and the Company are continuing to work in good faith to obtain such regulatory approvals and (iii) the Parties have not received a final, non-appealable determination from any state or local cannabis regulator that such regulator will not approve the acquisition of the Company by the Buyer. Notwithstanding anything to the contrary herein, the Make Whole Fee shall not be payable by the Buyer to the Sellers and Buyer shall have the option to terminate this Agreement pursuant to **Section 9.4(c)(x)** in the event of any material breach by Seller of its representations and warranties under **Section 8.1** or in the Merger Agreement or its covenants under **Sections 7.1, 7.2 or 7.4** or in the Merger Agreement (in each case without regard for or giving effect to the terms “material”, “in all material respects”, “Material Adverse Effect” or similar qualifiers), after notice from Buyer and a reasonable

opportunity to cure; (y) in the event of a Material Adverse Effect; or (z) if the Closing does not occur by the Closing Outside Date primarily due to any action (or inaction) of any Seller Party which is in breach of this Agreement or the Merger Agreement. Any amounts payable to the Sellers pursuant to this **Section 5** shall accrue interest at the rate of six percent (6%) from the date the obligation to pay such amounts is incurred.

6. Services Agreement. Concurrently with the closings under the Holdings Merger Agreement and the 2020 Merger Agreement, the Buyer and the Company shall enter into a Services Agreement, substantially in the form attached hereto as **Exhibit B** (the “**Services Agreement**”).

7. Interim Period.

7.1 Compliance with Laws; Ordinary Course. From and after the date hereof until the Execution Date or the earlier termination of this Agreement (the “**Interim Period**”), the Company shall, and the Sellers shall cause the Company to:

- (a) conduct the Business of the Company in the Ordinary Course of Business;
- (b) pay all applicable Taxes as such Taxes become due and payable;
- (c) maintain all Permits in the Ordinary Course of Business, and

(d) use commercially reasonable efforts to maintain and preserve the Business, retain its officers, key employees and consultants, and maintain and preserve its relationships with customers, suppliers, service providers, regulatory authorities and others having business relationships with the Company in the Ordinary Course of Business.

7.2 Covenants. Without limiting the generality of the foregoing, during the Interim Period, unless otherwise approved in writing by the Buyer or as set forth in Section 7.2 of the written schedules provided to Buyer, dated as of the Effective Date (the “**Company Disclosure Schedules**”), the Company will not:

- (a) amend or change the organizational documents of the Company (including the Company Organizational Documents), as applicable;
- (b) change its method of management or operations in any material respect, except as contemplated by the Services Agreement or the Merger Agreement, or as required pursuant to applicable Law;
- (c) dispose of, acquire or license any material (indirectly or in the aggregate) assets or properties, or make any commitment to do so, other than in the Ordinary Course of Business;
- (d) (A) incur any obligation or liability other than in the Ordinary Course of Business or Intercompany Indebtedness, (B) incur any indebtedness for borrowed money, make any loans or advances, or assume, guarantee or endorse or otherwise become responsible for the obligation of any other Person, other than in the Ordinary Course of Business or Intercompany Indebtedness, or (C) subject any of its properties or assets to any Lien other than Permitted Liens;

(e) make any material change in the compensation paid or payable to any employee, manager, agent, representative or consultant, other than in the Ordinary Course of Business, or make any material change in the fringe benefits of any employee, other than in the Ordinary Course of Business;

(f) promote, change the job title of, or otherwise alter in any material respect the responsibilities or duties of, any Company management or employee, except in the Ordinary Course of Business;

(g) hire any employee or consultant whose annual compensation is in excess of \$100,000;

(h) enter into any licensing, distribution, sponsorship, advertising, merchant program or other similar contracts, agreements, or obligations;

(i) undertake any action or fail to take any action that does or could, individually or in the aggregate, reasonably be expected to result in the loss, lapse, expiration, or abandonment of any material Owned IP;

(j) enter into any Contract that, if entered into prior to the Execution Date, would be a material IP License or Material Contract or (ii) amend, modify, renew, terminate or waive any material right under any material IP License or Material Contract;

(k) except with respect to dividends and distributions, make or cause to be made any redemption, repurchase, recapitalization, reclassification, grant, issuance, repricing, split, combination or other transaction involving the equity of the Company, or any preemptive right, subscription right, option, warrant or right to acquire any such capital stock or equity securities;

(l) authorize for issuance, issue, sell, pledge, grant, encumber or deliver or agree or commit to issue, sell, pledge, grant, encumber or deliver any Shares;

(m) (i) enter into any new line of business, or incur or commit to incur any material capital expenditures or Liabilities in connection therewith or (ii) abandon or discontinue any material existing lines of business;

(n) (i) apply for any new Permits pursuant to State and Local Cannabis Laws, or (ii) abandon any pending applications for Permits applied for under State and Local Cannabis Laws;

(o) fail to take any actions necessary to maintain the existing Company Permits in good standing;

(p) change any method of Tax accounting, make or change any Tax election, file any amended Tax Return, settle or compromise any Tax liability, agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a Tax refund;

- (q) acquire any business or Person, whether by merger or consolidation, purchase of assets or equity securities or any other manner;
- (r) cancel or waive any rights in excess of \$100,000, or pay, discharge or settle any claim \$100,000;
- (s) make any new capital expenditure commitments in excess of \$25,000 individually or \$50,000 in the aggregate; or
- (t) commit to do any of the foregoing referred to in clauses (a) – (s).

7.3 Access. During the Interim Period, consistent with applicable Laws regarding the permissible exchange of information and subject to the terms of the Confidentiality Agreement, if reasonably requested by the Buyer and at Buyer's sole expense, the Company will permit the Buyer and its legal counsel and other representatives, during normal business hours, reasonable access to (a) the assets, properties, records, books of account, contracts and other documents of the Company, and (b) members of senior management of the Company and their professional advisors. During the Interim Period, consistent with applicable Laws regarding the permissible exchange of information and subject to the terms of the Confidentiality Agreement, the Company will furnish reasonably promptly to the Buyer such additional data and other information as to its affairs, assets, business, properties, prospects, finances, customers, products, services, ongoing disputes, litigation, technology, personnel and other information regarding the Company as the Buyer or its legal counsel and other representatives may from time to time reasonably request; provided, that such data and other information provided by the Company shall not modify or expand the representations made by the Company pursuant to **Section 8.1**.

7.4 Nonsolicitation.

(a) During the Interim Period, neither the Company nor any of its respective managers, members (including the Sellers), directors, officers, Affiliates, financial advisors or representatives (collectively, the "**Representatives**") shall, directly or indirectly, take any of the following actions with any Person other than the Buyer and its designees: (i) solicit, initiate, entertain or agree to any proposals or offers from any Person relating to (A) any merger, share exchange, business combination, reorganization, consolidation or similar transaction involving the Company, (B) the acquisition of beneficial ownership of any equity or ownership interest in the Company, whether by issuance by the Company or by purchase (through a tender offer, exchange offer, negotiated purchase or otherwise) from any Seller, the Company or otherwise, or (C) the license or transfer of all or a material portion of the assets of the Company taken as a whole (any of the transactions described in clauses (A) through (C), a "**Third-Party Acquisition**"), or (ii) participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or otherwise cooperate with, facilitate or knowingly encourage any effort or attempt by any Person to do or seek, a Third-Party Acquisition.

(b) During the Interim Period, if the Company or any of its Representatives receives an inquiry, proposal or offer relating to a Third-Party Acquisition from any Person, the Company shall (i) promptly notify Buyer of the same and the details thereof (including the identity of the Person making same) and the Company shall be permitted to provide a response without breaching this **Section 7.4**; provided that the response is limited to informing the initiator of such inquiry, proposal or offer that the Company is unable to respond further at this time, (ii) provide to the Buyer a copy of any written inquiry, proposal or offer and all correspondence related thereto (subject to any confidentiality obligations in existence as of the date of this Agreement), and (iii) keep the Buyer reasonably informed of the status thereof.

7.5 Confidentiality. During the Interim Period, the Buyer and the Company shall abide by the terms of the Confidentiality Agreement.

7.6 Public Disclosure. Except as contemplated by this Agreement or as otherwise required by Law, regulatory authority, stock exchange or court order, no disclosure (whether or not in response to an inquiry) of the existence or subject matter of this Agreement shall be made by any party hereto (including any third-party representatives of the Buyer, the Company, any of the Sellers or any of their respective Affiliates) (other than communications with any Seller and third parties necessary to obtain the consents and approvals required under this Agreement and applicable Law), whether before or after the Closing, unless approved by the Buyer prior to release. Notwithstanding the immediately preceding sentence, in the event that the Company (or any of its Affiliates) is required by Law, regulatory authority, stock exchange or court order to make any such disclosure, the Company shall notify the Buyer prior to making such disclosure and shall use its commercially reasonable efforts to give the Buyer an opportunity (as is reasonable under the circumstances) to comment on such disclosure.

7.7 Efforts. Buyer and the Company shall cooperate with each other and use their respective 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 this Agreement and applicable Laws to consummate and make effective the transactions contemplated by this Agreement as soon as practicable. This Agreement and the transactions contemplated hereby may be subject to review by one or more Governmental Entities. If any Governmental Entity determines this Agreement must be reformed, the Parties shall negotiate in good faith to so reform this Agreement in a commercially reasonable manner according to the Governmental Entity's requirements while effectuating the original intent of this Agreement as near as possible.

8. Representations and Warranties.

8.1 Seller Party Representations and Warranties. The Seller Parties represent and warrant to the Buyer that:

(a) As of the Effective Date and as of immediately prior to the Execution Date, Sellers own all of the Shares, free and clear of Liens, other Permitted Liens, and there are no outstanding options or other rights to purchase the Shares;

(b) The Company and each Seller possesses full legal right and all requisite power and authority, necessary to execute, deliver and perform this Agreement to consummate the transactions contemplated by this Agreement. This Agreement constitutes a valid and legally binding obligation of the Company and the Sellers, enforceable against the Company and the Sellers, in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in an Action at law or in equity).

(c) Except for the filing of the Certificates of Merger and the filings, applications, submissions, notices and approvals required under State and Local Cannabis Laws, no filing with or notice to, and no Permit, authorization, registration, consent or approval of, any Governmental Entity or other third party is required on the part of the Company or any Seller for the execution, delivery and performance by the Company and the Sellers of this Agreement.

(d) Except as set forth on Section 8.1(d) of the Disclosure Schedules, there are no Actions pending or threatened against or affecting the Company or the Sellers in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with the transactions contemplated by this Agreement.

(e) The Company is duly organized, validly existing and in good standing under the Laws of the State of Delaware. The Company possesses full power and authority necessary to own and operate its properties and assets and to carry on its businesses as presently conducted.

(f) The Company has made available to Buyer true, complete and correct copies of (i) the audited balance sheet of the Company as of December 31, 2020 and the related statements of income, cash flows and members' equity for the respective years then ended, and (ii) the unaudited balance sheet (the "**Recent Balance Sheet**") of the Company as of March 31, 2021 (the "**Recent Balance Sheet Date**") and the unaudited statements of income, members' equity and cash flows of the Company for the three (3) month period then ended. Collectively, the financial statements referred to in the immediately preceding sentence are sometimes referred to herein as the "**Financial Statements**." The Financial Statements (including the notes thereto, if any) have been prepared from, and are consistent with, the books and records of the Company (which are true, correct and complete), and fairly present the financial condition of the Company in all material respects as of the dates thereof, and the results of operations and cash flows for the periods then ended, and have been prepared in accordance with GAAP (except that the interim Financial Statements are subject to normal and recurring year-end adjustments, none of which are, individually or in the aggregate, material in amount or effect and do not include footnotes).

(g) The Company has established and adhered to a system of internal accounting controls that are designed to provide reasonable assurance regarding the reliability of financial reporting. Since January 1, 2015, there have been no (i) any significant deficiency or material weakness in any system of internal accounting controls used by the Company, (ii) any fraud or other wrongdoing that involves any of the management or other employees of the Company who have a role in the preparation of financial statements or the internal accounting controls used by the Company or (iii) to the Company's Knowledge, any claim or allegation regarding any of the foregoing.

(h) The Company has no Liabilities, except for (a) Liabilities set forth on the Recent Balance Sheet (or notes thereto), or (b) Liabilities that have arisen after the Recent Balance Sheet Date in the Ordinary Course of Business, and are not, individually or in the aggregate, material in amount, none of which is a Liability resulting from noncompliance with any applicable Law or Permits, breach of contract, breach of warranty, tort, infringement, misappropriation, dilution or Action.

(i) The Company has good and valid to, a valid leasehold interest in, or a valid license or other contractual right to use the Business Assets, free and clear of all Liens, other than Permitted Liens. Each Business Asset, as applicable, is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to reasonable wear and tear) and is suitable for the purposes for which it is presently used. The Business Assets constitute all of the assets, rights and properties necessary, and are sufficient, for the conduct of the Business as currently conducted.

(j) The Company has duly and timely filed all Tax Returns required to be filed by or with respect to it under applicable Laws, and all such Tax Returns are true, complete and correct in all material respects and have been prepared in compliance with all applicable Laws. The Company has paid all Taxes due and owing by it (whether or not such Taxes are related to, shown on or required to be shown on any Tax Return), and has properly and timely withheld or deducted and paid over to the appropriate Taxing Authority all Taxes which it has been required to withhold or deduct from amounts paid or owing or deemed paid or owing or benefits given to any Employee, equityholder, member, creditor or other third party. No Tax audits, investigations, actions, or assessments or administrative or judicial Actions are pending or are threatened with respect to the Company, and there are no matters under discussion, audit or appeal with any Taxing Authority with respect to Taxes or Tax Returns of the Company. There are no Liens for Taxes on any of the assets of the Company, other than Liens for Taxes not yet due and payable and for which appropriate reserves have been established according to GAAP on the Financial Statements.

(k) Except as set forth on Section 8.1(k) of the Disclosure Schedules, there have been no material Actions (i) pending or threatened against or affecting the Company or its assets, properties or rights or against any of its directors, managers, officers or employees (in each case, in their capacity as such) or (ii) initiated or threatened by or on behalf of the Company, and there have been no outstanding Orders to which the Company or any of its Affiliates is a party or to which the Company or any of its Affiliates or its or their assets or properties is or are bound. No event has occurred or circumstances exist that may give rise to, or serves as a basis for, any such Action or Order.

(l) Except with respect to Federal Cannabis Law, the Company is and has been in material compliance with all Laws of any Governmental Entity applicable to the Company. The Company has not received any written notice from a Governmental Entity that alleges that it is not in compliance with any Law, and the Company has not been subject to any adverse inspection, finding, investigation, penalty assessment, audit or other compliance or enforcement action.

(m) The Company holds and is in material compliance with all Permits material to the operation of the Business (the “**Company Permit**”). Each Company Permit is in full force and effect, and is not subject to any pending, or, to the Knowledge of the Company, threatened administrative or judicial proceeding to revoke, cancel, suspend, or declare such Company Permit invalid. The Company has not violated a material term of any Company Permit or a material condition under which any Company Permit was granted. All renewals for the Company Permits have been timely applied for and no event of circumstance has occurred or exists that would prohibit or prevent the re-issuance to Buyer or the Company of any of the Company Permits. All fees and charges with respect to such Company Permits as of the date hereof have been paid in full and will be paid through the Exercise Date.

(n) (i) The Company has not received any written notice from any Governmental Entity having jurisdiction over its operations, activities, locations, or facilities, of (1) any deficiencies or violations of, or (2) any remedial or corrective actions required in connection with, any Company Permits or their renewal, (ii) no Action is being or has been threatened or contemplated with which (1) could reasonably be expected to result in the issuance of any such notice or (2) could prevent or impair the operations and activities engaged in pursuant to such Company Permits, and (iii) to the Knowledge of the Company, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Company Permits. Without limiting the foregoing, neither the Company nor any Affiliate of the Company has made any bribe, rebate, payoff, influence payment, kickback or other payment unlawful under any applicable Law.

(o) The Company’s activities have been and are being conducted in a manner consistent with the following priorities: (i) preventing the distribution of marijuana to minors; (ii) preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; (iii) preventing the diversion of marijuana from states where it is legal under state law in some form to other states; (iv) preventing state-authorized marijuana activity from being used as a cover or pretext for trafficking of other illegal drugs or other illegal activity; (v) preventing violence and the use of firearms in the cultivation and distribution of marijuana; (vi) preventing drugged driving and exacerbation of other adverse health consequences associated with marijuana use; (vii) preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by growing marijuana on public lands; and (viii) preventing marijuana possession and use on federal property.

(p) To the Knowledge of the Company, each Licensed Provider has all Permits necessary for the conduct of their business activities involving the Company and no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit held by a Licensed Provider necessary for its cannabis or cannabis-related activities and operations involving the Company.

(q) The Company's Affiliates, including the Sellers, have complied with all restrictions on ownership, control and participation in the Company and its Business under all applicable State and Local Cannabis Laws and have made no false statement, representation or omission to any Governmental Entity in connection with the Company, its Business, or its Permits.

(r) The Company has a valid and enforceable leasehold interest in all its Leased Real Property reflected in the Financial Statements or acquired after the Recent Balance Sheet Date. Each Real Property Lease is in full force and effect; all rents and additional rents due to date on each Real Property Lease have been paid and neither the Company nor any other party to any such Real Property Lease has received notice of any breach or default nor repudiated any material provision thereof. The Company has not received a notice of cancellation or termination with respect to any Real Property Lease. There exists no event that, with notice or lapse of time, or both, would constitute a material breach or default by the Company or any other party thereto, under any of the Real Property Leases. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased or subleased Leased Real Property.

(s) All of the Company's inventories, materials, and supplies consist of items of quality and quantity, in materially good condition and usable or salable in the Ordinary Course of Business. The values of the inventories stated in the Financial Statements reflect the Company's normal inventory valuation policies and were determined in accordance with GAAP.

(t) In the past twelve (12) months, there have been no material failures, crashes, security breaches or other adverse events affecting the IT Assets used by the Company or the business data and Personal Information held by the Company, which have caused material disruption to the Business, or which were violative of any Privacy and Security Law, applicable industry standards or guidelines, or the privacy rights of third parties. The Company has taken commercially reasonable steps to implement security, backup, and disaster recovery measures and technology consistent with industry practices and, to the Knowledge of the Company, there has been no unauthorized or improper access of the IT Assets or the business data and Personal Information held by the Company. All IT Assets are owned by the Company, or used pursuant to a valid license.

8.2 Buyer Representations and Warranties. The Buyer hereby represents and warrants to the Company and the Sellers as of the Effective Date that:

(a) As of the Effective Date and as of immediately prior to the Execution Date, the Buyer possesses full legal right and all requisite power and authority, necessary to execute, deliver and perform this Agreement to consummate the transactions contemplated by this Agreement. This Agreement constitutes a valid and legally binding obligation of the Buyer, enforceable against the Buyer, in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in an Action at law or in equity).

(b) No filing with or notice to, and no permit, authorization, registration, consent or approval of, any Governmental Entity or other third party is required on the part of the Buyer for the execution, delivery and performance by the Buyer of this Agreement.

(c) There are no Actions pending or threatened against or affecting the Buyer in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with the transactions contemplated by this Agreement.

(d) As of the Effective Date and as of immediately prior to the Execution Date, Buyer has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement, including the Buyer Divestiture.

(e) Buyer does not have a current intent to substantially discontinue the trade or business of the Company.

(f) Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, it has relied solely upon the express representations and warranties of the Seller Parties set forth in **Section 8.1**; and (b) no Seller Party nor any other person has made any representation or warranty as to the Company or this Agreement, except as expressly set forth in **Section 8.1**.

9. Miscellaneous Provisions.

9.1 Specific Performance and Other Remedies. Each Party hereby acknowledges that the rights of each Party to consummate the transactions contemplated hereunder, including the Buyer Divestiture and the Closing, and the covenants of the Parties, are special, unique and of extraordinary character and that, in the event that any Party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party may be without an adequate remedy at Law. In the event that any Party violates or fails or refuses to perform any covenant or agreement made by such Party herein, the non-breaching Party shall be entitled, in addition to the exercise of other remedies, to seek injunctive and other equitable relief, without necessity of posting a bond, restraining such party from committing such breach or threatened breach.

9.2 Expenses. Except as set forth herein, all fees and expenses incurred in connection with the transactions contemplated hereunder, including all legal, accounting, tax and financial advisory, consulting, investment banking and all other fees and expenses of third parties, shall be the obligation of the Party incurring such fees and expenses. Notwithstanding the foregoing, if any action, claim or proceeding relating to this Agreement or the enforcement of any provision hereof is brought against any Party, the prevailing Party shall be entitled to recover reasonable attorneys' fees, costs and disbursements, in addition to any other relief to which the prevailing Party may be entitled.

9.3 Amendment. No amendment, modification, or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties hereto.

9.4 Termination. Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated at any time before the Closing:

(a) by written agreement of Buyer and the Sellers;

(b) by the Sellers if any of the events in **Sections 5(a), 5(b), or 5(c)** have occurred, subject to the extensions and opportunity to cure as specified therein; or

(c) by Buyer if any of the events in **Sections 5(x), 5(y), or 5(z)** have occurred, subject to the opportunity to cure as specified therein.

(d) If this Agreement is terminated in accordance with this **Section 9.4**, it shall forthwith be void and have no effect, without liability or obligation as a result of such termination on the part of any Party, its directors, officers or equityholders, except that, (1) if the Closing under the Holdings Merger Agreement has occurred, Buyer shall cause Holdings or its Affiliates, as applicable, to forgive all amounts of Intercompany Debt then outstanding and owed by the Company to Holdings or its Affiliates, and (2) the Confidentiality Agreement, this **Section 9.4**, **Section 5**, **Section 7.6**, and **Section 9** shall survive termination; provided that nothing contained in this Agreement shall relieve any Person from liability for any material breach of this Agreement occurring before such termination. For the avoidance of doubt, if (i) this Agreement is terminated by the Sellers pursuant to **Section 9.4(b)**, Buyer shall pay to the Company the Make Whole Fee as described in **Sections 5(a)**, and (ii) if this Agreement is terminated by Buyer pursuant to **Section 9.4(c)**, the Make Whole Fee shall not be payable by the Buyer to the Sellers.

9.5 Severability. This Agreement is severable, and in the event that any one or more of the provisions hereof shall be deemed invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

9.6 Headings. The descriptive headings in this Agreement are for convenience only and shall not affect the construction of this Agreement.

9.7 Governing Law.

(a) This Agreement shall be governed and construed in accordance with the Laws of the State of Delaware, regardless of Laws that might otherwise govern under applicable principles of conflicts of laws thereof, as to all matters, including matters of validity, construction, effect, performance and remedies; provided, however, that any claims, controversies, or disputes related to any matter involving the cultivation, harvesting, production, manufacturing, processing, marketing, distribution, sale or possession of cannabis, marijuana or related substances or products containing cannabis, marijuana or related substances shall be governed by and construed in accordance with the Laws of the State of Colorado, regardless of Laws that might otherwise govern under applicable principles of conflicts of laws thereof as to all such matters.

(b) Each Party irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by another Party hereto or its successors or assigns shall be brought and determined exclusively in the state courts located in the State of Colorado. Each Party hereby irrevocably submits with regard to any action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each Party hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (c) to the fullest extent permitted by applicable Law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS OR THE FACTS OR CIRCUMSTANCES LEADING TO EACH PARTY'S EXECUTION OR PERFORMANCE OR ANY ACTIONS OF ANY OF THE AFFILIATES OR REPRESENTATIVES OF ANY OTHER PARTY RELATED THERETO.

(d) EACH OF THE PARTIES (1) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE THAT SUCH OTHER PARTY WOULD NOT IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, (2) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (3) IT MAKES SUCH WAIVERS KNOWINGLY AND VOLUNTARILY, AND (4) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION 9.7**.

9.8 Assignment. The Seller Parties shall not assign or transfer, in whole or in part, this Agreement or any of such Party's rights, duties or obligations under this Agreement without the prior written consent of the Buyer. The Buyer may assign its rights, along with all of its obligations, under this Agreement, upon notice to the Sellers; provided that, no assignment of this Agreement shall relieve the Buyer of any of its payment obligations under this Agreement.

9.9 Waiver. The waiver by either Party of a breach or violation of any provision in this Agreement shall not operate or be construed as a waiver of any subsequent breach or default, whether or not of a similar nature, or as a waiver of any other provisions, rights, or privileges hereunder and no waiver shall be effective unless set forth in writing and executed by the Party waiving such provisions, rights or privileges. No course of dealing between or among any persons having any interest in this Agreement shall be deemed effective to modify, amend or

waive any part of this Agreement or any rights or obligations of either Party. No failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by either Party hereunder shall constitute a waiver of, or shall preclude any other or further exercise of, the same or any other right, power or remedy.

9.10 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

9.11 No Third Party Beneficiaries. Except as expressly provided elsewhere herein, nothing in this Agreement is intended to be construed or be deemed to create any rights or remedies in any third party.

9.12 No Rule of Construction. The Parties acknowledge that because all Parties had an opportunity for their counsel to participate in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement that construes ambiguous or unclear language in favor of or against any party.

9.13 Counterparts and Electronic Signatures. This Agreement and any amendments hereto may be executed in duplicate counterparts, each of which will be deemed to be an original and both of which, taken together, shall constitute one and the same agreement. Counterparts may be executed in either original or electronically transmitted form (e.g., via facsimile or e- mailed portable document format (.pdf) form), and the Parties hereby adopt as original any signatures received in electronically transmitted form.

9.14 Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed given (a) when delivered personally by hand, (b) the next business day when sent by overnight mail, postage prepaid with proof of delivery from the courier requested, (c) the next business day when sent by certified or registered mail, postage prepaid, or (d) when sent if in writing and sent by electronic mail. Notices shall be sent to the addresses set forth in Section 12.1 of the Merger Agreement. Any Party may by notice given in accordance with this **Section 9.14** to the other Parties designate another address or person for receipt of notices hereunder; provided that any party receiving such a designation shall not be required to send any notice hereunder to the new address or person before the fifth (5th) business day after receipt thereof.

9.15 Entire Agreement. This Agreement, the Confidentiality Agreement and the Merger Agreement (and the Exhibits and Schedules hereto and thereto) contain the entire agreement of the Parties hereto and written agreements or understandings between them with respect to the matters provided for herein, and supersedes any prior agreements or understanding, written or oral, including without limitation the Indication of Interest dated January 26, 2021, with respect to the matters provided for herein.

9.16 Time. If any date on which a Party is required to take any action pursuant to this Agreement falls on a weekend or a legal holiday, then such Party shall have the right to take such action on the first business day next following such date.

9.17 Subject to Approval of the Colorado Marijuana Enforcement Division. NOTWITHSTANDING ANYTHING TO THE CONTRARY, THE CLOSING OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND THE ANCILLARY AGREEMENTS HERETO, INCLUDING THE MERGER AGREEMENT, IS CONTINGENT UPON AND SUBJECT TO THE PRIOR APPROVAL OF THE MED AND EACH APPLICABLE LOCAL JURISDICTION, INCLUDING THE CITY OF LONGMONT.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Option to Purchase Agreement as of the date set forth above.

BUYER:

Columbia Care LLC

By: _____
Print Name: _____
Title: _____

COMPANY:

Medicine Man Longmont, LLC

By: _____
Print Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have executed this Option to Purchase Agreement as of the date set forth above.

SELLERS:

THE ANDREW JOHN WILLIAMS REVOCABLE
TRUST, DATED MAY 28, 2015

By: _____
Name:
Title:

THE SALLY J VANDER VEER REVOCABLE
TRUST DATED MARCH 8, 2018

By: _____
Name:
Title:

THE ROSEBUD GROUP, LLC

By: _____
Name:
Title:

PETE VASQUEZ

By: _____
Name: Pete Vasquez
Title:

Exhibit A

Form of Merger Agreement

Exhibit B

Services Agreement

Exhibit E
Services Agreement

BUSINESS SERVICES AGREEMENT

This Business Services Agreement (this “**Agreement**”) is entered into as of [_____] (the “**Effective Date**”), by and between Columbia Care, LLC, a Delaware limited liability company (“**Columbia Care**”) and Medicine Man Longmont, LLC (“**Medicine Man**”).

WHEREAS, Columbia Care has experience in providing business support and consulting services to regulated marijuana businesses;

WHEREAS, Medicine Man possesses licenses (the “**Licenses**”) issued by the Colorado Marijuana Enforcement Division (the “**MED**”) for the operation of a regulated marijuana business at 500 E. Rogers Rd. Longmont, Colorado 80501 (the “**Licensed Premises**”); and

WHEREAS, Medicine Man desires to engage Columbia Care to provide the services listed on Schedule 1 for the operations at the Licensed Premises (the “**Services**”) and Columbia Care desires to provide the Services to Medicine Man.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Services.

(a) Subject to the terms of this Agreement, Columbia Care shall provide, or cause one or more of its Employees (as defined on Schedule 1) to provide, the Services set forth on Schedule 1 hereto, as requested by Medicine Man from time to time. In addition, if any services, functions, responsibilities or other components of work for any Services are not specifically described on Schedule 1 but are indispensable to the performance or provision of the Services, those services, functions, responsibilities or other components of work will also be included as Services under this Agreement; provided, however, for the avoidance of doubt, that Columbia Care shall not be required to provide any third party services not expressly contemplated under Schedule 1.

(b) Compensation for Services. Medicine Man shall pay to Columbia Care a monthly fee of \$10,087.67 (the “**Fee**”).

(c) Schedule for Services. Columbia Care shall cause one or more of its Employees to perform the Services on a schedule mutually agreed upon by the parties. Columbia Care shall document time spent performing the Services in a manner that is satisfactory to Medicine Man in Medicine Man’s reasonable discretion.

2. Limitation of Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT SHALL COLUMBIA CARE OR ITS AFFILIATES OR EMPLOYEES BE LIABLE, WHETHER IN CONTRACT OR IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, TO MEDICINE MAN OR ITS AFFILIATES FOR ANY DAMAGES, INCLUDING WITHOUT LIMITATION PUNITIVE, SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT

LIMITATION, DAMAGES FOR LOSS OF REVENUES, LOSS OF PROFITS, LOSS OF REPUTATION, LOSS OF OPPORTUNITY, BUSINESS INTERRUPTION OR ANY OTHER LOSS) ARISING FROM OR RELATING TO ANY CLAIM MADE UNDER OR IN CONNECTION WITH THE PROVISION OF THE SERVICES OR THE FAILURE TO PROVIDE THE SERVICES HEREUNDER, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, UNLESS SUCH DAMAGES ARE CAUSED BY THE NEGLIGENT, RECKLESS OR WILLFUL MISCONDUCT OF COLUMBIA CARE OR ITS EMPLOYEES.

3. Relationship of the Parties.

(a) Columbia Care shall be an independent contractor of Medicine Man for all purposes hereunder. Nothing contained in this Agreement will constitute or be construed to be or create a partnership or joint venture between Medicine Man and Columbia Care. Columbia Care further acknowledges that neither Columbia Care nor any individual employed by Columbia Care or acting on Columbia Care's behalf will be treated or regarded as a Medicine Man employee under the laws or regulations of any government or governmental agency or for state or federal tax purposes. Columbia Care shall assume all responsibility for the Services performed by Columbia Care and Columbia Care employees. While the Services contracted for shall be performed at the direction of Medicine Man, Columbia Care shall retain and exercise primary direction over the manner of the work performed by the Columbia Care employees performing such work necessary to deliver the Services, with the express exception of any work inherently related to privileges or authorizations exclusive to regulated marijuana business licensees.

(b) Medicine Man shall at all times retain control of the Licensed Premises and all Services performed by Columbia Care shall be in compliance with directives from Medicine Man and subject to Medicine Man approval. The parties acknowledge that the Services contemplate hereunder are not intended to permit Columbia Care to exercise "Control" over Medicine Man or any of Medicine Man's operations, as such term is defined in 1 CCR 212-3 (the "Code") including, without limitation, Rules 1- 115 and 2-230(E) thereof. The parties further acknowledge this Agreement, and the parties' obligations hereunder, may be subject to review by the MED and/or the City of Longmont (the "Local Authority"). In the event of a determination by either the MED and/or the Local Authority that this Agreement violates the Code or Local Authority ordinance, or a determination that this Agreement must otherwise be reformed, the parties shall negotiate in good faith for no less than sixty (60) days (the "Cure Period") to reform this Agreement in accordance with guidance from MED and/or the Local Authority, respectively. If the Parties are unable to negotiate a reformation of this Agreement within such Cure Period, this Agreement shall automatically terminate pursuant to Section 6 hereof.

4. Representations and Warranties of Columbia Care. Columbia Care represents and warrants that:

(a) Columbia Care has the authority to enter into this Agreement. Columbia Care represents and warrants that neither Columbia Care's entry into this Agreement nor Columbia Care's performance of the Services will conflict with or result in a breach of any other agreement, arrangement, or obligation, of any nature whatsoever, to which Columbia Care is a party or by which Columbia Care is bound.

(b) Columbia Care will provide substantially the same level of service and use the same degree of diligence and care as Columbia Care or its Employees or subsidiaries provide and use in performing services of the same kind or nature as the Services on behalf of its own account in the ordinary course of business consistent with past practice.

(c) Columbia Care shall perform the Services in a competent and qualified manner in accordance with standards common in the industry in which Medicine Man operates. In addition, Columbia Care shall comply with all state and local laws, including all requirements of the MED and Local Authority, as well as ethical standards applicable to the Services. Columbia Care shall comply with all Medicine Man policies for the operation of the regulated marijuana business as established from time to time.

5. Intellectual Property. All intellectual property rights of Columbia Care or any of its affiliates, including, without limitation, all manuals, trademarks, brochures, training materials, packaging, and branded material of Columbia Care (collectively "**Columbia Care's Intellectual Property**") shall at all times be proprietary to Columbia Care or its affiliates, and shall be the exclusive property of Columbia Care or its affiliates. Columbia Care hereby grants to Medicine Man a limited, non-exclusive, revocable, non-assignable, non-transferable license to use Columbia Care's Intellectual Property for the Term (defined below). Upon any termination of this Agreement for any reason, Medicine Man shall cause all Columbia Care's Intellectual Property to be removed and returned to Columbia Care from the Licensed Premises, without compensation to Medicine Man, within thirty (30) days of termination.

Upon termination of this Agreement for any reason, Medicine Man shall retain the limited, non-exclusive, revocable, non-assignable, non-transferrable license to use Columbia Care's Intellectual Property for a period of thirty (30) days following such termination solely as needed in order to transition the services to a new provider.

6. Term and Termination. The term of this Agreement shall commence on the Effective Date and continue until July 31, 2022, unless terminated earlier pursuant to this Section 6 (the "**Term**"). This Agreement may be terminated in accordance with the following:

- (a) by mutual written consent of the parties at any time;
- (b) in writing by Medicine Man for convenience at any time;
- (c) by Columbia Care in the event of non-payment by Medicine Man for any period of time continuing in excess of 60 days;
- (d) automatically upon the following:

1. any change in ownership of more than 50% of the membership interests in Medicine Man;
2. the transfer of the Licenses;
3. pursuant to Section 3(b); or
4. the revocation of the Licenses.

7. Miscellaneous.

(a) Entire Agreement. This Agreement, any Schedule(s) hereto and the agreements, instruments and documents among the parties hereto as contemplated by or referred to herein, constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

(b) Amendments and Waivers. This Agreement may be amended or modified only with a written instrument executed by Medicine Man and Columbia Care. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), shall constitute a continuing waiver unless otherwise expressly provided, nor shall be effective unless in writing and executed by the party waiving compliance. No waiver by any party of any breach or violation of, default under or inaccuracy in, any representation, warranty or covenant hereunder, whether intentional or not, will be deemed to extend to any prior or subsequent breach, violation, default of, or inaccuracy in, any such representation, warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No delay or omission on the part of any party in exercising any right, power or remedy under this Agreement will operate as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(c) Survival. Sections 2, 5, and 7(c) shall survive termination pursuant to Section 6.

(d) Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed given (a) when delivered personally by hand, (b) the next business day when sent by overnight mail, postage prepaid with proof of delivery from the courier requested, (c) the next business day when sent by certified or registered mail, postage prepaid, or (d) when sent if in writing and sent by electronic mail.

(e) Assignment. No party hereto may assign (whether by operation of law or otherwise) either this Agreement or any of its rights, interests, or obligations hereunder without the prior written consent of the other party. Notwithstanding the foregoing, Columbia Care may, without obtaining the prior written consent of Medicine Man, assign any of its rights, or delegate any of its obligations under this Agreement to any affiliate of Columbia Care. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Any purported assignment or delegation of rights or obligations in violation of this Section 7(e) is void and of no force or effect.

(f) Third Party Beneficiaries. Nothing in this Agreement is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(g) Severability. In the event that any provision of this Agreement or the application thereof becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to negotiate in good faith to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

(h) Governing Law. This Agreement shall be governed and construed in accordance with the Laws of the State of Colorado, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof, as to all matters, including matters of validity, construction, effect, performance and remedies.

(i) Rules of Construction. The parties hereto agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

(j) Counterparts; Facsimile. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart. This Agreement may be executed and delivered by facsimile or electronic mail.

(k) Further Assurances. In connection with this Agreement and all transactions contemplated by this Agreement, each party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Services Agreement on the date first above written.

COLUMBIA CARE, LLC

By: _____

Name: _____

Title: _____

MEDICINE MAN LONGMONT, LLC

By: _____

Name: _____

Title: _____

SCHEDULE 1

SERVICES

- Accounting Services**
 - input of daily sales
 - creation of financial statements (includes balance sheets, P/L, cash flow)
 - upload of bills
 - provide payments of accounts payable

- Marketing Services**
 - loyalty program texts
 - website management/maintenance
 - graphics
 - creation of marketing materials

- Social Media**
 - social media posts
 - menu management
 - review of responses

- Human Resources**
 - at direction of Medicine Man manage all employee hiring and onboarding
 - at direction of Medicine Man manage all employee termination procedures and exit interviews
 - manage employee benefits
 - payroll administration

- Buying Consultant**
 - shall provide consulting for purchasing of third party goods
 - may perform services on site to execute purchases at direction of Medicine Man

- IT**
 - system updates
 - system upgrades
 - METRC uploads at direction of Medicine Man

- Maintenance**
 - maintenance of property and equipment as needed

- Money Counting**
 - employee provided to be onsite to assist with money counting

The Services may be provided by any of the following Columbia Care employees ("**Employees**"):

Charlie Marcella, Trey Fisher, Libby Cope, Lauren Maxwell, Josh Best, David Behrns, Grant Hryze, Michelle Zeman.

Any changes to these Employees must be approved in writing by Medicine Man.

COLUMBIA CARE INC., AS ISSUER

AND

ODYSSEY TRUST COMPANY, AS TRUSTEE

THIRD SUPPLEMENTAL INDENTURE

Dated as of February 2, 2022

TABLE OF CONTENTS

ARTICLE 1	
DEFINITION AND INTERPRETATION	2
Section 1.1 To Be Read With Indenture	2
ARTICLE 2	
AMENDMENTS	3
Section 2.1 Amendment to Section 7.10(b)(i)	3
Section 2.2 Amendments to Effect the Change from IFRS to GAAP	3
ARTICLE 3	
MISCELLANEOUS	4
Section 3.1 Acceptance of Trust	4
Section 3.2 Confirmation of Indenture	4
Section 3.3 Effective Date	4
Section 3.4 Counterparts.	4

BETWEEN:

COLUMBIA CARE INC., a company subsisting under the laws of the Province of British Columbia (hereinafter called the “**Issuer**”)

- and -

ODYSSEY TRUST COMPANY, a trust company incorporated under the laws of the Province of Alberta authorized to carry on the business of a trust company in British Columbia (hereinafter called the “**Trustee**”).

WHEREAS the Issuer has entered into a trust indenture with the Trustee dated as of May 14, 2020 (the “**Original Indenture**”), as supplemented by a first supplemental trust indenture dated as of June 19, 2020 (the “**First Supplemental Indenture**”) and as supplemented by a second supplemental trust indenture dated as of June 29, 2021 (the “**Second Supplemental Indenture**”, and together with the Original Indenture and the First Supplemental Indenture the “**Indenture**”);

AND WHEREAS pursuant to Section 14.1 of the Original Indenture, Holders of at least a majority of the principal amount of the Notes then outstanding under the Indenture may, by ordinary consent, approve an amendment to: (i) section 7.10(b)(i) of the Original Indenture; and (ii) amend certain provisions and obligations under the Original Indenture to contemplate a future accounting change from IFRS (as defined in the Original Indenture) to GAAP (as defined herein) (collectively, the “**Amendments**”);

AND WHEREAS, as of January 21, 2022, Holders of more than a majority of the aggregate principal amount of the Notes outstanding have provided the Issuer with their written consent to the Amendments;

AND WHEREAS this Third Supplemental Indenture is entered into for the purposes of giving effect to the Amendments;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Issuer and not by the Trustee;

NOW THEREFORE THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH that in consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

**ARTICLE 1
DEFINITION AND INTERPRETATION**

Section 1.1 To Be Read With Indenture.

This Third Supplemental Indenture is a supplemental indenture to the Indenture. The Indenture and this Third Supplemental Indenture will be read together and will have effect as though all the provisions of both indentures were contained in one instrument. If any terms of the Indenture are inconsistent with the express terms or provisions hereof, the terms of this Third Supplemental Indenture shall prevail to the extent of the inconsistency. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.

**ARTICLE 2
AMENDMENTS**

Section 2.1 Amendment to Section 7.10(b)(i).

Section 7.10(b)(i) of the Original Indenture shall be deleted in its entirety and replaced with the following:

“the Incurrence by the Issuer and any Guarantor of Indebtedness under this Indenture or Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Issuer and any Guarantor thereunder) that, at the time of and after giving effect to such Incurrence and all other Incurrences made under this paragraph (i) since the Initial Issue Date and which remain outstanding, does not exceed the greater of (A) US\$350 million or (B) three times the Issuer’s Consolidated EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available (determined on a pro forma basis after giving effect to a pro forma application of the net proceeds of such Incurrence and to such other pro forma adjustments as are consistent with those set forth in the definition of “Consolidated Fixed Charge Coverage Ratio”), and in each case such amounts are to be reduced by the aggregate principal amount of Notes and any Additional Notes outstanding on the date of such Incurrence (Indebtedness Incurred pursuant to this paragraph (i) being referred to as “**Permitted Pari Indebtedness**”);”

Section 2.2 Amendments to Effect the Change from IFRS to GAAP.

(1) Section 1.1 of the Original Indenture is hereby amended to include the following:

“**Change in Accounting Principles**” means a transition from financial reporting by the Issuer from IFRS to GAAP.

“**GAAP**” means the generally accepted accounting principles applicable to the United States of America.

(2) Section 1.13 of the Original Indenture is hereby amended to include the following as new paragraph “(d)”:

“If there occurs a Change in Accounting Principles after the Issue Date, the Issuer will be permitted to (without the consent of any Holders) and shall:

- (i) amend the Indenture to permit the Issuer to comply with any financial reporting covenants and obligations (including the obligations described in Section 7.5) by delivering Financial Reports prepared in accordance with GAAP;
- (ii) make good faith amendments to any Financial Terms (including revisions to any of the defined terms used in the determination of such Financial Terms) required to ensure the Change in Accounting Principles does not result in the calculation of such Financial Terms being materially different than the calculations that would be determined if such Change in Accounting Principles did not occur;
- (iii) amend the Indenture to replace references to “IFRS” with “GAAP”; and

- (iv) make such other amendments required in good faith to rectify or prevent typographical, clerical or other manifest errors in the Indenture as a result of (a) the Issuer preparing its Financial Reports in accordance with GAAP and (b) replacing all references in the Indenture to “IFRS” with “GAAP”.

Upon the occurrence of a Change in Accounting Principles, the Issuer shall provide notice of such change to the Trustee (an “Accounting Principles Change Notice”), which shall describe the change in accounting principles, describe the amendments the Issuer intends to make in accordance with the previous paragraph, and be accompanied by the form of supplemental indenture to be entered into by the Issuer and the Trustee to give effect to such amendments. The Accounting Principles Change Notice and form of supplemental indenture shall be delivered to the Trustee within 30 days of the end of the fiscal quarter in which the Change in Accounting Principles is implemented and will be executed by the Issuer and the Trustee within 15 days of delivery to the Trustee.

Promptly after receipt from the Issuer of an Accounting Principles Change Notice the Trustee shall deliver to each Holder a copy of such notice.”

ARTICLE 3 MISCELLANEOUS

Section 3.1 Acceptance of Trust.

The Trustee accepts the trusts in this Third Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Third Supplemental Indenture and in accordance with the Indenture.

Section 3.2 Confirmation of Indenture.

The Indenture as amended and supplemented by this Third Supplemental Indenture is in all respects confirmed, and this Third Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent therein provided.

Section 3.3 Effective Date

This Third Supplemental Indenture shall take effect upon the date first above written.

Section 3.4 Counterparts.

This Third Supplemental Indenture may be executed in one or more counterparts, each of which taken together shall constitute one and the same instrument. Counterparts may be executed either in original or electronic form and the parties hereto adopt any signatures received by electronic means as original signatures of the parties.

[Signature Page Follows]

IN WITNESS OF WHICH this Third Supplemental Indenture has been duly executed by the Issuer and the Trustee.

Dated as of the date first written above.

COLUMBIA CARE INC

Per: (Signed) "Nicholas Vita"

Name: Nicholas Vita:

Title: Chief Executive Officer

ODYSSEY TRUST COMPANY

Per: (Signed) "Dan Sander"

Name: Dan Sander

Title: VP, Corporate Trust

Per: (Signed) "Amy Douglas"

Name: Amy Douglas

Title: Director, Corporate Trust

COLUMBIA CARE INC., AS ISSUER

AND

ODYSSEY TRUST COMPANY, AS TRUSTEE

FOURTH SUPPLEMENTAL INDENTURE

Dated as of February 3, 2022

TABLE OF CONTENTS

**ARTICLE 1
DEFINITION AND INTERPRETATION**

Section 1.1	To Be Read With Indenture	1
Section 1.2	Definitions	2
Section 1.3	Conflicts with Indenture	13
Section 1.4	Headings, etc	14
Section 1.5	Governing Law	14

**ARTICLE 2
2026 NOTES**

Section 2.1	Creation and Designation of 2026 Notes	14
Section 2.2	Aggregate Principal Amount	14
Section 2.3	Authentication	14
Section 2.4	Date of Issue and Maturity	15
Section 2.5	Permitted Pari-Passu Indebtedness and First-Lien Indebtedness	15
Section 2.6	Currency	15
Section 2.7	Interest	15
Section 2.8	Optional Redemption	15
Section 2.9	Form of 2026 Notes	16
Section 2.10	Mandatory Redemption and Market Purchases	16
Section 2.11	Additional Amounts Payable on 2026 Notes	17
Section 2.12	Appointment	18
Section 2.13	Provision of Reports and Financial Information	18
Section 2.14	Designation of Restricted and Unrestricted Subsidiaries	20
Section 2.15	Restricted Payments	20
Section 2.16	Incurrence of Indebtedness	22
Section 2.17	Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries	23
Section 2.18	Transactions with Affiliates	24
Section 2.19	Repurchase at the Option of the Holders – Asset Sales	25
Section 2.20	Suspension of Covenants	25
Section 2.21	Minimum Liquidity	26
Section 2.22	Events of Default	26
Section 2.23	Amendment Supplement and Waiver	27
Section 2.24	Unrestricted Subsidiaries	28
Section 2.25	Global Notes – U.S. Restrictions on Transfer	28

**ARTICLE 3
MISCELLANEOUS**

Section 3.1	Acceptance of Trust	29
Section 3.2	Confirmation of Indenture	29
Section 3.3	Effective Date	29
Section 3.4	Counterparts	29
Section 3.5	Fax/Email	29
Section 3.6	Force Majeure	29
Section 3.7	Trial by Jury	30

ADDENDA

Schedule "A" FORM OF NOTE CERTIFICATE

Exhibit A-1

Exhibit A-2

Exhibit B

(ii)

BETWEEN:

COLUMBIA CARE INC., a company subsisting under the laws of the Province of British Columbia (hereinafter called the “**Issuer**”)

- and -

ODYSSEY TRUST COMPANY, a trust company incorporated under the laws of the Province of Alberta authorized to carry on the business of a trust company in British Columbia (hereinafter called the “**Trustee**”).

WHEREAS in connection with the issuance of 13.00% Senior Secured First-Lien Notes due 2023 (the “**2023 Notes**”), the Issuer has entered into a trust indenture with the Trustee dated as of May 14, 2020 (the “**Original Indenture**”), as supplemented by a first supplemental trust indenture dated as of June 19, 2020 in connection with the issuance of 5.00% senior secured convertible notes (the “**2023 Convertible Notes**”) (the “**First Supplemental Indenture**”), as supplemented by a second supplemental trust indenture dated as of June 29, 2021 in connection with the issuance of 6.00% secured convertible notes due 2025 (the “**2025 Convertible Notes**”) (the “**Second Supplemental Indenture**”), and as supplemented and amended by a third supplemental indenture dated as of February 2, 2022 (the “**Third Supplemental Indenture**” and together with the Original Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture, the “**Indenture**”);

AND WHEREAS pursuant to Section 14.5 of the Indenture, the Issuer and the Trustee may enter into Supplemental Indentures providing for the issue of any series of Notes and for establishing the terms, provisions and conditions of a particular series of Notes;

AND WHEREAS this Fourth Supplemental Indenture is entered into to provide for the issuance of Notes to be designated as “**9.5% Senior Secured First-Lien Notes due 2026**” pursuant to the Indenture and establishing the terms, provisions and conditions of the Notes;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Issuer and not by the Trustee;

NOW THEREFORE THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH that in consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

**ARTICLE 1
DEFINITION AND INTERPRETATION**

Section 1.1 To Be Read With Indenture.

This Fourth Supplemental Indenture is a supplemental indenture to the Indenture. The Indenture and this Fourth Supplemental Indenture will be read together and will have effect as though all the provisions of both indentures were contained in one instrument. If any terms of the Indenture are inconsistent with the express terms or provisions hereof, the terms of this Fourth Supplemental Indenture shall prevail to the extent of the inconsistency.

Section 1.2 Definitions.

- (1) All terms which are defined in the Indenture and used but not defined in this Fourth Supplemental Indenture have the meanings ascribed to them in the Indenture, as such meanings may be amended or supplemented by this Fourth Supplemental Indenture. The Indenture shall be amended by adding the following definitions to Section 1.1 (Definitions) of the Original Indenture:

“**2026 Notes**” means the 9.5% Senior Secured First-Lien Notes due 2026.

“**2026 Notes Certificate**” has the meaning given to it in Section 2.8(1).

“**2026 Notes Maturity Date**” has the meaning given to it in Section 2.4.

“**2026 Notes Record Date**” means the close of business on January 30 and July 30 immediately preceding the relevant Interest Payment Date.

“**Additional 2026 Notes**” means any 2026 Notes issued under and pursuant to the terms of and subject to the conditions of this Indenture after the Initial Issue Date.

“**Canadian Securities Legend**” means the legend identified as such in set out in Schedule “A” hereto.

“**Global Notes**” means, individually and collectively, each of the Regulation D Global Notes and the Regulation S Global Notes deposited with or on behalf of and registered in the name of the Depositary or its nominee, substantially in the form of Schedule “A” hereto and that bears the Global Note Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, issued in accordance with the applicable provisions of the Indenture.

“**Initial Issue Date**” means the date on which the Initial Notes were issued under the Original Indenture.

“**Initial Notes**” means the 2023 Notes issued by the Issuer on May 14, 2020 pursuant to the Original Indenture.

“**Interest Payment Date**” means February 3 and August 3 of each year that the 2026 Notes are outstanding and (except in respect of any Additional 2026 Notes) commencing on August 3, 2022.

“**Interest Period**” means the period commencing on the later of (a) the date of issue of the 2026 Notes and (b) the immediately preceding Interest Payment Date on which interest has been paid, and ending on the day immediately preceding the Interest Payment Date in respect of which interest is payable.

“**Non-U.S. Person**” means a Person who is not a U.S. Person.

“**Note Exchange Agreement**” means the Note Exchange Agreements to be dated the date hereof by and between the Issuer and the holders of the Issuer’s outstanding 13.00% senior secured notes due May 14, 2023

“**Offering Memorandum**” means the preliminary offering memorandum (including the documents incorporated by reference therein) dated January 13, 2022 and a final offering memorandum (including the documents incorporated by reference therein) dated January 26, 2022 related to the purchase of the 2026 Notes.

“**Regulation D**” means Regulation D under the U.S. Securities Act.

“**Regulation D Global Note**” means a Global Note substantially in the form of Schedule “A” hereto bearing the Global Note Legend and the Regulation D Legend and deposited with or on behalf of, and registered in the name of, the Depository or its nominee issued in a denomination equal to the outstanding principal amount of the Notes sold to U.S. Accredited Investors.

“**Regulation D Legend**” means the legend identified as such in set out in Schedule “A” hereto.

“**Regulation S**” means Regulation S under the U.S. Securities Act.

“**Regulation S Global Note**” means a Global Note substantially in the form of Schedule “A” hereto bearing the Global Note Legend and the Regulation S Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 903 of Regulation S. The Regulation S Global Note shall constitute a temporary global security pursuant to Regulation S and is be subject to Section 903(b) of Regulation S.

“**Regulation S Legend**” means the legend identified as such in set out in Schedule “A” hereto.

“**Restricted Period**” means the relevant 40-day distribution compliance period as defined in Regulation S.

“**Subscription Agreements**” means the subscription agreements to be entered into as of the date hereof between the Issuer and each of the purchasers of the 2026 Notes setting out the contractual relationship between the Issuer and such purchasers.

“**U.S. Accredited Investor**” has the meaning given such term in Rule 501(a) of Regulation D and of the U.S. Securities Act.

“**U.S. Person**” means a U.S. Person as defined in Rule 902(k) promulgated under the U.S. Securities Act.

- (2) For the purposes of this Fourth Supplemental Trust Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by adding the following definitions to Section 1.1 (Definitions) of the Original Indenture:

“**Applicable Premium**” means, with respect to any Note on any redemption date, the greater of:

- (a) 1.0% of the principal amount of the Note; and
- (b) the excess, if any, of (i) the present value at such redemption date of (a) the redemption price of the Note at February 3, 2024 (such redemption price being set forth under Section 4.7) plus (b) all required interest payments due on the Note through February 3, 2024 (excluding accrued and unpaid interest to but excluding the redemption date), computed using a discount rate equal to the Treasury Rate plus 100 basis points and discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30- day months) over (ii) the principal amount of the Note.

“Asset Sale” means:

- (a) the sale, conveyance or other disposition of any assets, other than a transaction governed by the provisions of the Note Indenture described above under Section 7.14 or Section 12.1 of the Indenture; and
- (b) the issuance of Equity Interests by any of the Issuer’s Restricted Subsidiaries or the sale, transfer or other conveyance by the Issuer or any Restricted Subsidiary thereof of Equity Interests in any of its Subsidiaries (other than directors’ qualifying shares or shares required to be owned by other Persons pursuant to applicable law).

Notwithstanding the preceding, the following items will be deemed not to be Asset Sales:

- (a) any single transaction or series of related transactions that involves assets or other Equity Interests having a Fair Market Value of less than \$2 million;
- (b) any issuance or transfer of assets or Equity Interests between or among the Issuer and its Restricted Subsidiaries;
- (c) the sale or other disposition of cash or Cash Equivalents;
- (d) dispositions (including without limitation surrenders and waivers) of accounts or notes receivable or other contract rights in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings;
- (e) the trade or exchange by the Issuer or any Restricted Subsidiary thereof of any asset for any other asset or assets that is used or useable in a Permitted Business, including any cash or Cash Equivalents necessary in order to achieve an exchange of equivalent value; provided, however, that the Fair Market Value of the asset or assets received by the Issuer or any Restricted Subsidiary in such trade or exchange (including any such cash or Cash Equivalents) is at least equal to the Fair Market Value (as determined in good faith by the Board of Directors or an executive officer of the Issuer or such Subsidiary with responsibility for such transaction, which determination shall be conclusive evidence of compliance with this provision) of the asset or assets disposed of by the Issuer or any Restricted Subsidiary pursuant to such trade or exchange;
- (f) any sale, lease, conveyance or other disposition of (i) inventory, products, services or accounts receivable in the ordinary course of business, and (ii) any property or equipment that has become damaged, worn out or obsolete or pursuant to a program for the maintenance or upgrading of such property or equipment;
- (g) the creation of a Lien not prohibited by the Note Indenture and any disposition of assets resulting from the enforcement or foreclosure of any such Lien;
- (h) the disposition of assets that, in the good faith judgment of the Issuer, are no longer used or useful in the business of such entity;

- (i) a Restricted Payment or Permitted Investment that is otherwise permitted by the Note Indenture;
- (j) leases or subleases in the ordinary course of business to third persons otherwise in accordance with the provisions of the Note Indenture;
- (k) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to a wholly owned Restricted Subsidiary of the Issuer;
- (l) a surrender or waiver of contract rights or a settlement, release or surrender of contract, tort or other claims in the ordinary course of business;
- (m) foreclosure on assets or property;
- (n) any sale or other disposition of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary;
- (o) sales, transfers and other dispositions 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 arrangements and the transfer of assets as part of the consideration for Investment in a joint venture so long as the Fair Market Value of such assets is counted against the amount of Investments permitted under Section 7.9;
- (p) sales or dispositions in connection with Permitted Liens;
- (q) sales or dispositions in respect of which the Issuer or a Restricted Subsidiary is required to pay the proceeds thereof to a third party pursuant to the terms of agreements or arrangements in existence as at the Initial Issue Date; and
- (r) any sale, transfer or other disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition.

For purposes of this definition, any series of related transactions that, if effected as a single transaction, would constitute an Asset Sale, shall be deemed to be a single Asset Sale effected when the last such transaction which is a part thereof is effected.

“Cash Equivalents” means:

- (a) United States, Canadian dollars, Euros or Pound Sterling or, in an amount up to the amount necessary or appropriate to fund local operating expenses, other currencies;
- (b) securities issued or directly and fully guaranteed or insured by the government of the United States or Canada or any agency or instrumentality thereof (provided that the full faith and credit of the United States or Canada, as the case may be, is pledged in support of such securities), maturing, unless such securities are deposited to defease any Indebtedness, not more than one year from the date of acquisition;

- (c) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any commercial bank organized under the laws of the United States, Canada or any other country that is a member of the Organization for Economic Cooperation and Development, in each case, having capital and surplus in excess of \$500.0 million and a rating at the time of acquisition thereof of P-1 or better from Moody's, A-1 or better from Standard & Poor's, "F-1" or better from Fitch, or "R-1" or better from DBRS;
- (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) above entered into with any financial institution meeting the qualifications specified in clause (c) above;
- (e) commercial paper having one of the two highest ratings obtainable from any of (i) Moody's, (ii) Standard & Poor's, (iii) DBRS or (iv) Fitch, and in each case maturing within one year after the date of acquisition;
- (f) securities issued and fully guaranteed by any state, commonwealth or territory of the United States of America, any province or territory of Canada, or by any political subdivision or Taxing Authority thereof, rated at least "A" by Moody's, Standard & Poor's, DBRS or Fitch, and in each case having maturities of not more than one year from the date of acquisition; and
- (g) money market funds, of which at least a majority of the assets constitute Cash Equivalents of the kinds described in clauses (a) through (g) of this definition.

"Consolidated EBITDA" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, and without duplication:

- (a) an amount equal to any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; plus
- (b) all extraordinary, unusual or non-recurring items of loss or expense to the extent deducted in computing such Consolidated Net Income; plus
- (c) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus
- (d) Consolidated Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that any such Consolidated Fixed Charges were deducted in computing such Consolidated Net Income; plus
- (e) depreciation, depletion, amortization (including amortization of intangibles and deferred financing costs but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, depletion, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; plus

- (f) severance costs, restructuring costs, asset impairment charges and acquisition transition services costs, provided that in each case such costs or charges were deducted in calculating Consolidated Net Income for such period; plus
- (g) the settlement amounts relating to the settlement of any claims against the Issuer or any of its Restricted Subsidiaries, in an amount not to exceed \$25.0 million for any four fiscal quarter period; plus
- (h) the amount of any one-time and non-recurring costs relating to opening or relocating facilities, signing, retention and completion bonuses, costs incurred in connection with any strategic initiatives, transition and other business optimization expenses and project start-up costs; provided that the aggregate amount for all cash items added pursuant to this clause (h) shall not exceed 10% of Consolidated EBITDA for any four fiscal quarter period (calculated prior to giving effect to any adjustment pursuant to this clause (h)); plus
- (i) the amount of identified cost savings projected by the Issuer in good faith to result from actions taken or expected to be taken not later than twelve months after the end of such period (which identified cost savings shall be calculated as though they had been realized on the first day of the period for which Consolidated EBITDA is being determined); provided that (x) such cost savings are reasonably identifiable and factually supportable and (y) the aggregate amount of cost savings added pursuant to this clause (i) for any date for the four fiscal quarter period ending on such date shall not exceed, 20% of Consolidated EBITDA for any four fiscal quarter period ending on such date (calculated prior to giving effect to any adjustment pursuant to this clause (i)); plus
- (j) fair value adjustments to biological assets, including cannabis plants, measured at fair value less cost to sell up to the point of harvest; plus
- (k) all expenses related to restricted stock, redeemable stock or stock options interests granted to officers, directors and employees, to the extent such expenses were deducted in computing such Consolidated Net Income; minus
- (l) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business;

in each case, on a consolidated basis and determined in accordance with IFRS.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, the Consolidated Fixed Charges of and the depreciation, depletion and amortization and other non-cash expenses of, a Restricted Subsidiary of the Issuer will be added to Consolidated Net Income to compute Consolidated EBITDA of the Issuer (A) in the same proportion that the Net Income of such Restricted Subsidiary was added to compute such Consolidated Net Income of the Issuer and (B) only to the extent that a corresponding amount would be permitted at the date of determination to be dividend or distributed, directly or indirectly, to the Issuer by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Subsidiary or its stockholders.

“Designated Rating Organization” means each of Standard & Poor’s, Moody’s, DBRS and Fitch.

“EDGAR” means the electronic data gathering, analysis, and retrieval database maintained by the U.S. Securities Exchange Commission.

“Existing Indebtedness” means the aggregate amount of Indebtedness of the Issuer and its Restricted Subsidiaries (other than the Notes issued hereby and the related Subsidiary Guarantees) in existence on the Initial Issue Date, until such Indebtedness is repaid or otherwise renewed, refinanced, replaced, defeased or discharged.

“Fitch” means Fitch Ratings Inc. or any successor ratings agency thereto.

“Guarantor” means each Restricted Subsidiary that has delivered a Subsidiary Guarantee on the Initial Issue Date and any other Person that becomes (or has become) a Guarantor pursuant to Section 15.1 or that otherwise executes and delivers a Subsidiary Guarantee to the Collateral Trustee.

“Investment Grade Rating” means a rating equal to or higher than:

- (a) “BBB-” (or the equivalent) from Standard & Poor’s;
- (b) “Baa3” (or the equivalent) from Moody’s;
- (c) “BBB (Low)” (or the equivalent) from DBRS; or
- (d) “BBB-” (or the equivalent) from Fitch.

“Issue Date” means the date on which the 2026 Notes are issued under the Indenture.

“Lease Obligation” means, at the time any determination thereof is to be made, the amount of the liability in respect of a lease liability that would at that time be required to be capitalized on a statement of financial position in accordance with IFRS as in effect on the Initial Issue Date, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“Permitted Business” means any business conducted or proposed to be conducted (as described in the Offering Memorandum) by the Issuer and its Restricted Subsidiaries on the Initial Issue Date and other businesses reasonably related, complimentary or ancillary thereto.

“Permitted Investments” means:

- (a) any Investment in the Issuer or in a Restricted Subsidiary of the Issuer;
- (b) any Investment in Cash Equivalents;
- (c) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person, if as a result of such Investment:
 - (i) such Person becomes a Restricted Subsidiary of the Issuer; or

- (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer;
- (d) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 7.15 or a sale or disposition of assets excluded from the definition of “**Asset Sale**”;
- (e) Hedging Obligations that are Incurred in the ordinary course of business and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;
- (f) stock, obligations or securities received as a result of the bankruptcy or reorganization of a Person or taken in settlement or other resolutions of claims or disputes or in satisfaction of judgments, and extensions, modifications and renewals thereof;
- (g) advances to customers or suppliers in the ordinary course of business that are, in conformity with IFRS, recorded as accounts receivable, prepaid expenses or deposits on the statement of financial position of the Issuer or its Restricted Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business;
- (h) any Investment in any Person solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Issuer;
- (i) loans or advances to officers and employees of the Issuer or any of its Subsidiaries made in the ordinary course of business, which, in the aggregate outstanding amount, do not at any time exceed \$1.0 million;
- (j) repurchases of, or other Investments in, the Notes;
- (k) advances, deposits and prepayments for purchases of any assets used in a Permitted Business, including any Equity Interests;
- (l) commission, payroll, travel, entertainment and similar advances to officers and employees of the Issuer or any of its Restricted Subsidiaries that are expected at the time of such advance ultimately to be recorded as an expense in conformity with IFRS;
- (m) guarantees issued in accordance with Section 7.10;
- (n) Investments existing on the Initial Issue Date;
- (o) any Investment (i) existing on the Initial Issue Date, (ii) made pursuant to binding commitments in effect on the Initial Issue Date or (iii) that replaces, refinances or refunds any Investment described under either of the immediately preceding clauses (i) or (ii); provided that the new Investment is in an amount that does not exceed the amount replaced, refinanced or refunded, and not materially less favorable to the Issuer or any of its Restricted Subsidiaries than the Investment replaced, refinanced or refunded as determined in good faith by the Issuer;

- (p) Investments the payment for which consists solely of Capital Stock of the Issuer;
- (q) any Investment in any Subsidiary of the Issuer in connection with intercompany cash management arrangements or related activities;
- (r) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practice;
- (s) performance guarantees made in the ordinary course of business or consistent with past practice;
- (t) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;
- (u) Investments in the ordinary course of business or consistent with past practice consisting of the licensing or contribution of intellectual property pursuant to joint marketing or other business arrangements with other Persons;
- (v) an Investment in satisfaction of judgments against other Persons; and
- (w) any other Investment provided that, at the time of and after giving effect to such Investment, the aggregate Fair Market Value of such Investment (measured on the date each such Investment was made and without giving effect to subsequent changes in value) and all other Investments made under this paragraph (w) since the Initial Issue Date does not exceed the greater of (i) \$45 million and (ii) 0.3 times the Issuer's Consolidated EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available (determined on a pro forma basis after giving pro forma effect to the Investment and to such other pro forma adjustments as are consistent with those set forth in the definition of "Consolidated Fixed Charge Coverage Ratio");

provided, however, that with respect to any Investment, the Issuer may, in its sole discretion, allocate all or any portion of any Investment and later re-allocate all or any portion of any Investment, to one or more of the above clauses (a) through (w) so that the entire Investment would be a Permitted Investment.

"Permitted Liens" means:

- (a) First-Priority Liens held by the Collateral Trustee securing Permitted Pari Indebtedness and all related Obligations;
- (b) Liens in favor of the Issuer or any Restricted Subsidiary;
- (c) Liens on property of a Person (i) existing at the time of acquisition thereof or (ii) existing at the time such Person is merged with or into or consolidated with the Issuer or any Restricted Subsidiary of the Issuer; provided that such Liens were in existence prior to, and not in contemplation of, such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Issuer or the Restricted Subsidiary;

- (d) Liens on property existing at the time of acquisition thereof by the Issuer or any Restricted Subsidiary of the Issuer, provided that such Liens were in existence prior to, and not in contemplation of, such acquisition and do not extend to any property other than the property so acquired by the Issuer or the Restricted Subsidiary;
- (e) Liens securing the Notes and the Subsidiary Guarantees;
- (f) Liens existing on the Initial Issue Date that do not secure Indebtedness;
- (g) Liens securing Permitted Refinancing Indebtedness; provided that any such Lien is limited to all or part of the same property or assets that secured (or under the written agreement under which such original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property and assets that are the security for another Permitted Lien hereunder;
- (h) Liens on property or assets used to defease or to satisfy and discharge Indebtedness; provided that (i) the Incurrence of such Indebtedness was not prohibited by the Note Indenture and (ii) such defeasance or satisfaction and discharge is not prohibited by the Note Indenture;
- (i) Liens to secure Lease Obligations permitted to be Incurred under Section 7.10 covering only the assets leased in connection therewith;
- (j) Liens to secure Indebtedness permitted by Section 7.10(b)(iv) covering only the assets acquired, designed, constructed, installed, developed or improved with such Indebtedness;
- (k) Liens securing Hedging Obligations incurred in the ordinary course of business and not for speculative purposes;
- (l) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other social security or similar obligations;
- (m) Liens, deposits or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of Indebtedness), leases, or other similar obligations arising in the ordinary course of business;
- (n) Liens given to a public utility or any municipality or governmental or other public authority when required by such utility or authority in connection with the ownership of assets, provided that such Liens do not materially interfere with the use of such assets in the operation of the business;
- (o) reservations, limitations, provisos and conditions, if any, expressed in any original grant from the government of Canada of any real property or any interest therein or in any comparable grant in jurisdictions other than Canada, provided they do not materially interfere with the use of such assets;

- (p) survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, zoning or other restrictions as to the use of properties, and defects in title which, in the case of any of the foregoing, were not Incurred or created to secure the payment of Indebtedness, and which in the aggregate do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Issuer or any of its Restricted Subsidiaries;
- (q) servicing agreements, development agreements, site plan agreements, and other agreements 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;
- (r) judgment and attachment Liens, individually or in the aggregate, neither arising from judgments or attachments that gave rise to, nor giving rise to, an Event of Default, notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;
- (s) Liens, deposits or pledges to secure public or statutory obligations, surety, stay, appeal, indemnity, performance or other similar bonds or obligations, and Liens, deposits or pledges in lieu of such bonds or obligations, or to secure such bonds or obligations, or to secure letters of credit in lieu of or supporting the payment of such bonds or obligations, in each case which are Incurred in the ordinary course of business;
- (t) bankers' Liens and Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Issuer or any Subsidiary thereof on deposit with or in possession of such bank;
- (u) any interest or title of a lessor, licensor or sublicensor in the property subject to any lease, license or sublicense;
- (v) Liens for taxes, assessments and governmental charges not yet delinquent or being contested in good faith and for which adequate reserves have been established to the extent required by IFRS;
- (w) Liens arising from precautionary financing statements under the UCC or financing statements under a PPSA or similar statutes regarding leases, sales of receivables or consignments;
- (x) Liens of franchisors in the ordinary course of business not securing Indebtedness;
- (y) Liens imposed by law, such as carriers', warehousemen's, repairmen's, landlord's, suppliers', builders' and mechanics' Liens or other similar Liens, in each case, incurred in the ordinary course of business for sums not yet delinquent by more than 60 days or being contested in good faith, if such reserve or other appropriate provisions, if any, as shall be required by IFRS, shall have been made in respect thereto;
- (z) Liens contained in purchase and sale agreements to which the Issuer or any of its Restricted Subsidiaries is the selling party thereto which limit the transfer of assets pending the closing of the transactions contemplated thereby;

- (aa) Liens that may be deemed to exist by virtue of contractual provisions that restrict the ability of the Issuer or any of its Subsidiaries from granting or permitting to exist Liens on their respective assets;
- (bb) Liens in favor of the Trustee as provided for in the Note Indenture on money or property held or collected by the Trustee in its capacity as Trustee;
- (cc) Liens on and pledges of the Equity Interests of any Unrestricted Subsidiary or any joint venture owned by the Issuer or any of its Restricted Subsidiaries to the extent securing non-recourse debt or other Indebtedness of such Unrestricted Subsidiary or joint venture;
- (dd) Liens securing any insurance premium financing under customary terms and conditions, provided that no such Lien may extend to or cover any assets or property other than the insurance being acquired with such financing, the proceeds thereof and any unearned or refunded insurance premiums related thereto;
- (ee) Liens securing inventories that are purchased on credit terms exceeding 90 days made in the ordinary course of business;
- (ff) Liens arising out of the conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (gg) Liens in favour of the Collateral Trustee; and
- (hh) additional Liens with respect to Indebtedness provided that, at the time of and after giving effect to the Incurrence of such Liens, the aggregate amount of Indebtedness secured by such Liens and all other Liens Incurred under this clause (hh) since the Initial Issue Date and which remain outstanding, does not exceed the greater of (a) US\$75 million or (b) 6.5% of the Issuer's Consolidated Net Tangible Assets (determined as of the date of such Incurrence and including any assets acquired in connection therewith).

“**Treasury Rate**” means, in respect of any redemption date, the yield to maturity as of the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519), that has become publicly available three Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)), most nearly equal to the period from the redemption date to February 3, 2024; provided, however, that if the period from the redemption date to February 3, 2024 is less than one year, the weekly average yield on actively traded United States Treasury securities adjusted to a constant maturity of one year will be used. The Issuer will (a) calculate the Treasury Rate no later than the second Business Day preceding the applicable Redemption Date and (b) prior to such Redemption Date file with the Trustee an Officers' Certificate setting forth the Applicable Premium and the Treasury Rate and showing the calculation of each in reasonable detail.

Section 1.3 Conflicts with Indenture

In the event of any inconsistency between the meaning given to a term in the Indenture and the meaning given to the same term in this Fourth Supplemental Indenture, the meaning given to the term in this Fourth Supplemental Indenture shall prevail to the extent of the inconsistency; provided, however, that the terms and provisions of this Fourth Supplemental Indenture may modify or amend the terms and provisions of the Indenture solely as applied to the 2026 Notes.

Section 1.4 Headings, etc.

The division of this Fourth Supplemental Indenture into Articles, Sections and paragraphs, the inclusion of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Fourth Supplemental Indenture.

Section 1.5 Governing Law.

This Fourth Supplemental Indenture shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

**ARTICLE 2
2026 NOTES****Section 2.1 Creation and Designation of 2026 Notes**

In accordance with the Indenture and this Fourth Supplemental Indenture, the Issuer is authorized to issue a series of Notes designated "9.5% Senior Secured First-Lien Notes due 2026" having the terms set forth in this Article 2.

Section 2.2 Aggregate Principal Amount

The aggregate principal amount of 2026 Notes which may be issued under this Fourth Supplemental Indenture is unlimited, provided, however, that the maximum principal amount of 2026 Notes initially issued hereunder on the Issue Date shall be US\$185,000,000. The Issuer may, from time to time, without the consent of any existing Holders but subject to Section 7.10 of the Original Indenture (as amended), create and issue Additional 2026 Notes hereunder having the same terms and conditions as the 2026 Notes in all respects, except for the date of issuance, issue price and first payment of interest thereon. Additional 2026 Notes so created and issued will be consolidated with and form a single series with the 2026 Notes.

Section 2.3 Authentication

The Trustee shall initially authenticate one or more Global Notes and/or Definitive Notes, as directed by the Issuer in the Authentication Order, for original issue on the Initial Issue Date in an aggregate principal amount of US\$185,000,000 or otherwise to permit transfers or exchanges in accordance with Section 5.6 of the Original Indenture (as amended hereby) upon receipt by the Trustee of a duly executed Authentication Order. After the Initial Issue Date, subject to Section 2.2, the Issuer may issue, from time to time, and the Trustee shall authenticate upon receipt of an Authentication Order and the items listed in Section 3.2(d) of the Original Indenture, Additional 2026 Notes for original issue. Except as provided in Section 7.10 of the Original Indenture, as amended, there is no limit on the amount of Additional 2026 Notes that may be issued hereunder. Each such Authentication Order shall specify the principal amount of 2026 Notes to be authenticated and the date on which such 2026 Notes are to be authenticated. The aggregate principal amount of 2026 Notes outstanding at any time may not exceed the aggregate principal amount specified in the Authentication Orders provided in respect of original issues of 2026 Notes except as provided in Section 3.10 of the Original Indenture. For certainty, the Trustee shall not be obligated or liable to ensure that the Issuer is in compliance with the limitations in Section 7.10 of the Original Indenture, as amended, or any other covenants under, the Indenture, and shall be entitled to rely on an Officers' Certificate from the Issuer certifying such compliance for any Additional 2026 Notes so issued.

Section 2.4 Date of Issue and Maturity

The 2026 Notes will be dated February 3, 2022 and the 2026 Notes will become due and payable, together with all accrued and unpaid interest thereon, on February 3, 2026 (the “**2026 Notes Maturity Date**”).

Section 2.5 Permitted Pari-Passu Indebtedness and First-Lien Indebtedness

The 2026 Notes authorized hereunder shall be deemed Permitted Pari Indebtedness for the purposes of Section 7.10(b)(i) of the Original Indenture and shall be a direct senior secured obligation of the Issuer secured by a First-Priority Lien in certain Collateral of the Issuer and Guarantors in favour of the Collateral Trustee pursuant to the Security Documents and, for greater certainty, shall be First-Lien Indebtedness of the Issuer ranking equally and ratably with all other First-Lien Indebtedness of the Issuer pursuant to Section 2.1 of the Original Indenture.

Section 2.6 Currency

The principal of the 2026 Notes and interest thereon and all sums that may at any time become payable thereon, whether at 2026 Notes Maturity Date or otherwise, shall be payable in lawful money of the United States of America as provided herein.

Section 2.7 Interest

- (1) The 2026 Notes will bear interest on the unpaid principal amount thereof at the rate of 9.5% per annum from their respective Issue Date to, but excluding, the 2026 Notes Maturity Date, compounded semi-annually and payable in arrears on each Interest Payment Date. The first Interest Payment Date for the initial 2026 Notes will be August 3, 2022.
- (2) Interest will be payable in respect of each Interest Period (after, as well as before, the 2026 Notes Maturity Date, default and judgment, with interest overdue on principal and interest at a rate that is 1% higher than the applicable rate on the 2026 Notes) on each Interest Payment Date in accordance with Section 3.11 and Section 3.14 of the Original Indenture. Interest on the 2026 Notes will accrue from their respective Issue Date or, if interest has already been paid, from and including the last Interest Payment Date therefor to which interest has been paid or made available for payment. Interest will be computed on the basis of a 365-day or 366-day year, as applicable, and will be payable in equal semi-annual amounts; except that interest in respect of any period that is shorter than a full semi-annual interest period will be computed on the basis of a 365-day or 366-day year, as applicable, and the actual number of days elapsed in that period.

Section 2.8 Optional Redemption

- (1) At any time prior to February 3, 2024, the Issuer may, on any one or more occasions, redeem all or any part of the 2026 Notes, upon not less than 15 nor more than 60 days' notice, at a redemption price equal to 100% of the aggregate principal amount of the 2026 Notes redeemed plus the Applicable Premium and accrued and unpaid interest, if any, to but excluding the date of redemption (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date).

- (2) At any time prior to February 3, 2024, the Issuer may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of 2026 Notes issued under the Indenture (including any Additional 2026 Notes), upon not less than 15 nor more than 60 days' notice, at a redemption price equal to 109.50% of the principal amount of the 2026 Notes redeemed, plus accrued and unpaid interest, if any, to but excluding the date of redemption (subject to the right of Holders on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of one or more Equity Offerings; provided that:
- (a) at least 65% of the aggregate principal amount of 2026 Notes issued on the Issue Date remain outstanding immediately after such redemption; and
 - (b) the redemption occurs within 90 days of the date of the closing of such Equity Offering.
- (3) At any time on or after February 3, 2024, the Issuer may, on any one or more occasions, redeem all or any part of the 2026 Notes, upon not less than 15 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, to but excluding the date of redemption (subject to the right of Holders on the relevant record date to receive interest on the relevant interest payment date), if redeemed during the twelve-month period beginning on February 3 of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2024	104.75%
2025 and thereafter	100.00%

Section 2.9 Form of 2026 Notes

- (1) The Trustee shall authenticate one or more Global Notes and /or Definitive 2026 Notes, which shall be in the form substantially set out in Schedule "A" hereto (the "**2026 Notes Certificate**") with such insertions, deletions, substitutions and variations as may be required or permitted by the terms of the Indenture or as may be required to comply with any law or the rules of the Depository.
- (2) The 2026 Notes shall bear such distinguishing letters, numbers and legends as the Trustee and the Issuer may approve, including such legend as may be set out in Schedule "A" hereto, notwithstanding Section 3.3(h) of the Original Indenture which does not apply to the 2026 Note. The 2026 Notes shall include the Regulation D Legend or the Regulation S Legend, as applicable. The 2026 Notes issued as Global Notes shall also include the Global Note Legend.

Section 2.10 Mandatory Redemption and Market Purchases

- (1) The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the 2026 Notes; provided, however, that the Issuer may be required to offer to purchase the 2026 Notes pursuant to Sections 7.14 and 7.15 of the Original Indenture.
- (2) The Issuer may at any time and from time to time purchase the 2026 Notes (including any Additional 2026 Notes) by means other than a redemption, whether by a tender offer, open market purchases, negotiated transactions, private agreement or otherwise at any price in accordance with Applicable Securities Legislation, the U.S. federal securities laws, and the applicable securities laws of any of the states of the United States, so long as such acquisition does not violate the terms of this Fourth Supplemental Indenture or the Indenture.

Section 2.11 Additional Amounts Payable on 2026 Notes

- (1) All payments made by any Guarantor under or with respect to any Subsidiary Guarantee in respect of the 2026 Notes will be made free and clear of and without withholding or deduction for or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge imposed or levied by or on behalf of any United States taxing authority (hereinafter “**Taxes**”), unless any Guarantor is required to withhold or deduct Taxes by law or by the interpretation or administration thereof. If any Guarantor is so required to withhold or deduct any amount of interest for or on account of Taxes from any payment made under or with respect to any Subsidiary Guarantee, such Guarantor will pay such additional amounts of interest (“**Additional Amounts**”) as may be necessary so that the net amount received by each holder or beneficial owner of Notes (including Additional Amounts) after such withholding or deduction will not be less than the amount the holder or beneficial owner of Notes would have received if such Taxes had not been withheld or deducted; provided that no Additional Amounts will be payable with respect to a payment made to a holder or beneficial owner of Notes (an “**Excluded Holder**”):
- (a) which is subject to such Taxes by reason of any connection between such holder or beneficial owner of 2026 Notes and the United States or any political subdivision thereof or authority thereof other than the mere holding of Notes or the receipt of payments thereunder;
 - (b) which failed to duly and timely comply with a timely request of the Issuer to provide information, documents, certification or other evidence concerning such holder’s or beneficial owner’s nationality, residence, entitlement to treaty benefits, identity or connection with the United States or any political subdivision or authority thereof, if and to the extent that due and timely compliance with such request would have resulted in the reduction or elimination of any Taxes as to which Additional Amounts would have otherwise been payable to such holder or beneficial owner of 2026 Notes but for this Section 4.12(a)(ii);
 - (c) which is a fiduciary, a partnership or not the beneficial owner of any payment on a Note, if and to the extent that, as a result of an applicable tax treaty, no Additional Amounts would have been payable had the beneficiary, partner or beneficial owner owned the Note directly (but only if there is no material cost or expense associated with transferring such Note to such beneficiary, partner or beneficial owner and no restriction on such transfer that is outside the control of such beneficiary, partner or beneficial owner);
 - (d) which is subject to Taxes to the extent that such Taxes would not have been imposed but for the holder or beneficial owner of 2026 Notes or the recipient of interest payable on the 2026 Notes not dealing at arm’s length, within the meaning of the Tax Act, with the Issuer or relevant Guarantor, as applicable;

which is subject to Taxes to the extent that such Taxes would not have been imposed but for such holder or beneficial owner of Notes being, or not dealing at arm’s length (within the meaning of the Tax Act) with, at any time a “specified shareholder” of the Issuer as defined in subsection 18(5) of the Tax Act;

- (e) to the extent that the Taxes required to be withheld or deducted are imposed pursuant to sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (and any amended or successor version that is substantially comparable), and any regulations or other official guidance thereunder or agreements (including any intergovernmental agreements or any laws, rules or practices implementing such intergovernmental agreements) entered into in connection therewith; or
- (f) any combination of the foregoing clauses of this proviso.

- (2) The Issuer or such Guarantor, as the case may be, will also (a) make such withholding or deduction and, (b) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Issuer or such Guarantor, as the case may be, will furnish to the holders of the 2026 Notes, within 30 days after the date the payment of any Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by such Guarantor, as the case may be. Such Guarantor will indemnify and hold harmless each holder (other than all Excluded Holders) for the amount of (A) any Taxes not withheld or deducted by such Guarantor and levied or imposed and paid by such holder as a result of payments made under or with respect to the Guarantees, (B) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, and (C) any Taxes imposed with respect to any reimbursement under clauses (a) or (b) above.
- (3) At least 30 days prior to each date on which any payment under or with respect to the 2026 Notes is due and payable, if any Guarantor is aware that it will be obligated to pay Additional Amounts with respect to such payment, the Issuer will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Whenever in the Fourth Supplemental Indenture there is mentioned, in any context, the payment of principal (and premium, if any), interest or any other amount payable under or with respect to any note, such mention shall be deemed to include mention of the payment of Additional Amounts provided for in this Section 2.11 to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.
- (4) The obligations described under this heading will survive any termination, defeasance or discharge of the Indenture and will apply mutatis mutandis to any successor Person and to any jurisdiction in which such successor is organized or is otherwise resident or doing business for tax purposes or any jurisdiction from or through which payment is made by such successor or its respective agents."

Section 2.12 Appointment

- (1) The Trustee will be the trustee for the 2026 Notes, subject to Article 13 of the Original Indenture.
- (2) The Issuer initially appoints CDS to act as Depository with respect to the 2026 Notes.
- (3) The Issuer initially appoints the Trustee at its corporate office in Vancouver, British Columbia to act as the Registrar, transfer agent, authentication agent and Paying Agent with respect to the 2026 Notes. The Issuer may change the Registrar, transfer agent, authentication agent or Paying Agent for the 2026 Notes at any time and from time to time without prior notice to the Holders of the 2026 Notes.

Section 2.13 **Provision of Reports and Financial Information**

- (1) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.5 in its entirety and replacing it with the following:

“The Issuer will provide to the Trustee, and the Trustee shall deliver to the Holders, the following:

- (a) within 60 days after the end of each quarterly fiscal period in each fiscal year of the Issuer, other than the last quarterly fiscal period of each such fiscal year, copies of:
 - (i) an unaudited consolidated statements of financial position as at the end of such quarterly fiscal period and unaudited consolidated statements of net income and other comprehensive income, cash flows and changes in equity of the Issuer for such quarterly fiscal period and, in the case of the second and third quarters, for the portion of the fiscal year ending with such quarter; and
 - (ii) an associated “Management’s Discussion and Analysis” prepared on a basis substantially consistent with the “Management’s Discussion and Analysis” (i) included in the Offering Memorandum (ii) or as required pursuant to applicable securities laws; and
- (b) within 120 days after the end of each fiscal year of the Issuer, copies of:
 - (i) an audited consolidated statements of financial position of the Issuer as at the end of such year and audited consolidated statements of net income and other comprehensive income, cash flows and changes in equity of the Issuer for such fiscal year, together with a report of the Issuer’s auditors thereon; and
 - (ii) an associated “**Management’s Discussion and Analysis**” prepared on a basis substantially consistent with the “**Management’s Discussion and Analysis**” (i) included in the Offering Memorandum or (ii) as required pursuant to applicable securities laws;

in the case of each of Sections 7.5(a)(i) and Section 7.5(b)(i) prepared in accordance with IFRS (or GAAP following the issuance of an Accounting Change Notice). The reports referred to in Section 7.5(a)(i) and Section 7.5(b)(i) are collectively referred to as the “**Financial Reports.**”

- (c) The Issuer will, within 15 Business Days after providing to the trustee any Financial Report, hold a conference call to discuss such Financial Report and the results of operations for the applicable reporting period. The Issuer will also maintain a website to which Holders, prospective investors and securities analysts are given access, on which not later than the date by which the Financial Reports are required to be provided to the trustee pursuant to the immediately preceding paragraph, the Issuer (i) makes available such Financial Reports and (ii) provides details about how to access on a toll-free basis the quarterly conference calls described above.
- (d) Notwithstanding the foregoing paragraphs, (i) all Financial Reports will be deemed to have been provided to the Trustee and the Holders once filed on either (A) the System for Electronic Document Analysis and Retrieval (SEDAR) or any successor system thereto; or (B) EDGAR or any successor system thereto, and the Issuer will not be required to maintain a website on which it makes such Financial Reports available, and (ii) if the Issuer holds a quarterly conference call for its equity holders within 15 Business Days of filing a Financial Report on SEDAR or EDGAR or any successor systems thereto, Holders shall be permitted to attend such conference call.”

Section 2.14 Designation of Restricted and Unrestricted Subsidiaries

- (1) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.6(a)(i) in its entirety and replacing it with the following:

“at the time of and after giving effect to any such designation, the Issuer and its Restricted Subsidiaries account for at least 85% of the Consolidated Net Tangible Assets of the Issuer (excluding all of the assets of an Unrestricted Subsidiary that was an Unrestricted Subsidiary as of the Initial Issue Date);”

- (2) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.6(c) in its entirety and replacing it with the following:

“The Chief Executive Officer and/or Chief Financial Officer of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that:

- (i) such designation will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness of such Unrestricted Subsidiary which was Incurred after the date such Subsidiary was designated as an Unrestricted Subsidiary, and such designation will only be permitted if such Indebtedness is permitted under Section 7.10;
- (ii) all outstanding Investments owned by such Unrestricted Subsidiary which were made after the date such Subsidiary was designated as an Unrestricted Subsidiary will be deemed to be made as of the time of such designation and such designation will only be permitted if such Investments would be permitted under the covenant described above under the caption “— Restricted Payments;” provided that such outstanding Investments shall be valued at the lesser of (a) the Fair Market Value of such Investments measured on the date of such designation and (b) the Fair Market Value of such Investments measured at the time each such Investment was made by such Unrestricted Subsidiary;
- (iii) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under Section 7.7; and
- (iv) no Default or Event of Default would be in existence following such designation.”

Section 2.15 Restricted Payments

- (1) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.9(a)(iv)(C) in its entirety and replacing it with the following:

“such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries since the Initial Issue Date (excluding Restricted Payments permitted by Sections 7.9(b)(ii) through 7.9(b)(x), 7.9(b)(xii), 7.9(b)(xv), 7.9(b)(xvii) and 7.9(b)(xviii)), is less than the sum, without duplication, of:

- (a) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from December 31, 2019 to the end of the Issuer’s most recently ended fiscal quarter for which consolidated internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus
 - (b) 100% of the aggregate net cash proceeds and the aggregate Fair Market Value of any property received by the Issuer since the Initial Issue Date (A) as a contribution to its common equity capital, (B) from Equity Offerings of the Issuer (other than Disqualified Stock), including cash proceeds received from an exercise of warrants or options, or (C) from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Issuer that have been converted into or exchanged for such Equity Interests (in the case of each of the foregoing clauses (A) through (C), other than a contribution from, or Equity Interests (or Disqualified Stock or debt securities) sold to, a Subsidiary of the Issuer); plus
 - (c) to the extent any Restricted Investment that was made after the Initial Issue Date is (a) disposed of or otherwise liquidated, redeemed, repurchased or repaid, or (b) made in an entity that subsequently becomes a Restricted Subsidiary of the Issuer, 100% of the cash and the Fair Market Value of marketable securities or other property received by the Issuer or any Restricted Subsidiary of the Issuer with respect to such Restricted Investment (less the cost of disposition, if any); plus
 - (d) to the extent that any Unrestricted Subsidiary of the Issuer is redesignated as a Restricted Subsidiary after the Initial Issue Date, 100% of the Fair Market Value of the Issuer’s Investment in such Subsidiary as of the date of such redesignation; plus
 - (e) 100% of any dividends or distributions received in cash by the Issuer or a Restricted Subsidiary from an Unrestricted Subsidiary after the Initial Issue Date (to the extent not already included in Consolidated Net Income of the Issuer for the applicable period).”
- (2) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.9(b)(xv) in its entirety and replacing it with the following:

“any other Restricted Payment provided that, at the time of and after giving effect to such Restricted Payment, the aggregate of such Restricted Payment and all other Restricted Payments made under this Section 7.9(b)(xv) since the Initial Issue Date does not exceed the greater of (a) \$65 million and (b) 6.5% of the Issuer’s Consolidated Net Tangible Assets (determined as of the date of such Restricted Payment);”

- (3) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.9(b)(xviii) in its entirety and replacing it with the following:

“the purchase, redemption or other acquisition or retirement for value of any Equity Interests of the Issuer pursuant to a normal course issuer bid; provided that immediately after giving effect to any such transaction pursuant to this Section 7.9(b)(xviii), the Consolidated Leverage Ratio of the Issuer would not exceed 1.0 to 1.0.”

Section 2.16 Incurrence of Indebtedness

- (1) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.10(b)(ii) in its entirety and replacing it with the following:

“the Incurrence by the Issuer or any Restricted Subsidiary of Indebtedness represented by Lease Obligations in an aggregate principal amount that, at the time of and after giving effect to such Incurrence and all other Incurrences made under this Section 7.10(b)(ii) since the Initial Issue Date and which remain outstanding (including all Permitted Refinancing Indebtedness Incurred to refund, refinance, replace, defease or discharge any Lease Obligations Incurred pursuant to this Section 7.10(b)(ii)), does not exceed the greater of (a) \$200 million and (b) 20% of the Issuer’s Consolidated Net Tangible Assets (determined as of the date of such Incurrence and including any right of use assets acquired in connection with such Lease Obligations);”

- (2) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.10(b)(iv) in its entirety and replacing it with the following:

“the Incurrence by the Issuer or any Restricted Subsidiary of Indebtedness represented by purchase money obligations incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation, development or improvement of property, plant or equipment used in the business of the Issuer or any of its Restricted Subsidiaries, in an aggregate principal amount that, at the time of and after giving effect to such Incurrence and all other Incurrences made under this Section 7.10(b)(iv) since the Initial Issue Date and which remain outstanding (including all Permitted Refinancing Indebtedness Incurred to refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this Section 7.10(b)(iv)), does not exceed the greater of (a) \$100 million and (b) 10% of the Issuer’s Consolidated Net Tangible Assets (determined as of the date of such Incurrence and including any assets acquired with such Indebtedness);”

- (3) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.10(b)(vii) in its entirety and replacing it with the following:

“the Incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes and the Subsidiary Guarantees, in each case, issued on the Initial Issue Date, and any subsequent Incurrence by a Guarantor of Indebtedness represented by a Subsidiary Guarantee;”

- (4) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.10(b) (viii) in its entirety and replacing it with the following:
- “the Incurrence by the Issuer or any Restricted Subsidiary of the Issuer of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, defease or discharge Indebtedness (other than intercompany Indebtedness) that was permitted by the Note Indenture to be Incurred under Section 7.10(a) or clauses (ii), (iv), (vi), (xv) or (xix) of this Section 7.10(b);”
- (5) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.10(b) (xix) in its entirety and replacing it with the following:
- “the Incurrence by the Issuer or any Restricted Subsidiary of additional Indebtedness in an aggregate principal amount that, at the time of and after giving effect to such Incurrence and all other Incurrences made under this Section 7.10(b)(xix) since the Initial Issue Date and which remain outstanding (including all Permitted Refinancing Indebtedness Incurred to refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this Section 7.10(b)(xix)), does not exceed the greater of (a) \$95 million and (b) 9.5% of the Issuer’s Consolidated Net Tangible Assets (determined as of the date of such Incurrence and including any assets acquired with such Indebtedness).”
- (6) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section the paragraph titled “Minimum Liquidity” in 7.10(b) in its entirety.

Section 2.17 Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries

For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.11(b)(i) in its entirety and replacing it with the following:

“existing under, by reason of or with respect to any Existing Indebtedness, Capital Stock or other agreements or instruments in effect on the Initial Issue Date and any amendments, modifications, restatements, renewals, extensions, supplements, refundings, replacements or refinancings thereof, provided that the encumbrances and restrictions in any such amendments, modifications, restatements, renewals, increases, extensions, supplements, refundings, replacement or refinancings are, in the good faith judgment of the Issuer, not materially more restrictive, taken as a whole, than those contained in the Existing Indebtedness, Capital Stock or such other agreements or instruments, as the case may be, as in effect on the Initial Issue Date;”

Section 2.18 Transactions with Affiliates

- (1) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.12(a) in its entirety and replacing it with the following:

“The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into, make, amend, renew or extend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each, an “Affiliate Transaction”) involving aggregate consideration in excess of \$20.0 million for any Affiliate Transaction or series of related Affiliate Transactions, unless:

- (i) such Affiliate Transaction is on terms that, taken as a whole, are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s-length transaction by the Issuer or such Restricted Subsidiary with a Person that is not an Affiliate of the Issuer; and
- (ii) the Issuer delivers to the Trustee:
 - (A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$20.0 million, a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this covenant and that such Affiliate Transaction or series of related Affiliate Transactions has been approved by a majority of the disinterested members of the Board of Directors of the Issuer; and
 - (B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$50 million, an Officers’ Certificate certifying that, in the good faith determination of the certifying officers, such Affiliate Transaction has undergone an appraisal by a third party which has been approved by a majority of the disinterested directors of the Board of the Directors of the Issuer.”

- (2) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.12(b) (vi) in its entirety and replacing it with the following:

“transactions pursuant to agreements or arrangements in effect on the Initial Issue Date and described in the Offering Memorandum (including in any of the documents incorporated by reference herein), or any amendment, modification, or supplement thereto or replacement thereof, as long as such agreement or arrangement, as so amended, modified, supplemented or replaced, taken as a whole, is not materially more disadvantageous to, or restrictive on, the Issuer and its Restricted Subsidiaries than the original agreement or arrangement in existence on the Initial Issue Date;”

Section 2.19 Repurchase at the Option of the Holders – Asset Sales

For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.15(a)(ii) in its entirety.

Section 2.20 Suspension of Covenants

- (1) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.16(a) in its entirety and replacing it with the following:

“If on any date following the Initial Issue Date:

- (i) the Notes receive an Investment Grade Rating from at least 50% of the Designated Rating Organizations that have provided ratings of the Notes (“Investment Grade Status”); and
- (ii) “no Default or Event of Default shall have occurred and be continuing on such date, then beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the “Suspension Period”), the Sections listed below (the “Suspended Covenants”) will no longer be applicable to the Notes and any related default provisions of this Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries:
 - (A) Section 7.9;
 - (B) Section 7.10;
 - (C) Section 7.11;
 - (D) Section 7.12;
 - (E) Section 7.14;
 - (F) Section 7.15; and
 - (G) Section 12.1(a)(C).”

- (2) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.16(c) in its entirety and replacing it with the following:

“With respect to the Restricted Payments made after any Reversion Date, the amount of Restricted Payments will be calculated as though Section 7.9 had been in effect prior to, but not during, the Suspension Period. All Indebtedness incurred, or Disqualified Stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to 7.10(b)(vi). Any encumbrance or restriction of the type specified in Sections 7.11(a)(i), 7.11(a)(ii) and 7.11(a)(iii) entered into (or which the Issuer or any Restricted Subsidiary become legally obligated to enter into) during the Suspension Period will be deemed to have been in effect on the Initial Issue Date so that they are permitted under Section 7.11(b)(i). Any contract, agreement, loan, advance or guarantee with or for the benefit of any Affiliate of the Issuer entered into (or which the Issuer or any Restricted Subsidiary became legally obligated to enter into) during the Suspension Period will be deemed to have been in effect on the Initial Issue Date so that they are permitted under Section 7.12(b)(vi). Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero. During a Suspension Period, the Issuer may not designate any of its Restricted Subsidiaries to be Unrestricted Subsidiaries.”

Section 2.21 Minimum Liquidity

- (1) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 7.17 in its entirety.

Section 2.22 Events of Default

- (1) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 9.1(f) in its entirety and replacing it with the following:

“default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the Initial Issue Date, if that default:

- (i) is caused by a failure to make any payment on such Indebtedness when due and prior to the expiration of the grace period, if any, provided in such Indebtedness (a “**Payment Default**”); or
- (iii) results in the acceleration of such Indebtedness prior to its stated maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default which remains outstanding or the maturity of which has been so accelerated for a period of 30 days or more, aggregates \$50.0 million or more, provided that if any such Payment Default is cured or waived or any such acceleration is rescinded, as the case may be, such Event of Default under the Note Indenture and any consequential acceleration of the Notes shall be automatically rescinded, so long as such rescission does not conflict with any judgement or decree;”

- (2) For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 9.1(g) in its entirety and replacing it with the following:

“failure by the Issuer or any of its Restricted Subsidiaries to pay final non-appealable judgments (to the extent such judgments are not paid or covered by in-force insurance provided by a reputable carrier that has the ability to perform and has acknowledged coverage in writing) aggregating in excess of \$50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;”

Section 2.23 Amendment Supplement and Waiver

For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 9.1(g) in its entirety and replacing it with the following:

“Notwithstanding Sections 14.1 and 14.2, without the consent of any Holder, the Issuer, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes or the Subsidiary Guarantees to:

- (a) cure any ambiguity, defect or inconsistency;
- (b) provide for uncertificated Notes in addition to or in place of certificated Notes;
- (c) provide for the assumption of the Issuer’s or any Guarantor’s Obligations to Holders of Notes in the case of a merger, amalgamation or consolidation or sale of all or substantially all of the Issuer’s or such Guarantor’s assets or otherwise comply with Section 12.1;
- (d) make any change that would provide any additional rights or benefits to the Holders of Notes or that does not materially adversely affect the legal rights under this Indenture of any Holder of Notes;

add any Subsidiary Guarantee or to effect the release of a Guarantor from its Subsidiary Guarantee, all in accordance with the provisions of this Indenture governing such release and termination or to otherwise comply with Article 15;

- (e) secure the Notes or any Subsidiary Guarantees or any other Obligation under this Indenture;
- (f) evidence and provide for the acceptance of appointment by a successor Trustee;
- (g) conform the text of this Indenture, the Notes or the Subsidiary Guarantees to any provision of the Description of Notes to the extent that such provision in this Indenture, the Notes or the Subsidiary Guarantees was intended to be a verbatim recitation of a provision of the Description of Notes;
- (h) provide for the issuance of Additional Notes in accordance with this Indenture;
- (i) to enter into additional or supplemental Security Documents or to add additional parties to the Security Documents to the extent permitted thereunder and under this Indenture;
- (j) allow any Guarantor to execute a Subsidiary Guarantee;

- (k) to provide for any amendments permitted under Section 1.13; or
- (l) to release Collateral from the First-Priority Liens when permitted or required by this Indenture and the Security Documents or add assets to Collateral to secure First-Lien Indebtedness to the extent such Indebtedness is permitted under this Indenture.”

Section 2.24 Unrestricted Subsidiaries

For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by adding the following entity to Part III – Unrestricted Securities of Appendix D:

“Columbia Care NY Realty LLC”.

Section 2.25 Global Notes – U.S. Restrictions on Transfer

For the purposes of this Fourth Supplemental Indenture only and with respect to the 2026 Notes only (and for greater certainty not with respect to the 2023 Notes, the 2023 Convertible Notes or the 2025 Convertible Notes), the Original Indenture shall be amended by deleting Section 5.6(f) in its entirety and replacing it with the following:

“U.S. Restrictions on Transfer.

- (a) *Transfer and Exchange of Beneficial Interests in the Global Note.* A beneficial interest in any Global Note may be transferred or exchanged only in accordance with the Indenture and in compliance with Exhibit A-1 with respect to Regulation D Global Notes or Exhibit A-2 and Exhibit B with respect to Regulation S Global Notes.
- (b) *Transfers and Exchanges Involving Certificated Notes.* The Person requesting transfer or exchange of a Global Note for a Certificated Note or a Certificate Note for a Global Note must deliver or cause to be delivered to the Trustee (x) a duly completed and signed Form of Transfer attached to the applicable Note and an Opinion of Counsel and such other certifications and evidence as the Company may reasonably require in order to determine that the proposed transfer or exchange is being made in compliance with the U.S. Securities Act and any applicable securities laws of any states of the United States. Unless otherwise determined by the Company, any such Note issued upon transfer or exchange pursuant to this paragraph (b) shall have the same legends and the Note being transferred or exchanged.
- (c) *Certification of Beneficial Ownership of Regulation S Global Notes.* Each original owner of beneficial interests in the Regulation S Global Notes (or a Person acting on behalf of such an owner) has certified pursuant to the Subscription Agreements and/or Note Exchange Agreements, that such owner is a Non-U.S. Person and each subsequent purchaser of such beneficial interests prior to the termination of the Restricted Period shall be deemed to have made such certification pursuant to the terms and conditions of the Offering Memorandum and the Indenture with respect to transfers of such beneficial interests.

**ARTICLE 3
MISCELLANEOUS**

Section 3.1 Acceptance of Trust.

The Trustee accepts the trusts in this Fourth Supplemental Indenture and agrees to carry out and discharge the same upon the terms and conditions set out in this Fourth Supplemental Indenture and in accordance with the Indenture.

Section 3.2 Confirmation of Indenture.

The Indenture as amended and supplemented by this Fourth Supplemental Indenture is in all respects confirmed and for greater certainty the Issuer acknowledges and confirms that the Security Documents granted by it pursuant to the Indenture secure the due payment of all principal, interest and other amounts outstanding under the 2026 Notes.

Section 3.3 Effective Date

This Fourth Supplemental Indenture shall take effect upon the date first above written.

Section 3.4 Counterparts.

This Fourth Supplemental Indenture may be executed in one or more counterparts, each of which taken together shall constitute one and the same instrument. Counterparts may be executed either in original or electronic form and the parties hereto adopt any signatures received by electronic means as original signatures of the parties.

Section 3.5 Fax/Email.

The Trustee shall be entitled to treat a facsimile, pdf or e-mail communication or communication by other similar electronic means in a form satisfactory to the Trustee ("**Electronic Methods**") from a person purporting to be (and whom such Trustee, acting reasonably, believes in good faith to be) the authorized representative of the Issuer, as sufficient instructions and authority of the Issuer for the Trustee to act and shall have no duty to verify or confirm that person is so authorized. The Issuer acknowledges that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than Electronic Methods.

Section 3.6 Force Majeure.

The Trustee shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Trustee (including but not limited to any act or provision of any present or future law or regulation or Governmental Authority, any act of God or war, civil unrest, pandemic, local or national disturbance or disaster, any act of terrorism, cyber terrorism, loss or malfunctions of utilities, computer (hardware or software) or communication services or the unavailability of any wire or facsimile or other wire or communication facility).

Section 3.7 Trial by Jury.

The parties hereto hereby waive any right they may have to require a trial by jury of any proceeding commenced in connection herewith.

[Signature Page Follows]

IN WITNESS OF WHICH the Fourth Supplement Indenture has been duly executed by the Issuer and the Trustee.

Dated as of the date first written above.

COLUMBIA CARE INC

Per: (Signed) "Nicholas Vita"

Name: Nicholas Vita:

Title: Chief Executive Officer

ODYSSEY TRUST COMPANY

Per: (Signed) "Dan Sander"

Name: Dan Sander

Title: VP, Corporate Trust

Per: (Signed) "Amy Douglas"

Name: Amy Douglas

Title: Director, Corporate Trust

SCHEDULE "A"
FORM OF NOTE CERTIFICATE

[UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE]].

[THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR NOTES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY NOTE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE SHALL BE A GLOBAL NOTE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO COLUMBIA CARE INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.]¹

[Regulation D Legend: THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) SUCH SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (1)(a) IN THE UNITED STATES TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (b) OUTSIDE THE UNITED STATES IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (c) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF APPLICABLE) (AND BASED UPON AN OPINION OF

¹ Global Note Legend: Include legend on all Global Notes.

COUNSEL ACCEPTABLE TO THE COMPANY IF THE COMPANY SO REQUESTS) OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY IF THE COMPANY SO REQUESTS), (2) TO THE COMPANY OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN CLAUSE (A) ABOVE. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE SECURITY EVIDENCED HEREBY.]²

[Regulation S Legend: THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN COMPLIANCE WITH REGULATION S, ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR (B) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES, SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (B) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. BY ITS ACCEPTANCE HEREOF, THE HOLDER OF THIS NOTE FURTHER AGREES THAT IT WILL GIVE EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.]³

[Canadian Securities Legend: UNLESS PERMITTED UNDER APPLICABLE SECURITIES LEGISLATION IN CANADA, THE HOLDER OF THIS SECURITY MUST NOT TRADE THIS SECURITY IN CANADA BEFORE [THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE ORIGINAL DISTRIBUTION DATE OF THE SECURITY].]⁴

² Include legend on all Regulation D Notes.

³ Include legend on all Regulation S Notes.

⁴ Include legend on all Notes.

No. ●

COLUMBIA CARE INC.(a corporation formed under the laws of the *Business Corporations Act* (British Columbia))9.5% Senior Secured First-Lien 2026 Note
Due 2026

COLUMBIA CARE INC. (the “**Issuer**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the trust indenture dated as of May 14, 2020 (the “**Trust Indenture**”), as supplemented and amended by the First Supplemental Indenture, Second Supplemental, Third Supplemental Indenture and Fourth Supplemental Indenture (each as defined in the fourth supplemental indenture dated as of February 3, 2021 and collectively with the Trust Indenture, the “**Indenture**”), between the Issuer and Odyssey Trust Company (the “**Trustee**”), promises to pay to _____ on February 3, 2026 (the “**Maturity Date**”) or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture, the principal sum of ● Dollars (US\$●) in lawful money of the United States of America on presentation and surrender of this 2026 Note at the main branch of the Trustee in Vancouver, British Columbia in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, at the rate of 9.5% per annum (based on a year of 365 days), in like money, in arrears in equal installments on the six month anniversary of the Issue Date and the Maturity Date, and, should the Issuer at any time make default in the payment of any principal, or interest, to pay interest on the amount in default at the same rate, in like money and on the same date.

Interest on this 2026 Note will be computed on the basis of a 365-day or 366-day year, as applicable, and will be payable in equal semi-annual amounts; provided that for any Interest Period that is shorter than a full semi-annual interest period, interest shall be calculated on the basis of a year of 365 days or 366 days, as applicable, and the actual number of days elapsed in that period.

If the date for payment of any amount of principal, premium or interest is not a Business Day at the place of payment, then payment will be made on the next Business Day and the holder hereof will not be entitled to any further interest on such principal, or to any interest on such interest, premium or other amount so payable, in respect of the period from the date for payment to such next Business Day.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of this Indenture, the mailing of such cheque or the electronic transfer of such funds shall, to the extent of the sum represented thereby (plus the amount of any Taxes deducted or withheld), satisfy and discharge all liability for interest on this 2026 Note.

This Note is one of the 9.5% Senior Secured First-Lien 2026 Notes (referred to herein as the “**2026 Notes**”) of the Issuer issued under the provisions of the Indenture. The 2026 Notes authorized for issue immediately are limited to an aggregate principal amount of US\$● in lawful money of the United States.

Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the 2026 Notes are or are to be issued and held and the rights and remedies of the holders of the 2026 Notes and of the Issuer and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Note by acceptance hereof assents.

The 2026 Notes are issuable at a price of US\$1,000 per US\$1,000 of principal amount and only in denominations of US\$1,000 and integral multiples of US\$1,000. Upon compliance with the provisions of the Indenture, 2026 Notes of any denomination may be exchanged for an equal aggregate principal amount of 2026 Notes in any other authorized denomination or denominations.

Upon the occurrence of a Change of Control of the Issuer, the Issuer is required to make an offer, at the option of each Holder, to purchase all of the 2026 Notes at a cash price equal to 101% principal amount of such 2026 Notes in accordance with the terms of the Indenture.

The indebtedness evidenced by this 2026 Note, and by all other 2026 Notes now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Issuer.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of 2026 Notes outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of 2026 Notes outstanding, which resolutions or instruments may have the effect of amending the terms of this 2026 Note or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of the common shares in the capital of the Issuer, officers, directors and employees of the Issuer in respect of any obligation or claim arising out of the Indenture or this 2026 Note.

This 2026 Note may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Vancouver and in such other place or places and/or by such other registrars (if any) as the Issuer with the approval of the Trustee may designate. No transfer of this 2026 Note shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee or other registrar may prescribe and upon surrender of this 2026 Note for cancellation. Thereupon a new 2026 Note or 2026 Notes in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This 2026 Note shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

Capitalized words or expressions used in this 2026 Note shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

[Reminder of this page intentionally left blank.]

IN WITNESS WHEREOF COLUMBIA CARE INC. has caused this 2026 Note to be signed by its authorized representatives as of the _____ day of _____, 2022.

COLUMBIA CARE INC.

By: _____
Authorized Signatory

This 2026 Note is one of the 9.5% Senior Secured 2026 Note due 2026 referred to in the Indenture within mentioned.

ODYSSEY TRUST COMPANY

By: _____
Authorized Signatory

Date: _____

“A”-6

FORM OF TRANSFER

ODYSSEY TRUST COMPANY FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to (print name and address) the 2026 Notes represented by this 2026 Note Certificate and hereby irrevocable constitutes and appoints as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Trustee.

DATED this day of ,20 .

“A”-7

EXHIBIT A-1

**CERTIFICATE TO BE DELIVERED UPON EXCHANGE
OR REGISTRATION OF REGULATION D GLOBAL NOTES**

This certificate relates to \$principal amount of 2026 Notes held in book-entry form by the undersigned.

The undersigned has requested the Trustee by written order to exchange or register the transfer of a 2026 Note or 2026 Notes.

In connection with any transfer of any of the 2026 Notes evidenced by this certificate, the undersigned confirms that such 2026 Notes are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

- (1) to the Company; or
- (2) to the Trustee for registration in the name of the Holder, without transfer; or
- (3) pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”); or
- (4) to a Person that the undersigned reasonably believes is a “qualified institutional buyer” (as defined in Rule 144A under the U.S. Securities Act (“**Rule 144A**”) under the U.S. Securities Act) that purchases for its own account or for the account of a qualified institutional buyer and to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A; or
- (5) outside the United States of America in an “offshore transaction” within the meaning of Regulation S under the U.S. Securities Act in compliance with Rule 904 under the U.S. Securities Act; or
- (6) pursuant to Rule 144 under the U.S. Securities Act or another available exemption from registration under the U.S. Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the 2026 Notes evidenced by this certificate in the name of any Person other than the registered Holder thereof; provided, however, that if boxes (4), (5) or (6) is checked, the Company or the Trustee may require, prior to registering any such transfer of the 2026 Notes, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and prior to the date specified in the Canadian Restricted Legend, pursuant to exemptions from prospectus requirements under Canadian Securities Legislation, if applicable. For purposes of Box (5) the undersigned may provide the declaration that is found in Exhibit B, or such other documentation as may reasonably be requested by the Company or the Trustee,

EXHIBIT A-2
CERTIFICATE TO BE DELIVERED UPON EXCHANGE
OR REGISTRATION OF REGULATION S GLOBAL NOTES
DURING RESTRICTED PERIOD

This certificate relates to \$principal amount of 2026 Notes held in book-entry form by the undersigned.

The undersigned has requested the Trustee by written order to exchange or register the transfer of a 2026 Note or 2026 Notes during the Restricted Period.

In connection with any transfer of any of the 2026 Notes evidenced by this certificate, the undersigned confirms that such 2026 Notes are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

- (1) to the Company; or
- (2) pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”); or
- (3) outside the United States of America in an “offshore transaction” to a “non-U.S. person” within the meaning of Regulation S under the U.S. Securities Act in compliance with Rule 904 under the U.S. Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the 2026 Notes evidenced by this certificate in the name of any Person other than the registered Holder thereof; provided, however, if box (3) is checked, the Company or the Trustee may require, prior to registering any such transfer of the 2026 Notes, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and prior to the date specified in the Canadian Restricted Legend, pursuant to exemptions from prospectus requirements under Canadian Securities Legislation, if applicable.

EXHIBIT B

FORM OF DECLARATION FOR REMOVAL OF REGULATION D LEGEND

TO: Columbia Care Inc. (the “Company”)

AND TO: The registrar and transfer agent for the 2026 Notes of the Company

The undersigned (A) acknowledges that the sale of senior secured first-lien notes (the “**2026 Notes**”) of the Company, to which this declaration relates is being made in reliance on Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and (B) certifies that (1) the undersigned is not an “**affiliate**” (as that term is defined in Rule 405 under the U.S. Securities Act) of the Company, except solely by virtue of being an officer or director of the Issuer; (2) the offer of such 2026 Notes was not made to a person in the United States or a U.S. person and at the time the buy order was originated, the buyer was outside the United States and not a U.S. Person, or the seller and any Person acting on its behalf reasonably believed that the buyer was outside the United States and not a U.S. Person, and neither the seller nor any Person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States or a U.S. Person; (3) none of the seller, any affiliate of the seller or any person acting on their behalf has engaged or will engage in any “**directed selling efforts**” in the United States in connection with the offer and sale of such 2026 Notes; (4) the sale is bona fide and not for the purpose of “**washing off**” the resale restrictions imposed because the 2026 Notes are “**restricted securities**” (as that term is defined in Rule 144(a)(3) under the U.S. Securities Act); (5) the seller does not intend to replace such 2026 Notes with fungible unrestricted securities; and (6) the sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

DATED at _____ this _____ day of _____, 20__.

By: _____
Name:
Title:

Subsidiaries of the Registrant

Name of Company	State of Organization
Beacon Holdings, LLC	Colorado
Columbia Care LLC	Delaware
Green Leaf Extracts, LLC	Maryland
Green Leaf Management, LLC	Maryland
Green Leaf Medical of Virginia, LLC	Virginia
Green Leaf Medical, LLC	Delaware
Green Leaf Medicals, LLC	Pennsylvania
Infuzionz, LLC	Colorado
Patriot Care Corp	Massachusetts
Rocky Mountain Tillage, LLC	Colorado
TGS Colorado Management, LLC	Colorado
The Green Solution, LLC	Colorado
Time for Healing, LLC	Maryland
Wellness Institute of Maryland, LLC	Maryland