MEDMEN ENTERPRISES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS AND YEAR ENDED JUNE 27, 2020

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*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of MedMen Enterprises Inc. ("**MedMen Enterprises**", "**MedMen**" or the "**Company**"), formerly known as The MedMen Group of Companies, is for the three months and year ended June 27, 2020. It is supplemental to, and should be read in conjunction with, the Annual Information Form filed on November 12, 2019 on www.sedar.com, and the Company's audited Consolidated Financial Statements and the accompanying notes for the year ended June 27, 2020. The Company's audited Consolidated Financial Statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("**U.S. GAAP**" or "**GAAP**") and on a going concern basis that contemplates continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business.*

This MD&A is presented as of October 15, 2020 unless otherwise noted.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A 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 MD&A 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:

- the business, revenue, results and future activities of, and developments related to, the Company after the date of this MD&A, 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,
- the successful implementation of cost reduction strategies and plans, expectations and any targets for such strategies and plans, including expected additional improvements in reduction of Corporate SG&A (Non-GAAP) in upcoming quarters
- 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 such proposed acquisitions or dispositions,
- 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,
- 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,
- 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 outbreak of the COVID-19 illness,
- contemplated dispositions being completed on the current terms and current contemplated timeline,
- development costs remaining consistent with budgets,
- 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 margins, 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,
- 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,
- risks and uncertainties related to the recent outbreak of COVID-19 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, to the ability to operate the Company's
- business or to existing shareholders, including as a result of the anti-dilution protections that have been provided under the terms of the company's credit facilities,
- the inability to consummate the proposed dispositions and the inability to obtain required regulatory approvals and third-party consents and the satisfaction of other conditions to the consummation of the proposed dispositions on the proposed terms and schedule,
- the potential adverse impacts of the announcement or consummation of the proposed dispositions on relationships, including with regulatory bodies, employees, suppliers, customers and competitors,
- the diversion of management time on the proposed dispositions,
- 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,
- the limited operating history of the Company,
- risks inherent in an agricultural business,
- 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, including given the loss of foreign private issuer status under U.S. securities laws,
- the dilutive impact of raising additional financing through equity or convertible debt given the decline in the Company's share price,
- increasing competition in the industry,
- increases in energy 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,
- 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,
- limited research and data relating to cannabis; and
- those risk factors discussed elsewhere herein and in the Annual Information Form, the short form base shelf prospectus filed on March 26, 2019 and the press release of the Company dated December 11, 2019 available under the Company's profile on *www.sedar.com*.

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 MD&A, 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 MD&A represent the Company's views and expectations as of the date of this MD&A 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 MD&A and the documents that the Company references herein and has filed at www.sedar.com completely and with the understanding that the Company's actual future results may be materially different from what it expects.

Basis of Presentation

The audited Consolidated Financial Statements of the Company for the year ended June 27, 2020 have been prepared in accordance with GAAP as issued by the Financial Accounting Standards Board ("**FASB**"). Certain financial measures contained in this MD&A are non-GAAP financial measures and are discussed further under "*Non-GAAP Financial Measures*" below.

All references to "$" and "dollars" refer to U.S. dollars. References to C$ refer to Canadian dollars. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding.

Fiscal Period

The Company's fiscal year is a 52/53 week year ending on the last Saturday in June. In a 52-week fiscal year, each of the Company's quarterly periods will comprise 13 weeks. The additional week in a 53-week fiscal year is added to the fourth quarter, making such quarter consist of 14 weeks. The Company's first 53-week fiscal year will occur in fiscal year 2024. The Company's fiscal years ended June 27, 2020 and June 29, 2019 included 52 weeks.

Transition to United States Generally Accepted Accounting Principles

The Company is required by the U.S. Securities and Exchange Commission ("**SEC**") to test whether it continues to qualify as a foreign private issuer as of the last business day of every fiscal second quarter. As of December 28, 2019, the Company no longer met the qualification as a foreign private issuer as a result of more than 50% of the Company's outstanding voting securities being held by residents of the United States. Effective June 27, 2020, MedMen is considered a United States domestic issuer and non-accelerated filer under the rules of the SEC. Accordingly, the Company prepared its audited Consolidated Financial Statements for the year ended June 27, 2020 in accordance with U.S. GAAP, with such change being applied retrospectively in comparative periods presented.

Market and Industry Data

Unless otherwise indicated, the market and industry data contained in this MD&A are based upon information from independent industry publications, market research, analyst reports and surveys, and other publicly available sources. Actual outcomes may vary materially from those forecast in such market or industry data, and the prospect for material variation can be expected to increase as the length of time of the forecast period increases. Although the Company believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey. The Company has not independently verified any of the data from third-party sources referred to herein and accordingly, the accuracy and completeness of such data is not guaranteed.

ABOUT MEDMEN

MedMen Enterprises Inc. was incorporated in the Province of British Columbia under the *Business Corporations Act* (British Columbia). The Company operates through its wholly-owned subsidiaries, MM CAN USA, Inc., a California corporation ("**MM CAN**"), and MM Enterprises USA, LLC, a Delaware limited liability company ("**MM Enterprises USA**", or "**the LLC**"). MM CAN converted into a California corporation from a Delaware corporation on May 16, 2018 and is based in Culver City, California. The head office and principal address of MM CAN is 10115 Jefferson Boulevard, Culver City, California 90232. MM Enterprises USA was formed on January 9, 2018 and is based in Culver City, California. The head office and principal address of MM Enterprises USA is 10115 Jefferson Boulevard, Culver City, California 90232.

MM Enterprises USA was formed as a joint venture to own, operate and develop certain businesses related to the cultivation, manufacturing, distribution and sale of cannabis and cannabis-related products under the "MedMen" brand in jurisdictions where such cultivation, manufacturing, distribution and sale is authorized under applicable law. The contributors to the joint venture were MMMG, LLC ("**MMMG**"), a Nevada limited liability company, MedMen Opportunity Fund, LP ("**Fund I**"), a Delaware limited partnership, MedMen Opportunity Fund II, LP ("**Fund II**"), a Delaware limited partnership, The MedMen of Nevada 2, LLC ("**MMNV2**"), a Nevada limited liability company, DHSM Investors, LLC ("**DHS Owner"),** an Ohio limited liability company, and Bloomfield Partners Utica, LLC **("Utica Owner**") , a New York limited liability company (collectively, the "**Joint Venture Parties**"). Pursuant to the Formation and Contribution Agreement dated January 24, 2018 among the LLC and the Joint Venture Parties (the "**Formation and Contribution Agreement**"), the Joint Venture Parties contributed to the LLC 100% of their respective interests in certain of their assets. Specifically:

- Fund I, Fund II, MMNV2, DHS Owner and Utica Owner ("**SPE Owners**") contributed 100% of their respective equitable interests in certain of their subsidiaries that own and operate one or more businesses licensed and/or authorized under applicable laws to cultivate, manufacture and/or sell cannabis and related products (these subsidiaries collectively referred to as, the "**SPE Entities**");
- Such SPE Entities held dispensaries, cultivation and production facilities, real estate, leases, licenses and equitable interests in other cannabis operators, and other assets, all of which were contributed by the SPE Owners through the contribution of their equitable interests in the SPE Entities; and
- MMMG contributed to the LLC all intellectual property, tangible personal property, contracts, agreements/arrangements, and leases and licenses held by MMMG in connection with its business operations at such time, including certain administrative and management services agreements with certain of the SPE Entities.

The Joint Venture Partners received 217,184,382 MM Enterprises USA Class B Units. The Agreement was entered into by and among MM Enterprises Manager, LLC, the sole manager of MM Enterprises; MMMG LLC ("**MMMG**"); MedMen Opportunity Fund, LP ("**Fund I"**); MedMen Opportunity Fund II, LP ("**Fund II**"); The MedMen of Nevada 2 LLC ("**MMNV2**"); DHSM Investors, LLC ("**DHS Owner**"); and Bloomfield Partners Utica, LLC ("**Utica Owner**"). On May 28, 2018, a reverse takeover of Ladera Ventures Corp. was completed by MM Enterprises USA (the "**Business Combination**"). This Business Combination resulted in a reorganization of MM Enterprises USA and Ladera Ventures Corp. pursuant to which Ladera became the indirect parent of MM Enterprises USA and Ladera changed its name to "MedMen Enterprises Inc." On May 29, 2018, the Company's Class B Subordinate Voting Shares began trading on the Canadian Securities Exchange ("**CSE**") under the symbol "MMEN".

References herein to "**MedMen Enterprises**", "**MedMen**" or the "**Company**", "**we**", "**us**" or "**our**" as of a date or a period of time prior January 29, 2018 refer to The MedMen Group of Companies. References on or after January 29, 2018 through May 28, 2018 refer to MM Enterprises USA and its subsidiaries. References on or after May 28, 2018 refer to MedMen Enterprises Inc. and its subsidiaries.

Summary Description of the Business

MedMen is a cannabis retailer based in the U.S. with flagship locations in Los Angeles, Las Vegas, Chicago, and New York. MedMen offers a robust selection of high-quality products, including MedMen-owned brands [statemade], LuxLyte, and MedMen Red through its premium retail stores, proprietary delivery service, as well as curbside and in-store pick up. The Company currently operates 25 store locations across California (11), Florida (4), Nevada (3), Illinois (2), New York (4) and Arizona (1). The Company's retail stores are located in strategic locations across key cities and neighborhoods in each of its markets. MedMen also currently operates five cultivation and production facilities across Nevada, California, New York, Florida and Arizona.

Company Mission

MedMen is dedicated to providing an unparalleled experience that invites the consumer to discover the remarkable benefits of cannabis. The Company is building the future of cannabis as a consumer product because it believes that a world where cannabis is legal and regulated is safer, healthier and happier.

Today, MedMen is one of the most recognized names in the industry and is associated with state-of-the-art retail, best-in-class curated product offerings and an uncompromising commitment to quality. Its talented team of highly-trained employees is bringing operational excellence to every market it serves, solving the technical challenges of a fragmented and evolving regulatory framework, and challenging cultural perceptions with a brand strategy that seeks to break down the stigma of cannabis.

MedMen's retail strategy is focused on the quality of licenses over quantity, with strategic locations in the most important markets. As the Company continues to convert its high-value licenses into operational stores, it remains uncompromising in its commitment to the customer experience, from its award-winning retail design to the presentation of its robust product offerings The Company recently furthered its commitment to defining the cannabis industry by creating an omni-channel platform, which includes its customer loyalty program, called MedMen Buds, and delivery services in California and Nevada.

National Impact of the Brand

MedMen stores have drawn customers from all 56 U.S. States and Territories/Protectorates. This highlights the power of the MedMen brand and the importance of its location-based real estate strategy. While the majority of the Company's business comes from California residents, the top five (non-local) states its stores draw tourists from are New York, Texas, Florida, Illinois and Arizona – the majority of which are states MedMen operates in.

Recent Developments

Turnaround Plan

Beginning in its fiscal third quarter 2019, the Company executed on a number of initiatives to restructure the business and reduce its operating expenses and cash burn:

- ***Focus on Core Markets:*** On October 8, 2019, the Termination of Merger of PharmaCann, LLC was in light of the general decline of the U.S. and Canadian capital markets in the cannabis industry since the initial announcement of execution of the definitive documents on December 24, 2018. For example, from March 2019 to September 2019, the Horizons Marijuana Life Sciences Index (HMMJ) had declined 47%. Furthermore, the Company had also changed its business strategy to focus on the Company's retail brand in its core markets, including California, Nevada, Florida, Illinois, New York and Massachusetts. On November 15, 2019, the Company announced its intention to sell non-core assets to raise non-dilutive financing. These non-core assets included its three cannabis licenses in Arizona. The Company determined that the sale of non-core assets would allow for management to further focus on deepening its market share in its core markets.

- ***Reduction in SG&A:*** On November 15, 2019, the Company announced plans to reduce Corporate SG&A (Non-GAAP) through a reduction in headcount, scaling back of marketing and technology spend and the renegotiation of ancillary costs to the business. On May 27, 2020, the Company announced its fiscal third quarter 2020 financial results and reported Corporate SG&A (Non-GAAP) of $69.0 million on an annualized basis, representing 35% decrease from the previous quarter and 51% decrease from the prior year period. Through the end of fiscal third quarter 2020, the Company had reduced overall Corporate SG&A (Non-GAAP) by over $100.0 million on annualized basis since its cost-cutting efforts began in fiscal second quarter of 2020.

- ***Executive Management***: On January 31, 2020, the Company announced that co-founder Adam Bierman resigned as Chief Executive Officer of the Company. Effective February 1, 2020, Ryan Lissack, the Company's Chief Technology Officer, began serving as the Company's Interim Chief Executive Officer. In addition, it was announced that co-founder Andrew Modlin no longer held the position as President of the Company or a member of its Board of Directors. Effective January 30, 2020, Mr. Modlin's title became Chief Brand Officer of the Company. Mr. Modlin's employment contract with the Company expired in May 2020 and he is no longer with the Company.

  Effective February 1, 2020, Mr. Bierman and Mr. Modlin agreed to surrender all of their respective Super Voting Shares to the Company. Mr. Bierman's Super Voting Shares have been cancelled. In connection with his departure and surrender of his Super Voting Shares, the Company will compensate Mr. Bierman in the form of securities of which the number of issued securities and the aggregate amount is yet to be determined. As a result of the cancellation, Mr. Bierman does not hold any Super Voting Shares nor any securities convertible or exchangeable into Super Voting Shares. Mr. Modlin's Super Voting Shares will automatically be cancelled upon the expiration of the proxy granted in December 2019 by Mr. Modlin to Ben Rose, Executive Chairman of the Board, which expiration is contemplated to occur in December 2020. Upon the expiration of the proxy in December 2020, Mr. Modlin will not hold any Super Voting Shares nor any securities convertible or exchangeable into Super Voting Shares. As a result, the Company will only have one class of outstanding shares, the Class B Subordinate Voting Shares, by the end of calendar year 2020.

  On March 30, 2020, the Company announced it had retained interim management and advisory firm, SierraConstellation partners ("**SCP**"), to support the company in the development and execution of its turnaround and restructuring plan. As part of the engagement, Tom Lynch was appointed as Interim Chief Executive officer and Chief Restructuring Officer, succeeding Ryan Lissack. Mr. Lynch is a Partner and Senior Managing Director at SCP and previously served as Chairman and Chief Executive Officer of Frederick's of Hollywood Group, a publicly traded specialty retailer, and more recently Interim Chief Executive Officer of David's Bridal. Tim Bossidy, Director at SCP, was appointed as Interim Chief Operating Officer. Mr. Bossidy has previously served in interim management and financial advisory roles across the cannabis and consumer/retail sectors.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. While the ultimate severity of the outbreak and its impact on the economic environment is uncertain, the Company is monitoring this closely. The Company operates 25 store location across California (11), Florida (4), Nevada (3), Illinois (2), New York (4) and Arizona (1) and five cultivation and production facilities across Nevada, California, New York, Florida and Arizona. Our business depends on the uninterrupted operation of these stores and facilities. The Company's priority during the COVID-19 pandemic is protecting the safety of its employees and customers and it is following the recommended guidelines of applicable government and health authorities. Despite being deemed as an essential retailer in its core markets, the Company has experienced a negative impact on sales in certain markets as a result of shelter-at-home orders, social distancing efforts, restrictions on the maximum allowable number of people within a retail establishment and declining tourism. Although the Company only permanently closed one store as a result of COVID-19, certain markets, such as California and Nevada, experienced a greater impact on sales due to reduced store hours and foot traffic in certain locations, as well as limits on the number of customers that may be in a store at any one time. Other markets, such as Illinois, Florida and New York have not been significantly impacted by COVID-19 and in some cases, stores in those markets have generated increased sales. Due to its strong vendor partnerships in each market, the Company has not experienced a significant impact to its supply chain in each market. In the event that the Company were to experience widespread transmission of the virus at one or more of the Company's stores or other facilities, the Company could suffer reputational harm or other potential liability. Further, the Company's business operations may be materially and adversely affected if a significant number of the Company's employees are impacted by the virus.

On March 30, 2020, the Company announced the withdrawal of its fiscal year 2020 and 2021 revenue and store count guidance provided on December 11, 2019 due to uncertainty surrounding the magnitude of the pandemic and its impact on retail operations (both existing and planned) in its core markets. While the Company continues to execute on its efforts to improve store profitability, reduce selling, general and administrative expense and delay capital-intensive projects, the Company is reassessing the timing of these cash flow milestones due to the potential impact of COVID-19 on its turnaround plan.

To date, the Company has generally implemented certain safety measures to ensure the safety of its customers and associates, which may have the effect of discouraging shopping or limiting the occupancy of our stores.Store operations in California and Nevada have been modified., with an increased focus on direct-to-consumer delivery and enabling a curbside pickup option for its customers. The Company leveraged its technology team to build the enhanced omni-channel functionality in, and expects to continue offering, a variety of purchasing options for its customers. These measures, and any additional measures that have been and may continue to be taken in response to the COVID-19 pandemic, have substantially decreased and may continue to decrease, the number of customers that visit our stores which has had, and will likely continue to have a material adverse effect on our business, financial condition and results of operations. The ultimate magnitude of COVID-19, including the extent of its overall impact on our financial and operational results cannot be reasonably estimated at this time; however, the Company has experienced significant declines in sales. The overall impact will depend on the length of time that the pandemic continues, the extent to which it affects our ability to raise capital, and the effect of governmental regulations imposed in response to the pandemic, as well as uncertainty regarding all of the foregoing. At this time, it is unclear how long these measures may remain in place, what additional measures may be imposed, or when our operations will be restored to the levels that existed prior to the COVID-19 pandemic.

In addition, our business depends on consumer discretionary spending, and as such, our results are particularly sensitive to economic conditions and consumer confidence. COVID-19 has significantly impacted economic conditions, resulting in, among other things, unprecedented increases in the number of people seeking jobless benefits and a significant decline in global financial markets. As a result, even when all of our store locations are fully operational, there can be no guarantee that our revenue will return to its pre-COVID-19 levels.

Fiscal Year 2020 Highlights

Continued Strategic Partnership with Gotham Green Partners

On April 23, 2019, the Company secured a senior secured convertible credit facility (the "**GGP Facility**") to provide up to $250.0 million in gross proceeds, arranged by Gotham Green Partners ("**GGP**"). The GGP Facility has been accessed to date through issuances to the lenders of convertible senior secured notes ("**GGP Notes**") co-issued by the Company and MM CAN. As of June 27, 2020, the Company has drawn down on a total of $150.0 million on the GGP Facility of which $50.0 million was funded during the year ended June 27, 2020 as follows:

On July 12, 2019, the Company had drawn down $25,000,000 through Tranche 2 of the Facility. In connection with the funding of Tranche 2, the Company issued 2,967,708 and 857,336 warrants to the lenders at an exercise price of $3.16 and $3.65 per share, respectively.

On November 27, 2019, the Company had drawn down $10,000,000 through Tranche 3 of the Facility. In connection with the funding of Tranche 2, the Company issued 3,708,772 and 1,071,421 warrants to the lenders at an exercise price of $1.01 and $1.17 per share, respectively.

On March 27, 2020, the Company had drawn down $12,500,000 through Tranche 4 of the Facility. In connection with the funding of Tranche 4, the Company issued 48,076,923 warrants to the lenders at an exercise price of $0.26 per share.

On April 24, 2020, the Company closed on an incremental advance in the amount of $2,500,000 under the Facility at a conversion price of $0.26. In connection with the incremental advance, the Company issued 9,615,385 warrants with an exercise price of $0.26. In addition, 540,128 Existing Warrants were cancelled and replaced with 6,490,385 warrants with an exercise price of $0.26.

During the fiscal year ended June 27, 2020, the Company completed the First Amendment of the GGP Facility on August 12, 2019, the Second Amendment on October 29, 2019 and the Third Amendment on March 27, 2020. Refer to "*Note 18 – Senior Secured Convertible Credit Facility*" of the audited Consolidated Financial Statements for the years ended June 27, 2020 and June 29, 2019.

Secured Term Loan Amendment

In October 2018, MedMen Corp. completed a $77,675,000 senior secured term loan (the "**October Term Loan**") with funds managed by Hankey Capital, LLC and with an affiliate of Stable Road Capital. The principal amount of the October Term Loan accrues interest at a rate of 7.5% per annum, paid monthly, with a maturity date of October 1, 2020. The ownership interests of certain of the Company's subsidiaries have been pledged as security for the obligations under the October Term Loan. Additionally, the Company guaranteed the obligations of MedMen Corp. under the October Term Loan. The principal amount of the October Term Loan has been and is anticipated to be used for acquisitions, capital expenditures and other corporate purposes.

On January 14, 2020, the Company executed an amendment to the October 2018 Loan wherein the maturity date was extended to January 31, 2022 and the interest rate was increased to a fixed rate of 15.5% per annum, of which 12.0% will be payable monthly in cash based on the outstanding principal and 3.5% will accrue monthly to the principal amount of the debt as a payment-in-kind. The Company may prepay without penalty, in whole or in part, at any time and from time to time, the amounts outstanding under the October Term Loan (on a non-revolving basis) upon 15 days' notice. MM CAN, a subsidiary of the Company, cancelled the existing warrants issued to the October Term Loan lenders, being 16,211,284 warrants exercisable at $4.97 per share and 1,023,256 warrants exercisable at $4.73 per share, and issued to the October Term Loan lenders a total of 40,455,729 warrants with an exercise price of $0.60 per share that are exercisable until December 31, 2022. The newly issued warrants may be exercised at the election of their holders on a cashless basis.

Equity Financing Transactions

On July 10, 2019, the Company announced an equity commitment from its existing creditor, Gotham Green Partners, with participation from Wicklow Capital, in the amount of $30,000,000. As a result, the Company issued 14,634,147 Subordinate Voting Shares to the investors at a price equal to $2.37 per share.

On December 10, 2019, the Company executed a term sheet for a non-brokered private placement wherein Wicklow Capital participated in the offering. The Company issued 46,962,645 Subordinate Voting Shares for gross proceeds of approximately $20,200,000 in connection with the equity investment.

On January 14, 2020, the Company announced the closing of its previously announced approximately $20,000,000 non-brokered offering of Class B Subordinate Voting Shares (the "**Equity Placement**"). The Equity Placement was funded and closed in tranches, with the final closing occurring on January 13, 2020. As a result, 46,962,645 Class B Subordinate Voting Shares were issued in the Equity Placement at a price of $0.43 per Class B Subordinate Voting Share. Participants in the Equity Placement included existing investor, Wicklow Capital, and certain insiders of the Company, being Adam Bierman, the former Chief Executive Officer and director of the Company and, Andrew Modlin, a former President and director of the Company, and Christopher Ganan, a director of the Company. Such insiders of the Company subscribed for and purchased an aggregate of 4,651,161 of such Class B Subordinate Voting Shares, for aggregate proceeds of $2,000,000, comprising approximately 10% of the total amount raised. Proceeds raised from the Equity Placement were used to finance working capital requirements.

At-the-Market Equity Financing Program

On April 10, 2019, the Company established an At-the-Market equity financing program (the "**ATM Program**") with Canaccord Genuity Corp. ("**Canaccord**") pursuant to which the Company may, from time to time, sell Class B Subordinate Voting Shares at prevailing trading prices at the time of sale for aggregate gross proceeds of up to C$60,000,000. Since Class B Subordinate Voting Shares are distributed under the ATM Program at trading prices prevailing at the time of sale, prices may vary between purchasers and during the period of distribution. The Company has used and intends to use the net proceeds from the sale of Class B Subordinate Voting Shares under the ATM Program principally for general and administrative expenses, working capital needs and other general corporate purposes.

During the fiscal year end ended June 27, 2020, the Company sold an aggregate of 9,789,300 Subordinate Voting Shares under the ATM Program for net proceeds of $12,400,000.

Real Estate Sale and Leaseback Transactions

During the years ended June 27, 2020, the Company sold and subsequently leased back two properties to the Treehouse Real Estate Investment Trust (the "**REIT**"), resulting in total gross proceeds of $20,400,000. The Company has used and intends to use such net proceeds from the sale of properties with Stable Road Capital and the REIT to assist in funding the build-out of its national footprint. The Company has leased such properties sold at market rates for cannabis businesses under long-term leases.

All current real estate assets of the Company have been offered for sale to and the REIT. It is expected that additional sale and leaseback transactions will occur between the REIT and the Company over the next twelve months. These additional potential transactions include real estate related to retail stores and cultivation and production facilities. Any such sale of properties remains subject to ongoing due diligence by the REIT, successful negotiation and execution of definitive documentation, final approval of the Company and the REIT board and the satisfaction of customary closing conditions. The REIT has a three-year right of first offer on additional MedMen-owned facilities and development projects. The Company expects to lease all properties sold at market rates for cannabis businesses under long-term leases.

Overall, the purpose of the sale and leaseback transactions is to allow MedMen to raise cash equal to the excess of the sale price of the applicable property over any debt tied to the applicable property, repay any such debt and reduce interest expense related to any such debt. In the longer term, removing real property from MedMen's balance sheet is intended to free up capital for uses that MedMen believes will result in a greater return on capital for its investors. It will also transfer the risk and opportunity of fluctuating real estate prices from MedMen to the purchasers of the applicable properties.

Sale of Investments

On October 17, 2019, the Company entered into a securities transfer agreement to sell a portion of its interest in Old Pal LLC. The interests sold consist of 86.80 Class B Units, or 6.9% of the outstanding units, at a price per unit of $57,060, resulting in an aggregate sale price of approximately $5,000,000.

In November 2019, the Company completed the sale of all of its interests in LCR Manager, LLC, the manager of the general partner of the REIT net proceeds of $12,500,000.

Amended Business Acquisitions

On January 30, 2020, the Company amended the secured promissory note issued in connection with the acquisition of Kannaboost Technology Inc. and CSI Solutions LLC (collectively referred to as "**Level Up**") wherein the principal amount was amended from $15,000,000 to $13,000,000 and the maturity date was extended to April 8, 2020. On April 8, 2020, the Company entered into an amendment of the Level Up secured promissory note wherein the maturity date was extended to the earlier of December 31, 2020 or in the event of default. No payments shall be due prior to the maturity date unless certain events occur. The balance of the secured promissory note will bear interest at a rate of 9.0% per annum until paid in full. The effectiveness of the amendment on April 8, 2020 is currently in dispute with the counterparty.

On November 12, 2019, the Company entered into an agreement to amend a potential $15,000,000 cash earn out due in December 2020 for a previously announced acquisition to $10.0 million in Class B Subordinate Voting Shares due in December 2019. In conjunction with the amendment to settle the contingent consideration, the Company issued 10,691,455 Subordinate Voting Shares in full settlement.

Termination of Merger Agreement with PharmaCann

On October 8, 2019, MedMen and PharmaCann, LLC announced the mutual agreement to terminate their business combination ("**Termination of Merger**"). As part of the agreement to terminate, the Company and PharmaCann agreed to accept a transfer of assets in exchange for repayment of the existing line of credit to PharmaCann (the "**Line of Credit**"), which totaled approximately $21,000,000, including accrued interest. The assets transferred were 100% of the membership interests ("Transfer of Interest") in three entities holding the following assets:

- MME Evanston Retail, LLC, which holds a retail location in Evanston, Illinois and related licenses, and a retail license for Greater Chicago, Illinois;
- PharmaCann Virginia, LLC, which holds a license for a vertically-integrated facility in Staunton, Virginia; and
- PC 16280 East Twombly LLC, which holds an operational cultivation and production facility in Hillcrest, Illinois and related licenses.

Each delivery of the Transfer of Interest, after successful regulatory approval, if any, will relieve one-third of the line of credit and any accrued interest due from PharmaCann. On December 2, 2019, the Company closed on its acquisition of PharmaCann's Evanston, Illinois location and the associated additional retail license for Greater Chicago. The Company began operating the store in Evanston on December 3, 2019. During the year ended June 27, 2020, the Company also sold its rights to acquire the cultivation and manufacturing license in Hillcrest, Illinois and the related facility for a total gross proceeds of $17.0 million. Subsequent to the Termination of Merger, the Transfer of Interests related to the license in Staunton, Virginia was completed. In June 2020, the Virginia Board of Pharmacy rescinded the conditional license and the Company has filed a notice of appeal, subject to customary appellate court procedures.

Recent Business Acquisitions

MattnJeremy, Inc., d/b/a One Love Beach Club

On September 3, 2019, the Company completed the acquisition of MattnJeremy, Inc., d/b/a One Love Beach Club ("**One Love**"), a licensed medical and recreational cannabis dispensary located in Long Beach, California. The assets consist primarily of the state of California issued dispensary license and customer relationships. The Company acquired all of the issued and outstanding shares of One Love for aggregate consideration of $12,708,000 which is comprised of $1,000,000 in cash at closing, $1,000,000 deferred payment to be paid six months after closing, $1,000,000 deferred payment to be paid one year after closing and the issuance of 5,112,263 Subordinate Voting Shares with an aggregate value of $9,833,000 at closing.

MME Evanston Retail, LLC

In connection with the Termination of Merger with PharmaCann, on December 2, 2019, the Company received 100% of the membership interests in MME Evanston Retail, LLC ("**Evanston**"), which includes a retail location in Evanston, Illinois and related licenses, and a retail license in Greater Chicago, Illinois. The Company acquired all of the issued and outstanding shares of Evanston for aggregate consideration of $6,930,557.

Discontinued Operations

On November 15, 2019, the Company announced its plan to sell its operations in the state of Arizona. As a result, assets and liabilities allocable to the operations within the state of Arizona were classified as held for sale. In addition, revenue and expenses, gains or losses relating to the discontinuation of Arizona operations were classified as discontinued operations and were eliminated from profit or loss from the Company's continuing operations for all periods presented. Discontinued operations are presented separately from continuing operations in the Consolidated Statements of Operations and the Consolidated Statements of Cash Flows.

Adoption of New Accounting Pronouncements Effective June 30, 2019

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)"* ("**ASC 842**"), which replaces ASC 840, "*Leases*" and related interpretations. The standard introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases with a term exceeding twelve months, unless the underlying asset is insignificant. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company adopted the standard on June 30, 2019 using the modified retrospective method, which provides lessees a method for recording existing leases at adoption with no restatement of prior comparative periods.

The Company's adoption of ASC 842 resulted in higher current and non-current assets and liabilities, the replacement of rent expense previously recorded in cost of goods sold and general and administrative expense with depreciation expense, and increased finance costs related to the accretion and interest expense of the lease liabilities. The new standard does not change the amount of cash transferred between the lessor and lessees but impacts the presentation of the Company's operating and financing cash flows.

OVERALL PERFORMANCE

Factors Affecting Performance

Company management believes that the nascent cannabis industry represents an extraordinary opportunity in which the Company's performance and success depend on a number of factors:

- ***Market Expansion.*** The Company's success in achieving a desirable retail footprint is attributable to its market expansion strategy, which was a key driver of revenue growth. The Company exercises discretion in focusing on investing in retail locations that can deliver near term increased earnings to the Company.

- ***Retail Growth.*** MedMen stores are located in premium locations in markets such as New York, California, Nevada, Illinois and Florida. As it continues to increase sales, the Company expects to leverage its retail footprint to develop a robust distribution model.

- ***Direct-to-Consumer Channel Rollout.*** MedMen Delivery is available in California and Nevada. The Company expects to obtain increased traction with in-store pickup as well as its recently launched delivery service, curbside pickup and loyalty rewards program during calendar year 2020.

- ***New Cannabis Products.*** On October 5, 2018, MedMen launched a comprehensive suite of new cannabis products under the brand [statemade]. The Company also launched MedMen Red which includes cartridges and disposable pens. On December 5, 2019, the Company announced that MedMen Red, one of MedMen's in-house lines of cannabis products, was made available in Nevada. MedMen Red flower and pre-rolls are available exclusively at MedMen's Paradise, Downtown Las Vegas and Spring Valley locations.

Trends

MedMen is subject to various trends that could have a material impact on the Company, its financial performance and condition, and its future outlook. A deviation from expectations for these trends could cause actual results to differ materially from those expressed or implied in forward-looking information included in this MD&A and the Company's financial statements. These trends include, but are not limited to, the following:

- ***Liberalization of Cannabis Laws.*** The Company is reliant on the existing legal and regulatory administration as to the sale and consumption of cannabis in the states in which the Company operates not being repealed or overturned and on the current approach to enforcement of federal laws by the federal government. The Company is also reliant on the continuation of the trend toward increased liberalization of cannabis laws throughout the United States, including the adoption of medical cannabis regulations in states without cannabis programs and the conversion of medical cannabis laws to recreational cannabis laws in states with medical cannabis programs. Although the Company is focused on California, New York, Nevada, Illinois and Florida, this trend provides MedMen with new opportunities to deploy capital and expand geographically. The opportunity for geographic expansion is important because some jurisdictions with existing cannabis programs limit the number of retail locations that can be owned by a single entity.

- ***Popular Support for Cannabis Legalization.*** The Company is reliant on the continuation of the trend toward increased popular support and acceptance of cannabis legalization. This trend could change if there is new research conducted that challenges the health benefits of cannabis or that calls into question its safety or efficacy or significant product recalls or broad-based deleterious health effects. This trend could also be influenced by a shift in the political climate, or by a decision of the United States government to enforce federal laws that make cannabis illegal. Such a change in popular support could undermine the trend toward cannabis legalization and possibly lead states with existing cannabis programs to roll them back, either of which would negatively impact the Company's growth plans.

- ***Balanced Supply and Demand in States.*** The Company is reliant on the maintenance of a balance between supply and demand in the various states in which it operates cannabis retail stores. Federal law provides that cannabis and cannabis products may not be transported across state lines in the United States. As a result, all cannabis consumed in a state must be grown and produced in that same state. This dynamic could make it more difficult, in the short term, to maintain a balance between supply and demand. If excess cultivation and production capacity is created in any given state and this is not matched by increased demand in that state then this could exert downward pressure on the retail price for products. A substantial increase in retail licenses offered by state authorities in any given state could result in increased competition and exert downward pressure on the retail pricing. If cultivation and production in a state fails to match demand, there could be insufficient supply of product in a state to meet demand, causing retail revenue in that state to fall or stagnate, including due to retail locations closing while supply is increased.

Risks and Uncertainties

The Company is subject to various risks and uncertainties that could have a material impact on its financial performance and condition, and future outlook. Many factors could cause the Company's actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking information and forward-looking statements contained herein including, without limitation, the following factors which are disclosed in greater detail in the Annual Information Form of the Company filed on November 12, 2019, short form base shelf prospectus of the Company filed on March 26, 2019 and the press release of the Company dated December 11, 2019, which are available at *www.sedar.com* under the Company's profile, which risk factors should be reviewed in detail by all readers. These risks and uncertainties include, but are not limited to, the following:

- Risks and uncertainties related to the recent outbreak of COVID-19 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.
- Unpredictability as a result of the capital structure and concentrated voting control.
- Continued operations and development may require additional financing and as a result, additional equity and debt securities to be issued in the future, which may dilute a shareholder's holdings in the Company or cause additional indebtedness to be incurred. Any such dilution may be greater than as would otherwise result from the completion of any such additional financing as a result of the anti-dilution protections that have been provided under the terms of the GGP Facility.
- Potential inability to secure adequate or reliable sources of funding required to operate or grow the business.
- The Company's strategic plan is dependent on existing cannabis licenses and continued ability to win and acquire new licenses to sell medical and recreational cannabis and related products. These licenses are subject to ongoing compliance, reporting and renewal requirements.
- The Company is subject to and cannabis continues to be a controlled substance under the United States Controlled Substances Act (the "**CSA**").
- The laws, regulations and guidelines generally applicable to the cannabis industry in the United States and internationally may change in ways currently unforeseen by the Company.
- There can be no assurance that the United States government will not choose to enforce more aggressively laws criminalizing cannabis at the federal level.
- The Company's assets may be subject to civil asset forfeiture as the cannabis industry remains illegal under U.S. federal law.
- There can be no assurance that proposed dispositions will be consummated and that the requisite regulatory approvals and third-party consents and other conditions will be satisfied on the proposed terms and schedule.
- There can be no assurance that the announcement or consummation of proposed dispositions will not have an adverse impact on relationships, including with regulatory bodies, employees, suppliers, customers and competitors.
- Proposed dispositions will divert management time.
- Potential inability to effectively manage growth.

- There are risks related to existing completed acquisitions and future divestitures that may result in unanticipated liabilities.
- Future clinical research studies on the effects of cannabis may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis.
- There can be no assurance that current and future strategic alliances or expansions of the scope of existing relationships will have a beneficial impact on the business, financial condition and results of operations.
- Limited operating history and risks common to early-stage enterprises.
- Existing stores and facilities are integral to the operations and any adverse changes or developments affecting these stores and facilities may impact the business, financial condition and results of operations.
- The cannabis industry and markets are relatively new in the United States and in other jurisdictions, and this industry and market may not continue to exist or grow as anticipated or the Company may ultimately be unable to succeed in this industry and market.
- The Company has experienced a high degree of turnover in senior management and there is no guarantee the Company will be able to attract and retain senior management in the future.
- There may be conflicts of interest between management and directors.
- The Company may be subject to product liability claims.
- The products sold in the Company's stores may be subject to recalls.
- Potential inability to attract or retain skilled labor and personnel with experience in the cannabis sector and may be unable to attract, develop and retain additional employees required for business operations and future developments.
- The Company, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer perception.
- Potential inability to negotiate favorable pricing for the cannabis products through the wholesale market.
- Potential inability to successfully develop new products or find a market for their sale.
- Potential inability to retain existing customers or patients as clients or acquire new customers or patients as clients.
- Potential inability to achieve or maintain profitability and may continue to incur losses in the future.
- The Company relies on its own market research to forecast sales and market demand that may not materialize.
- Existing operations in the United States are, and any future operations or investments may be, the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada.
- The Company may be subject to increased compliance costs and increased limitations on its ability to conduct public and private securities offerings as it has lost its status as a foreign private issuer under applicable United States securities laws.
- The Company is subject to constraints on marketing cannabis products.
- Potential inability to meet the contractual requirements of existing debt obligations or obligations to other counterparties, including suppliers.
- Potential inability to refinance, extend or repay the Company's substantial indebtedness or inability to obtain any refinancing or extension without significantly limiting management's discretion in the operation of the Company.
- The Company may be subject to increased leverage risk if faced with adverse economic factors such as downturns in the economy or deterioration in the condition of the business.
- The Company may experience breaches of security at its facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.
- The Company may be adversely affected by information technology system failures, cyber-attacks or other information security breaches.
- If the Company is not able to comply with all safety, health and environmental regulations applicable to the Company's operations and industry, it may be held liable for any breaches thereof.

- The Company may become subject to fraudulent activity by employees, contractors and consultants.
- The Company is subject to existing litigation and could be subject to additional litigation in the future.
- The Company may compete for market share with other companies who may have longer operating histories and more financial resources, manufacturing and marketing experience.
- Third parties with whom the Company does business may perceive themselves as being exposed to reputational risk as a result of their relationship with the Company.
- Insurance premiums may not continue to be commercially justifiable and there may be coverage limitations and other exclusions that may not be sufficient to cover potential liabilities.
- There may be a limited market for the Company's securities.
- The Company may face risks related to the unenforceability of contracts.
- The Company may be subject to risks inherent in an agricultural business.
- Sales by existing shareholders may negatively impact market prices for the Company's securities.
- The Company may be subject to risks related to the economy generally.

SELECTED FINANCIAL DATA

MedMen reports results of operations of its affiliates from the date that control commences, either through the purchase of the business or control through a management agreement. The following selected financial information includes only the results of operations after the Company established control of its affiliates. Accordingly, the information included below may not be representative of the results of operations if such affiliates had included their results of operations for the entire reporting period. The selected consolidated financial information set forth below may not be indicative of MedMen's future performance.

The following table sets forth the Company's selected consolidated financial data for the periods, and as of the dates, indicated. The (i) Consolidated Statements of Operations data for the fiscal years ended June 27, 2020 and June 29, 2019 and (ii) Consolidated Balance Sheets data as of June 27, 2020 and June 29, 2019 have been derived from the audited Consolidated Financial Statements of the Company and its subsidiaries.

	Three Months Ended		Year Ended	
($ in Millions)	**2020**	**2019**	**2020**	**2019**
Revenue	$ 27.4	$ 35.9	$ 157.1	$ 119.9
Gross Profit	$ 11.0	$ 16.1	$ 58.1	$ 55.5
Loss from Operations	$ (44.9)	$ (52.5)	$ (192.7)	$ (233.5)
Total Other Expense	$ 253.6	$ 21.1	$ 322.6	$ 29.5
Net Loss from Continuing Operations	$ (231.2)	$ (61.2)	$ (475.7)	$ (256.7)
Net Loss from Discontinued Operations	$ (1.4)	$ 0.2	$ (50.8)	$ (1.3)
Net Loss	$ (232.5)	$ (60.9)	$ (526.5)	$ (257.9)
Net Loss Attributable to Non-Controlling Interest	$ 135.3	$ 58.7	$ 279.3	$ (188.8)
Net Loss Attributable to Shareholders of MedMen Enterprises Inc.	$ (97.3)	$ (2.2)	$ (247.3)	$ (69.1)
Adjusted Net Loss from Continuing Operations (Non-GAAP)	$ 13.1	$ (37.7)	$ (168.4)	$ (206.8)
EBITDA from Continuing Operations (Non-GAAP)	$ (267.6)	$ (52.0)	$ (423.2)	$ (219.6)
Adjusted EBITDA from Continuing Operations (Non-GAAP)	$ (23.3)	$ (37.7)	$ (115.9)	$ (169.7)

Components of Results of Operations

Revenue

For the fiscal year ended June 27, 2020, the Company derives the majority of its revenue from direct sales to customers in its retail stores. Approximately 70% of revenue was generated from operations in California, with the remaining 30% from operations in New York, Nevada, Illinois and Florida. Revenue through retail stores is recognized upon delivery of the goods to the customer and when collection is reasonably assured, net of an estimated allowance for sales returns.

Cost of Goods Sold and Gross Profit

Gross profit is revenue less cost of goods sold, realized fair value of inventory sold and unrealized gains and losses from the transformation of biological assets. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing, and also includes allocated overhead, which includes allocations of rent, administrative salaries, utilities and related costs. Cannabis costs are affected by various state regulations that limit the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes. Gross margin measures gross profit as a percentage of revenue.

Expenses

General and administrative expenses represent costs incurred in MedMen's corporate offices, primarily related to personnel costs, including salaries, incentive compensation, benefits, share-based compensation and other professional service costs, including legal and accounting. Sales and marketing expenses consist of selling costs to support customer relationships and to deliver product to retail stores. It also includes a significant investment in marketing and brand activities and the corporate infrastructure required to support the ongoing business.

Income Taxes

MedMen is subject to income taxes in the jurisdictions in which it operates and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Company operates in the legal cannabis industry, the Company is subject to the limits of Internal Revenue Code ("**IRC**") Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E and a higher effective tax rate than most industries. However, the state of California does not conform to IRC Section 280E and, accordingly, the Company deducts all operating expenses on its California Franchise Tax Returns.

DISCUSSION OF OPERATIONS

Year Ended June 27, 2020 Compared to Year Ended June 29, 2019

	Year Ended			
($ in Millions)	**June 27, 2020**	**June 29, 2019**	**$ Change**	**% Change**
Revenue	$ 157.1	$ 119.9	$ 37.2	31%
Cost of Goods Sold	99.0	64.5	34.5	53%
Gross Profit	58.1	55.4	2.7	5%
Expenses:				
General and Administrative	200.3	239.3	(39.0)	(16%)
Sales and Marketing	10.6	27.5	(16.9)	(61%)
Depreciation and Amortization	40.0	22.1	17.9	81%
Total Expenses	250.9	288.9	(38.0)	(13%)
Loss from Operations	(192.8)	(233.5)	40.7	(17%)
Other Expense (Income):				
Interest Expense	40.4	12.4	28.0	226%
Interest Income	(0.8)	(0.7)	(0.1)	14%
Amortization of Debt Discount and Loan Origination Fees	9.1	8.3	0.8	10%
Change in Fair Value of Derivatives	(8.8)	(3.9)	(4.9)	126%
Realized and Unrealized Gain on Investments, Assets Held for Sale and Other Assets	(16.4)	(4.3)	(12.1)	281%
Realized and Unrealized Gain on Changes in Fair Value of Contingent Consideration	9.0	-	9.0	-
Impairment Expense	239.5	-	239.5	-
Loss on Disposals of Assets, Restructuring Fees and Other Expense	50.6	17.7	32.9	186%
Total Other Expense	322.6	29.5	293.1	994%
Loss from Continuing Operations Before Provision for Income Taxes	(515.4)	(263.0)	(252.4)	96%
Provision for Income Tax (Expense) Benefit	39.6	6.4	33.2	519%
Net Loss from Continuing Operations	(475.8)	(256.6)	(219.2)	85%
Net Loss from Discontinued Operations, Net of Taxes	(50.8)	(1.3)	(49.5)	3,808%
Net Loss	(526.6)	(257.9)	(268.7)	104%
Net Loss Attributable to Non-Controlling Interest	(279.3)	(188.8)	(90.5)	48%
Net Loss Attributable to Shareholders of MedMen Enterprises Inc.	**$ (247.3)**	**$ (69.1)**	**$ (178.2)**	**258%**
Adjusted Net Loss from Continuing Operations (Non-GAAP)	$ (168.4)	$ (206.8)	$ 38.4	(19%)
EBITDA from Continuing Operations (Non-GAAP)	$ (423.2)	$ (219.6)	$ (203.6)	93%
Adjusted EBITDA from Continuing Operations (Non-GAAP)	$ (115.9)	$ (169.7)	$ 53.8	(32%)

Revenue

Revenue for the year ended June 27, 2020 was $157.1 million, an increase of $37.2 million, or 31%, compared to revenue of $119.9 million for the year ended June 29, 2019. The increase in revenue was driven by the acquisitions of dispensaries and the operationalization of related licenses in several states during 2018 through fiscal year ending June 27, 2020. More specifically, for the fiscal year ended June 27, 2020, MedMen had 26 active retail locations in the states of California, New York, Nevada, Arizona, Illinois and Florida, of which three were located within the state of Arizona and were classified as discontinued operations, compared to 23 active retail locations for the same period in the prior year, of which three were located within the state of Arizona and were classified as discontinued operations. During the fiscal third quarter of 2020, the Company permanently closed its Seaside, California store location which is classified as an asset held for sale in the Consolidated Balance Sheet as of June 27, 2020. During the fiscal fourth quarter of 2020, the Company temporarily closed five retail locations in the state of Florida to redirect inventory from its Eustis facility to its highest performing stores. As of June 27, 2020, the Company had 23 active retail locations related to continuing operations.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the fiscal year ended June 27, 2020 was $99.0 million, an increase of $34.5 million, or 53%, compared with $64.5 million of cost of goods sold for fiscal year ended June 29, 2019. The increase in cost of goods sold is primarily driven by the acquisitions of dispensaries and cultivation and manufacturing facilities and the operationalization of related licenses in several states during 2018 through fiscal year 2020, resulting in increased revenues as well as product, labor and overhead costs associated with the Company's retail, cultivation and manufacturing expansion. Gross profit for the year ended June 27, 2020 was $58.1 million, representing a gross margin of 37%, compared with gross profit of $55.4 million, representing a gross margin of 46%, for the year ended June 29, 2019. The change in gross profit was attributable to cost of goods sold increasing at a higher rate than the increase in revenues, primarily due to ramping up the Company's Florida operations during the year ended June 27, 2020. Despite continuous improvements in Florida, a vertically integrated state, the Eustis cultivation facility is in the process of increasing its production levels to service its existing retail locations in Florida, and thus allow the reopening of the five locations temporarily closed, and additional retail locations in the future, with a total of 13 stores to be expected in Florida upon stabilization.

For the fiscal year ended June 27, 2020, the Company had 26 active retail locations in the states of California, New York, Nevada, Arizona, Illinois and Florida, of which three were located within the state of Arizona and were classified as discontinued operations, compared to 23 active retail locations for the same period in the prior year, of which three were located within the state of Arizona and were classified as discontinued operations. The addition of new operating retail locations since the comparative period resulted in an increase in revenue, and thus resulted in a corresponding increase in cost of goods sold. For the fiscal years ended June 27, 2020 and June 29, 2019, MedMen operated six cultivation and production facilities in the states of Nevada, California, New York, Florida and Arizona, of which two were related to the operations within the state of Arizona that were classified as discontinued operations. During the fiscal fourth quarter of 2020, the Company began evaluating strategic partnerships for its cultivation and production facilities in California and Nevada so it can focus on retail operations. MedMen expects costs of goods sold to increase at a slower rate than the increase in revenue in the coming periods as the Company restructures certain operations and divests licenses in non-core markets.

Total Expenses

Total expenses, including general and administrative, sales and marketing and depreciation and amortization, for the fiscal year ended June 27, 2020 were $250.9 million, a decrease of $38.0 million, or 13%, compared to total expenses of $288.9 million for the fiscal year ended June 29, 2019, which represents 160% of revenue for the fiscal year ended June 27, 2020, compared to 241% of revenue for the fiscal year ended June 29, 2019. The decrease in total expenses was attributable to the factors described below.

General and administrative expenses for the year ended June 27, 2020 and June 29, 2019 were $200.3 million and $239.3 million, respectively, a decrease of $39.0 million, or 16%. General and administrative expenses have decreased primarily due to the Company's efforts to reduce company-wide selling, general and administrative expenses ("SG&A"). Refer to the "*Recent Developments*" section for further information on the reduction in SG&A. Key drivers of the decrease in general and administrative expenses include overall corporate cost savings, strategic headcount reductions across various departments, and elimination of non-core functions and overhead in several departments.

Sales and marketing expenses for the year ended June 27, 2020 and June 29, 2019 were $10.6 million and $27.5 million, respectively, a decrease of $16.9 million, or 61%. The decrease in sales and marketing expenses is primarily attributed to the reduction in marketing and sales related spending compared to the same period in the prior year as part of the Company's corporate cost reduction initiatives. During fiscal year 2019, the Company launched The New Normal, a campaign that focused on normalizing cannabis and reinforcing the leadership position of MedMen to drive customer visits in all of the Company's markets, compared to no marketing campaign of the same scale during fiscal year 2020.

Depreciation and amortization for the year ended June 27, 2020 and June 29, 2019 was $40.0 million and $22.1 million, respectively, an increase of $17.9 million, or 81%. The increase is attributed to the growth of the Company's operations through acquisitions, as well as significant property and equipment acquired in recent periods as compared to the same period in the prior year. In addition, the increase in depreciation and amortization was also related to depreciation expense of $2.8 million recorded during the year ended June 27, 2020 for finance leases as a result of the Company's adoption of ASC 842 on June 30, 2019.

Total Other Expense

Total other expense for the fiscal year ended June 27, 2020 was $322.6 million, an increase of $293.1 million compared to total other expense of $29.5 million, or 994%, for the fiscal year ended June 29, 2019. The increase in total other expense was primarily attributable to impairments of long-lived assets and goodwill totaling $239.5 million during the year ended June 27, 2020 due to changes in anticipated revenue projections as a result of recent economic and market conditions related to the COVID-19 pandemic and current regulatory environment. During the fiscal year ended June 27, 2020, the Company also recognized a loss on extinguishment of debt of $42.5 million related to First and Third Amendment of the GGP Facility. Refer to "*Note 18 – Senior Secured Convertible Credit Facility*" in the audited Consolidated Financial Statements as of June 27, 2020 and June 29, 2019. The Company's higher debt balance compared to the same period in the prior year was primarily due to the funding of additional tranches totaling $50.0 million under the GGP Facility and thus resulted in increased interest expense during fiscal year 2020. In addition, the increased interest expense was also related to the Company's adoption of ASC 842 on June 30, 2019, resulting in interest expense related to capital leases of $6.3 million during the fiscal year ended June 27, 2020. Additionally, the increase in total other expense was also attributed to a write-off of assets of $9.0 million during the year ended June 27, 2020.This was offset by a $12.1 million increase in realized and unrealized gain on investments, assets held for sale and other assets which includes a gain of $16.4 million related to the assets acquired from the Termination of Merger with PharmaCann and sold during the fiscal year ended June 27, 2020.

Provision for Income Taxes

The provision for income tax benefit for the fiscal year ended June 27, 2020 was $39.6 million compared to the provision benefit for income taxes of $6.4 million for the year ended June 29, 2019 primarily attributable to the reduction of the Company's deferred tax liabilities through impairment of the underlying property, plant and equipment and intangible assets under U.S. GAAP.

Net Loss

Net loss from continuing operations for the year ended June 27, 2020 was $475.8 million, an increase of $219.2 million, or 85%, compared to a net loss from continuing operations of $256.6 million for the year ended June 29, 2019. The increase in net loss from continuing operations was mainly attributable to the impairment expense recognized during the fiscal fourth quarter of 2020 as described above, an increase provision for income taxes due the Company's expansion, and an increase in interest expense given the Company's higher debt balance. The loss on the extinguishment of debt related to amendments to credit facilities during the year ended June 27, 2020 was partially offset by gains on investments, assets held for sale and other assets. The increase in overall expenses were offset by a decrease in general and administrative expenses compared to the same period in the prior year as part of the Company's efforts to reduce SG&A. Net loss attributable to non-controlling interest for the year ended June 27, 2020 was $279.3 million, resulting in net loss of $247.3 million attributable to the shareholders of MedMen Enterprises Inc. compared to $69.1 million for the year ended June 29, 2019.

Three Months Ended June 27, 2020 Compared to Three Months Ended June 29, 2019

($ in Millions)	Three Months Ended June 27, 2020	Three Months Ended June 29, 2019	$ Change	% Change
Revenue	$ 27.4	$ 35.9	$ (8.5)	(24%)
Cost of Goods Sold	16.4	19.8	(3.4)	(17%)
Gross Profit	11.0	16.1	(5.1)	(32%)
Expenses:				
General and Administrative	39.9	49.5	(9.6)	(19%)
Sales and Marketing	0.2	7.4	(7.2)	(97%)
Depreciation and Amortization	15.9	11.7	4.2	36%
Total Expenses	56.0	68.6	(12.6)	(18%)
Loss from Operations	(45.0)	(52.5)	7.5	(14%)
Other Expense (Income):				
Interest Expense	15.0	5.4	9.6	178%
Interest Income	-	(0.3)	0.3	(100%)
Amortization of Debt Discount and Loan Origination Fees	(0.8)	4.4	(5.2)	(118%)
Change in Fair Value of Derivatives	(0.8)	(1.6)	0.8	(50%)
Realized and Unrealized Gain on Investments, Assets Held for Sale and Other Assets	0.2	(2.0)	2.2	(110%)
Realized and Unrealized Gain on Changes in Fair Value of Contingent Consideration	0.5	-	0.5	-
Impairment Expense	239.5	-	239.5	-
Loss on Disposals of Assets, Restructuring Fees and Other Expense	(0.1)	15.2	(15.3)	(101%)
Total Other Expense	253.5	21.1	232.4	1,101%
Loss from Continuing Operations Before Provision for Income Taxes	(298.5)	(73.6)	(224.9)	306%
Provision for Income Tax (Expense) Benefit	67.4	12.4	55.0	444%
Net Loss from Continuing Operations	(365.9)	(86.0)	(279.9)	325%
Net Income from Discontinued Operations, Net of Taxes	(1.4)	0.2	(1.6)	(800%)
Net Loss	(367.3)	(85.8)	(281.5)	328%
Net Loss Attributable to Non-Controlling Interest	(135.3)	(58.7)	(76.6)	130%
Net Loss Attributable to Shareholders of MedMen Enterprises Inc.	**$ (502.6)**	**$ (144.5)**	**$ (358.1)**	248%
Adjusted Net Loss from Continuing Operations (Non-GAAP)	$ 13.1	$ (46.9)	$ 60.0	(128%)
EBITDA from Continuing Operations (Non-GAAP)	$ (267.6)	$ (52.0)	$ (215.6)	415%
Adjusted EBITDA from Continuing Operations (Non-GAAP)	$ (23.3)	$ (37.7)	$ 14.4	(38%)

Revenue

Revenue for the three months ended June 27, 2020 was $27.4 million, a decrease of $8.5 million, or 24%, compared to revenue of $35.9 million for the three months ended June 29, 2019. For the three months ended June 27, 2020, MedMen had 26 active retail locations in the states of California, New York, Nevada, Arizona, Illinois and Florida, of which three were located within the state of Arizona and were classified as discontinued operations, compared to 23 active retail locations for the same period in the prior year, of which three were located within the state of Arizona and were classified as discontinued operations. During the fiscal fourth quarter of 2020, a total of six retail locations did not contribute to the Company's revenues compared to recent periods due to the permanent closure of the retail location in Seaside, California and the temporary closure of five retail locations in Florida which have been excluded from the number of active retail locations indicated above. As of June 27, 2020, the Company had 23 active retail locations related to continuing operations.

Despite the increase in the number of active retail locations, the decrease in revenue was primarily related to the impacts of the COVID-19 pandemic. The Company experienced decreased sales in certain locations within California and Nevada due to reduced foot traffic as a result of shelter-at-home orders, declining tourism, and social distancing restrictions within a retail establishment. In Illinois, Florida and New York, revenues have not been significantly impacted by COVID-19 and in some cases, retail locations in those markets have increased sales during the three months ended June 27, 2020. During the fiscal fourth quarter of 2020, the Company modified store operations in certain locations and increased focus on direct-to-consumer delivery, including curbside pickup. MedMen expects to continue offering a variety of purchasing options for its customers to navigate through the COVID-19 pandemic, which is expected to increase revenues in the coming periods.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the three months ended June 27, 2020 was $16.4 million, a decrease of $3.4 million, or 17%, compared with $19.8 million of cost of goods sold for the three months ended June 29, 2019. Gross profit for the three months ended June 27, 2020 was $11.0 million, representing a gross margin of 40%, compared with gross profit of $16.1 million, representing a gross margin of 45%, for the three months ended June 29, 2019. The decrease in gross margin is primarily due to the decrease in revenue at a faster rate than the decrease in cost of goods sold as a result of the COVID-19 pandemic as described above, coupled with increased product, labor and overhead costs associated with the Company's retail, cultivation and manufacturing expansion compared to the same period in the prior year.

For the three months ended June 27, 2020, MedMen operated six cultivation and production facilities in the states of Nevada, California, New York, Florida and Arizona, of which two were related to the operations within the state of Arizona that were classified as discontinued operations. During the fiscal fourth quarter of 2020, the Company began evaluating strategic partnerships for its cultivation and production facilities in California and Nevada. Also during the three months ended June 27, 2020, the Company temporarily closed five retail locations in Florida to shift supply levels from its Eustis facility to the Company's highest-performing stores in Florida. MedMen expects costs of goods sold to increase at a slower rate than the increase in revenue in the coming periods as the Company restructures certain operations and divests licenses in non-core markets.

Total Expenses

Total expenses, including general and administrative, sales and marketing and depreciation and amortization, for the three months ended June 27, 2020 were $56.0 million, a decrease of $12.6 million, compared to total expenses of $68.6 million for the three months ended June 29, 2019, which represents 204% of revenue for the three months ended June 27, 2020 compared to 191% of revenue for the three months ended June 29, 2019. The decrease in total expenses was attributable to the factors described below.

General and administrative expenses for the three months ended June 27, 2020 and three months ended June 29, 2019 were $39.9 million and $49.5 million, respectively, a decrease of $9.6 million, or 19%. General and administrative expenses have decreased primarily due to the Company's efforts to improve retail store profitability and reduce company-wide SG&A, as described in the "*Recent Developments*" section noting the Company's cost optimization efforts began in November 2019. Key drivers of the decrease in general and administrative expenses include overall corporate cost savings, strategic headcount reductions across various departments, and elimination of non-core functions and overhead in several departments.

Sales and marketing expenses for the three months ended June 27, 2020 and three months ended June 39, 2019 were $0.2 million and $7.4 million, respectively, a decrease of $7.2 million, or 97%. The decrease is primarily attributed to the reduction in marketing and sales related spending due to implementation of the Company's cost-cutting strategy. The decrease is also related to the decline in market conditions due to COVID-19 and the decrease in tourism, resulting in decreased marketing and advertising efforts as a result of shelter-at-home orders, compared to the growth of the

Company's retail locations and increased marketing and advertising efforts to promote the MedMen brand in the same period in the prior year.

Depreciation and amortization for the three months ended June 27, 2020 and three months ended June 29, 2019 was $15.9 million and $11.7 million, respectively, an increase of $4.2 million, or 36%. The increase is attributed to the growth of the Company's operations through acquisitions, as well as significant property and equipment acquired in recent periods as compared to the same period in the prior year. In addition, the increase in depreciation and amortization was also related to the Company's adoption of ASC 842 on June 30, 2019 resulting in increased depreciation expense for finance leases.

Total Other Expense

Total other expense for the three months ended June 27, 2020 was $253.5 million, an increase of $232.4 million, or 1,101%, compared to total other expense of $21.1 million for the three months ended June 29, 2019. The increase in total other expense was primarily related to impairment expense of $239.5 million recognized during the fiscal fourth quarter of 2020 compared to nil in the comparative prior period due to changes in anticipated revenue projections as a result of recent economic and market conditions related to the COVID-19 pandemic and current regulatory environment. The Company conducted its annual goodwill impairment assessment and recorded an impairment loss of $26.3 million. During the three months ended June 27, 2020, management also noted indicators of impairment of its long-lived assets of certain asset groups and recorded an impairment loss of $188.0 million. In addition, the Company wrote off $5.6 million related to the dispensary license in Staunton, Virginia and $4.0 million related to an acquisition in process.

Provision for Income Taxes

The provision for income tax benefit for the three months ended June 27, 2020 was $67.4 million, an increase of $55.0 million, or 444% compared to the provision for income tax benefit of $12.4 million for the three months ended June 29, 2019, primarily attributable to the reduction of the Company's deferred tax liabilities through impairment of the underlying property, plant and equipment and intangible assets under U.S. GAAP.

Net Loss

Net loss from continuing operations for the three months ended June 27, 2020 was $365.9 million, an increase of $279.9 million, compared to a net loss of $86.0 million for the three months ended June 29, 2019. The increase in net loss was primarily attributable to an increase in other expense as a result of the impairments described above, offset by a decrease in total expense. The decrease in general and administrative expenses and sales and marketing expenses compared to the same period in the prior year is due to the Company's turnaround plan which includes efforts to optimize SG&A through a reduction in headcount, scaling back of marketing and technology spend and the renegotiation of ancillary costs to the business. Net loss attributable to non-controlling interest for the three months ended June 27, 2020 was $135.3 million, resulting in net loss of $502.6 million attributable to the shareholders of MedMen Enterprises Inc. compared to $144.5 million for the three months ended June 29, 2019.

Non-GAAP Financial Measures

In addition to providing financial measurements based on GAAP, the Company provides additional financial metrics that are not prepared in accordance with GAAP. Management uses non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision-making, for planning and forecasting purposes and to evaluate the Company's financial performance. These non-GAAP financial measures (collectively, the "**non-GAAP financial measures**") are:

Adjusted Net Loss from Continuing Operations	Net Loss from Continuing Operations (GAAP) adjusted for transaction costs, restructuring costs, share-based compensation, and other non-cash operating costs.
EBITDA from Continuing Operations	Net Loss from Continuing Operations (GAAP) (GAAP) adjusted for interest and financing costs, income taxes, depreciation, and amortization.
Adjusted EBITDA from Continuing Operations	EBITDA from Continuing Operations (Non-GAAP) adjusted for transaction costs, restructuring costs, share-based compensation, and other non-cash operating costs, such as changes in fair value of derivative liabilities and unrealized changes in fair value of investments.
Working Capital	Current assets (GAAP) less current liabilities (GAAP).
Corporate SG&A	Selling, general and administrative expenses related to the Company's corporate functions.
Retail Revenue	Consolidated revenue (GAAP) less non-retail revenue (GAAP), such as cultivation and manufacturing revenue
Retail Cost of Goods Sold	Consolidated cost of goods sold (GAAP) less non-retail cost of goods sold (GAAP).
Retail Gross Margin	Retail Revenue (Non-GAAP) less the related Retail Cost of Goods Sold (Non-GAAP). Retail Gross Margin (Non-GAAP) is reconciled to consolidated gross margin (GAAP) as follows: consolidated revenue (GAAP) less non-retail revenue (GAAP) reduced by consolidated cost of goods sold (GAAP) less non-retail cost of goods sold (GAAP).
Retail Gross Margin Rate	Retail Gross Margin (Non-GAAP) divided by Retail Revenue (Non-GAAP). Retail Gross Margin Rate (Non-GAAP) is reconciled to consolidated gross margin rate (GAAP) as follows: consolidated revenue (GAAP) less non-retail revenue (GAAP) reduced by consolidated cost of goods sold (GAAP) less non-retail cost of goods sold (GAAP), divided by consolidated revenue (GAAP) less non-retail revenue (GAAP).
Retail EBITDA Margin	Retail Gross Margin (Non-GAAP) less direct store operating expenses (GAAP), including rent, payroll, security, insurance, office supplies and payment processing fees. Retail EBITDA Margin (Non-GAAP) is reconciled to Loss Before Provision for Income Taxes (GAAP) as follows: consolidated revenue (GAAP) less non-retail revenue (GAAP) reduced by consolidated cost of goods sold (GAAP) less non-retail cost of goods sold (GAAP), reduced by operating expenses directly related to retail operations (GAAP) which is calculated as consolidated operating expenses (GAAP) less operating expenses not related to retail operations (GAAP).

Retail EBITDA Margin Rate	Retail EBITDA Margin (Non-GAAP) divided by Retail Revenue (Non-GAAP). Retail EBITDA Margin Rate (Non-GAAP) is calculated as consolidated revenue (GAAP) less non-retail revenue (GAAP) reduced by consolidated cost of goods sold (GAAP) less non-retail cost of goods sold (GAAP) and operating expenses directly related to retail operations (GAAP) which is calculated as consolidated operating expenses (GAAP) less operating expenses not related to retail operations (GAAP), divided by consolidated revenue (GAAP) less non-retail revenue (GAAP).
Retail Adjusted EBITDA Margin	Retail EBITDA Margin (Non-GAAP) less local cannabis and excise taxes (GAAP).
Retail Adjusted EBITDA Margin Rate	Retail Adjusted EBITDA Margin (Non-GAAP) divided by Retail Revenue (Non-GAAP), which is calculated as consolidated revenue (GAAP) less non-retail revenue (GAAP).

Management believes that these non-GAAP financial measures assess the Company's ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as they facilitate comparing financial results across accounting periods and to those of peer companies. Management also believes that these non-GAAP financial measures enable investors to evaluate the Company's operating results and future prospects in the same manner as management. These non-GAAP financial measures may also exclude expenses and gains that may be unusual in nature, infrequent or not reflective of the Company's ongoing operating results.

As there are no standardized methods of calculating these non-GAAP financial measures, the Company's methods may differ from those used by others, and accordingly, the use of these measures may not be directly comparable to similarly titled measures used by others. Accordingly, these non-GAAP financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

In particular, the Company continues to make investments in its cannabis properties and management resources to better position the organization to achieve its strategic growth objectives which have resulted in outflows of economic resources. Accordingly, the Company uses these metrics to measure its core financial and operating performance for business planning purposes. In addition, the Company believes investors use both GAAP and non-GAAP measures to assess management's past and future decisions associated with its priorities and allocation of capital, as well as to analyze how the business operates in, or responds to, swings in economic cycles or to other events that impact the cannabis industry. However, these measures do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies in the Company's industry.

Non-GAAP financial measures are financial measures that are not defined under GAAP. The Company uses these non-GAAP financial measures and believes they enhance an investors' understanding of the Company's financial and operating performance from period to period. These non-GAAP financial measures exclude certain material non-cash items and certain other adjustments the Company believes are not reflective of its ongoing operations and performance.

These financial measures are not intended to represent and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with GAAP as measures of operating performance or operating cash flows or as measures of liquidity.

These non-GAAP financial measures have important limitations as analytical tools and should not be considered in isolation or as a substitute for any standardized measure under GAAP. For example, certain of these non-GAAP financial measures:

- exclude certain tax payments that may reduce cash available to the Company;
- do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- do not reflect changes in, or cash requirements for, working capital needs; and
- do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments on debt.

Other companies in the cannabis industry may calculate these measures differently than the Company does, limiting their usefulness as comparative measures.

Retail Performance

Within the cannabis industry, MedMen is uniquely focused on the retail component of the value chain. For the fiscal year end of 2020, the Company is providing detail with respect to earnings before interest, taxes, depreciation and amortization ("**EBITDA**") attributable to the Company's national retail operations to show how it is leveraging its retail footprint and strategically investing in the future. The table below highlights the Company's national Retail Adjusted EBITDA Margin (Non-GAAP), which excludes corporate marketing expenses and local cannabis and excise taxes. Entity-wide Adjusted EBITDA (Non-GAAP) is presented in the "*Reconciliations of Non-GAAP Financial Measures*" section.

($ in Millions)	Fiscal Quarter Ended June 27, 2020	Fiscal Quarter Ended March 28, 2020	$ Change	% Change
Consolidated Revenue (GAAP)	$ 27.4	$ 45.9	$ (18.5)	(40%)
Less: Non-Retail Revenue (GAAP)	-	(0.5)	0.5	(100%)
Retail Revenue (Non-GAAP)	27.4	45.4	(18.0)	(40%)
Consolidated Cost of Goods Sold (GAAP)	16.4	31.1	(14.7)	(15%)
Less: Non-Retail Cost of Goods Sold (GAAP)	(3.1)	(7.1)	4.0	(56%)
Retail Cost of Goods Sold (Non-GAAP)	13.3	24.0	(10.7)	(45%)
Retail Gross Margin (Non-GAAP)	**14.1**	**21.4**	**(7.3)**	(34%)
Retail Gross Margin Rate (Non-GAAP)	*51%*	*47%*	(4%)	(9%)
Consolidated Operating Expenses (GAAP)	309.6	80.1	229.5	239%
Less: Non-Retail Operating Expenses (GAAP)	(297.2)	(63.1)	(234.1)	371%
Direct Store Operating Expenses (GAAP)	12.4	17.0	(4.6)	(27%)
Retail EBITDA Margin (Non-GAAP)	**$ 1.7**	**$ 4.4**	**$ (2.7)**	(61%)
Retail EBITDA Margin Rate (Non-GAAP)	*6%*	*10%*	*-3%*	(36%)
Local Taxes (GAAP), Distribution Expenses (GAAP), & Inventory Adjustments (GAAP)	1.3	0.9	0.4	44%
Retail Adjusted EBITDA Margin (Non-GAAP)	**$ 0.4**	**$ 3.5**	**$ (3.1)**	(89%)
Retail Adjusted EBITDA Margin Rate (Non-GAAP)	*1%*	*8%*	*-6%*	(81%)
Add: Non-Retail Adjusted EBITDA	(23.7)	(29.6)	5.9	(20%)
Total Adjusted EBITDA (Non-GAAP)	**$ (23.3)**	**$ (26.1)**	**$ 2.8**	(11%)

For the fiscal fourth quarter of 2020, system-wide retail revenue was $27.4 million across the Company’s operations in California, Nevada, New York, Illinois and Florida. This represents a 40% decrease, or $18.0 million, over the fiscal third quarter of 2020 of $45.4 million. The decrease in system-wide revenue was driven primarily by decreased sales as a result of COVID-19. In particular, certain retail locations in California and Nevada experienced a slowdown in sales during the fiscal fourth quarter of 2020 due to shelter-at-home orders and reduced tourism. The initiative of mobilizing curbside pickup and delivery during the fiscal quarter ended June 27, 2020 allowed more captured revenues and will continue to be a significant part of the Company’s future as consumer purchasing habits continue to evolve. Retail Cost of Goods Sold (Non-GAAP) for the fiscal fourth quarter of 2020 was $13.3 million, representing a 38% decrease, or $8.1 million, over the fiscal third quarter of 2020 of $21.4 million primarily due to a slowdown in production resulting from current market conditions. During the fiscal fourth quarter of 2020, the Company temporarily closed five of its eight retail stores in Florida as a part of the Company’s efforts to optimize their current retail portfolio. The five locations were Sarasota, Orlando (International Drive), Tallahassee, Jacksonville and Key West. The Company will look to re-open the locations as additional supply is available through its Eustis cultivation and manufacturing facility as a result of upgrades and process improvements that are currently underway at the facility. Subsequent to June 27, 2020, the Company opened its Coral Shores location near Fort Lauderdale, Florida.

Retail Gross Margin Rate (Non-GAAP) for the fiscal fourth quarter of 2020 was 51%, compared to the fiscal third quarter of 2020 of 47% as a result of the factors described above. The Company had an aggregate Retail Adjusted EBITDA Margin Rate (Non-GAAP) of 1% for the fiscal fourth quarter of 2020 which represents a decrease compared to the 8% realized in the fiscal third quarter of 2020 primarily due to direct store operating expenses and other adjustments. Direct store operating expenses include, but are not limited to, rent, utilities, payroll and payroll related expenses, employee benefits, and security, which decreased $4.6 million, or 27%, compared to the fiscal third quarter of 2020. The change was primarily driven by a decrease in payroll expense and security fees as a result of the Company’s cost-rationalization plan to reduce retail-level operating expenses in addition to modifications to the Company’s retail operations during the COVID-19 pandemic. The decrease in direct store operating expenses of 27% was not commensurate with the decrease in revenues of 40% during the fiscal fourth quarter of 2020, resulting in an overall decrease in Retail EBITDA Margins (Non-GAAP) compared to the fiscal third quarter of 2020. Excluding local taxes, distribution expenses and inventory adjustments, Retail EBITDA Margin Rate (Non-GAAP) would have been 6% in the fiscal fourth quarter of 2020 versus 10% in the fiscal third quarter of 2020.

Reconciliations of Non-GAAP Financial Measures

The table below reconciles Net Loss from Continuing Operations (GAAP) to Adjusted Net Loss from Continuing Operations (Non-GAAP), Net Loss from Continuing Operations (GAAP) to EBITDA from Continuing Operations (Non-GAAP) and EBITDA from Continuing Operations (Non-GAAP) to Adjusted EBITDA from Continuing Operations (Non-GAAP) for the periods indicated.

	Three Months Ended		Year Ended	
($ in Millions)	**June 27, 2020**	**June 29, 2019**	**June 27, 2020**	**June 29, 2019**
Net Loss from Continuing Operations (GAAP)	**$ (298.6)**	**$ (61.2)**	**$ (543.2)**	**$ (256.7)**
Add (Deduct) Impact of:				
Transaction Costs & Restructuring Costs	5.7	6.7	28.2	15.7
Share-Based Compensation	(0.4)	3.4	10.4	32.1
Other Non-Cash Operating Costs	239.0	4.2	268.8	2.1
Total Adjustments	244.3	14.3	307.4	49.9
Adjusted Net Loss from Continuing Operations (Non-GAAP)	**$ (54.3)**	**$ (46.9)**	**$ (235.8)**	**$ (206.8)**
Net Loss from Continuing Operations (GAAP)	**$ (298.6)**	**$ (61.2)**	**$ (543.2)**	**$ (256.7)**
Add (Deduct) Impact of:				
Net Interest and Other Financing Costs	7.7	9.7	11.7	11.5
Provision for Income Taxes	-	(12.4)	28.1	(6.4)
Amortization and Depreciation	23.3	11.9	80.2	32.0
Total Adjustments	31.0	9.2	120.0	37.1
EBITDA from Continuing Operations (Non-GAAP)	**$ (267.6)**	**$ (52.0)**	**$ (423.2)**	**$ (219.6)**
EBITDA from Continuing Operations (Non-GAAP)	**$ (267.6)**	**$ (52.0)**	**$ (423.2)**	**$ (219.6)**
Add (Deduct) Impact of:				
Transaction Costs & Restructuring Costs	5.7	6.7	28.2	15.7
Share-Based Compensation	(0.4)	3.4	10.4	32.1
Other Non-Cash Operating Costs	239.0	4.2	268.7	2.1
Total Adjustments	244.3	14.3	307.3	49.9
Adjusted EBITDA from Continuing Operations (Non-GAAP)	**$ (23.3)**	**$ (37.7)**	**$ (115.9)**	**$ (169.7)**

Despite reductions in SG&A due to implementation of the Company's cost reduction initiatives, the increase in Net Loss from Continuing Operations (GAAP) was primarily due to other non-cash operating costs, such as impairment and gains and losses on disposal of assets. This is adjusted for interest and financing costs as a direct result of debt financings, income taxes related to the number of retail locations and cultivation and production facilities operated, and amortization and depreciation expense related to the Company's retail stores, cultivation and production facilities. Considering these adjustments, the Company had EBITDA from Continuing Operations (Non-GAAP) of $(423.2) million for the year ended June 27, 2020 compared to $(219.6) million for the year ended June 29, 2019, noting EBITDA from Continuing Operations (Non-GAAP) includes significant non-cash operating costs incurred during fiscal year 2020.

For the fiscal year ended June 27, 2020, the Company saw an improvement in Adjusted EBITDA from Continuing Operations (Non-GAAP) of $(115.9) million compared to $(169.7) million for the year ended June 29, 2019. The Company utilizes equity compensation as a tool to attract and retain employees and compensate corporate governance which was a focus of the Company's expansion strategy executed during the fiscal year ended June 29, 2019. Other non-cash operating costs, such as impairment and gains and losses on disposal of assets, are excluded from Adjusted EBITDA from Continuing Operations (Non-GAAP) to reflect earnings from regular operations. The financial performance of the Company is expected to improve as the Company continues to focus on its turnaround plan and cost-optimization efforts and once all newly active retail locations have acclimatized to the geographic market and are fully operational. Refer to *"Liquidity and Capital Resources"* for further discussion of management's future outlook and executed strategic plan.

Refer to the *"Retail Performance"* discussion above for reconciliations of Retail Adjusted EBITDA.

Corporate SG&A

Corporate-level general and administrative expenses across various functions including Marketing, Legal, Retail Corporate, Technology, Accounting and Finance, Human Resources and Security (collectively referred to as "**Corporate SG&A**") are combined to account for a significant proportion of the Company's total general and administrative expenses.

($ in Millions)	Fiscal Quarter Ended June 27, 2020	Fiscal Quarter Ended March 28, 2020	$ Change	% Change
General and Administrative	$ 39.9	$ 45.9	$ (6.0)	(13%)
Sales and Marketing	0.2	1.0	(0.8)	(80%)
Consolidated SG&A (GAAP)	40.1	46.9	(6.8)	(14%)
Less: Non-Corporate SG&A (GAAP)	(25.5)	(29.5)	4.0	(14%)
Corporate SG&A as a Component of Adjusted EBITDA from Continuing Operations (Non-GAAP)	**$ 14.6**	**$ 17.4**	**$ (2.8)**	(16%)

For the fiscal fourth quarter of 2020, Corporate SG&A (Non-GAAP) contributed $14.6 million to Adjusted EBITDA from Continuing Operations (Non-GAAP), representing a decrease of $2.8 million, or 16%, from the $17.4 million that Corporate SG&A (Non-GAAP) contributed to Adjusted EBITDA Loss from Continuing Operations (Non-IFRS) in the fiscal third quarter of 2020. The largest driver of the improvement was a reduction in headcount and marketing and technology related expenses as a result of the successful implementation of the Company's cost-cutting plans announced on November 15, 2019. Refer to the "*Recent Developments*" section above. As part of its efforts to optimize Corporate SG&A (Non-GAAP), marketing spend is now focused on consumer engagement through digital content, retail programming and retail partnerships that have an identifiable impact on store visits. Technology spend is now focused on driving revenue-generating activities, such as scaling MedMen's curbside pickup and delivery platform. The Company expects additional improvements in reduction of Corporate SG&A (Non-GAAP) in the upcoming quarters.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for the eight most recently prepared quarters, excluding the Company's operations in the state of Arizona that were classified as discontinued operations for all periods presented:

Period	Total Revenue	Net Loss	Active Retail Locations
	($ in Millions)		
Quarter Ended June 27, 2020	$ 27.4	$ (365.9)	23
Quarter Ended March 28, 2020	$ 45.9	$ (80.8)	28
Quarter Ended December 28, 2019	$ 44.1	$ (80.1)	29
Quarter Ended September 28, 2019	$ 39.7	$ (84.0)	24
Quarter Ended June 29, 2019	$ 35.9	$ (61.2)	20
Quarter Ended March 30, 2019	$ 31.5	$ (65.4)	18
Quarter Ended December 29, 2018 [(1)]	$ 29.2	$ (63.9)	15
Quarter Ended September 30, 2018	$ 21.5	$ (65.8)	14

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(1) *See "Change in Fiscal Year-End".*

Revenue historically increased quarter over quarter from the fiscal quarters ended September 30, 2018 through March 28, 2020, primarily due to the number of active retail locations acquired and operated and increased brand awareness of the MedMen retail brand. During the fiscal third quarter of 2020, the Company closed its Seaside, California store location to evaluate various strategic alternatives. Revenue for the fiscal fourth quarter of 2020 decreased $18.5 million compared to the fiscal third quarter of 2020. The decrease was primarily due to the impact of COVID-19 in overall retail traffic and tourism during the three months ended June 27, 2020. For all other quarters presented, there were no other significant factors, economically or industry-wide relating to pricing, competition, or buying patterns that contributed to the noted significant variances. In addition, during the fiscal fourth quarter of 2020, the Company temporarily closed five of its eight locations in the state of Florida. As of June 27, 2020, the Company had 23 active retail locations related to continuing operations.

While revenue has increased, changes in net loss quarter over quarter are primarily due to non-cash considerations related to compensation and debt and equity transactions. Net loss from continuing operations for the three months ended June 27, 2020 increased compared to the preceding fiscal quarters as a result of impairments recognized during the fiscal fourth quarter of 2020 due to economic and market conditions as a result of the COVID-19 pandemic as well as the current regulatory environment. This was offset by significant reductions in Corporate SG&A (Non-GAAP) as result of the Company's cost-cutting initiatives as noted in the "*Recent Developments*".

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Year Ended			
($ in Millions)	**June 27, 2020**	**June 29, 2019**	**$ Change**	**% Change**
Net Cash Used in Operating Activities	$ (110.3)	$ (243.0)	$ 132.7	(55%)
Net Cash Used in Investing Activities	(20.1)	(146.5)	126.4	(86%)
Net Cash Provided by Financing Activities	108.0	344.1	(236.1)	(69%)
Net Decrease in Cash and Cash Equivalents	(22.4)	(45.4)	23.0	(51%)
Cash Included in Assets Held for Sale [(1)]	(0.7)	(0.5)	(0.2)	40%
Cash and Cash Equivalents, Beginning of Period	33.2	79.2	(46.0)	(58%)
Cash and Cash Equivalents, End of Period	**$ 10.8**	**$ 33.2**	**$ (22.4)**	(67%)

Cash Flow from Operating Activities

Net cash used in operating activities was $110.1 million for the fiscal year ended June 27, 2020, a decrease in $132.9 million, or 55%, compared to $243.0 million for the year ended in June 27, 2020. The decrease in cash used was primarily due to implementation of the Company's cost rationalization strategy during the fiscal year ended June 27, 2020. Specifically, general and administrative expenses include corporate-level expenses across various functions including Marketing, Legal, Retail Corporate, Technology, Accounting and Finance, Human Resources and Security which are combined to account for a significant proportion of the Company's total general and administrative expenses. Several retail locations were opened during the fiscal year ended June 29, 2019 and became fully operational during the fiscal year ended June 27, 2020, resulting in increased revenues as well as increased operating costs.

Cash Flow from Investing Activities

Net cash used in investing activities was $19.4 million for the fiscal year ended June 27, 2020, a decrease of $127.1 million, or 87%, compared to $146.5 million for the year ended June 29, 2919. The decrease in net cash used in investing activities was primarily due the Company's strategic plan to limit cash outlays and divest non-core assets. Net cash was positively impacted by a decrease in purchases of property and equipment of $60.2 million, a decrease in purchases of investments of $8.8 million, and a decrease in business combinations and asset acquisitions of $45.4 million. In addition, the Company received proceeds from the sale of investments of $12.5 million and proceeds from the sale of assets held for sale and other assets of $21.9 million, offset by a decrease in proceeds from the sale of property of $14.8 million.

Cash Flow from Financing Activities

Net cash provided by financing activities was $107.1 million for the fiscal year ended June 27, 2020, a decrease of $237.0 million, or 69%, compared to $344.1 million for the year ended June 29, 2019. The decrease in change of net cash provided by financing activities was primarily due to a decrease of $66.0 million in the issuance of equity instruments for cash, a decrease of $152.4 million in proceeds from the issuance of notes payable, and a decrease of $50.0 million in proceeds from the credit facility with Gotham Green Partners. The decrease in debt and equity financings was offset by a decrease of $40.2 million in principal repayments on notes payable during the year ended June 27, 2020 compared to the same period in the prior year.

Financial Condition

The following table summarizes certain aspects of the Company's financial condition as of June 27, 2020 and June 29, 2019:

($ in Millions)		June 27, 2020		June 29, 2019		$ Change	% Change
Cash and Cash Equivalents	$	10.1	$	33.2	$	(23.1)	(70%)
Restricted Cash	$	-	$	0.1	$	(0.1)	(100%)
Total Current Assets	$	84.0	$	106.1	$	(22.1)	(21%)
Total Assets	$	574.3	$	687.5	$	(113.2)	(16%)
Total Current Liabilities	$	189.2	$	109.7	$	79.5	72%
Notes Payable, Net of Current Portion	$	319.2	$	237.6	$	81.6	34%
Total Liabilities	$	751.2	$	476.2	$	275.0	58%
Total Shareholders' Equity	$	(176.9)	$	211.3	$	(388.2)	(184%)
Working Capital Deficit	$	(105.2)	$	(3.6)	$	(101.6)	2,822%

As of June 27, 2020, the Company had $10.1 million of cash and cash equivalents and $105.2 million of working capital deficit, compared to $33.2 million of cash and cash equivalents and $3.6 million of working capital deficit as of June 29, 2019. Reductions in cash and cash equivalents were primarily due to the Company's investments in its retail expansion in which MedMen increased the number of active retail locations from 23 operating retail stores during the year ended June 29, 2019 up to 32 operating retail stores during the year ended June 27, 2020, of which three retail stores are located in the state of Arizona that were classified as discontinued operations, noting as of June 27, 2020, the Company had 26 active retail locations following recent permanent and temporary closures. The decrease in cash and cash equivalents was also associated with significant payments on lease liability, notes payable and costs associated with the issuances of debt. The foregoing uses of cash were partially offset by cash generated from the sale of assets and significant debt and equity financing during the fiscal year ended June 27, 2020.

The $101.6 million increase in working capital deficit was primarily related to an increase of $31.9 million in accounts payable and accrued liabilities, an increase of $24.9 million in income taxes payable, an increase of $15.0 million in liabilities held for sale related to discontinued operations and subsidiaries held for sale that do not meet the definition of discontinued operations, and an increase of $16.1 million in other current liabilities primarily due to increases in contingent consideration and accrued interest, offset by a decrease of $8.8 million in derivative liabilities due to changes in fair value, and a decrease of $5.8 million in the current portion of notes payable. The current portion of operating and finance lease liabilities in the net amount of $7.2 million is also included in the working capital deficit as a part of the Company's adoption of ASC 842 on June 30, 2019 compared to nil as of June 29, 2019. The net increase in current liabilities was offset by an increase of $26.0 million in assets held for sale related to the Company's divestiture of non-core assets in addition to a decrease of $23.1 million in cash and cash equivalents for the factors described above, a decrease of $9.2 million in prepaid expenses, and a decrease of $9.8 million in other current assets due to sale of investments during the fiscal year ended June 27, 2020.

The Company's working capital will be significantly impacted by continued growth in retail operations, operationalizing existing licenses, and the success of the Company's cost-cutting measures. The ability to fund working capital needs will also be dependent on the Company's ability to raise additional debt and equity financing.

Liquidity and Capital Resources

The primary need for liquidity is to fund working capital requirements of the business, including operationalizing existing licenses, capital expenditures, debt service and acquisitions. The primary source of liquidity has primarily been private and/or public financing and to a lesser extent by cash generated from sales. The ability to fund operations, to make planned capital expenditures, to execute on the growth/acquisition strategy, to make scheduled debt and rent payments and to repay or refinance indebtedness depends on the Company's future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond its control. Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

As of June 27, 2020, the Company had $10.1 million of cash and cash equivalents and $105.2 million of working capital deficit, compared to $33.2 million of cash and cash equivalents and $3.6 million of working capital deficit as of June 29, 2019. For the fiscal year ended June 27, 2020, the Company's monthly burn rate, which was calculated as cash spent per month in operating activities, was approximately $9.2 million compared to a monthly burn rate of approximately $20.3 million for the fiscal year ended June 29, 2019. Since its inception, the Company focused on an aggressive expansion strategy in the form of mergers, acquisitions, and management contracts with the understanding that such strategy may result in short-term operating losses and significant acquisition related debt and costs. During the fiscal year ending June 27, 2020, management executed on a strategic plan to limit significant cash outlays and reduce the overall cash burn. As of June 27, 2020, cash generated from ongoing operations may not be sufficient to fund operations and, in particular, to fund the Company's growth strategy in the short-term or long-term.

Subsequent to June 27, 2020, management continued to execute on its financial restructuring and turnaround plan to support the expansion of the Company's retail footprint. The strategic plan includes, but is not limited to, capital raised subsequent to year-end, restructuring plans that have already been put in place to reduce corporate-level expenses, amendments that have been agreed to with lenders and landlords to defer cash interest and rent payments, reduction in capital expenditures through a slow-down in new store buildouts, plans to divest non-core assets to raise non-dilutive capital, enhancements to its digital offering, including direct-to-consumer delivery and curbside pick-up in light of COVID-19 and a change in retail strategy to pass certain local taxes and payment processing fees to customers. Despite the continuously evolving capital market, the Company has indefinitely postponed buildouts and retail store expansions to reduce capital expenditures as needed. The Company has executed a successful initiative to defer rent and cash interest payments which will further reduce the Company's overall cash outlay. In addition, the Company will continue to focus on the optimization of SG&A expenses. Management is in the process of leveraging the Company's operating scale with a focus on high ROI initiatives through strategic opportunities that will allow the Company to maintain its leadership within the industry. Management is also exploring joint ventures on certain capital intensive projects that will bring in qualified partners to enable the Company to maintain their strong retail presence without having to deploy upfront capital. In addition, the Company is looking at new customer acquisition tools that will increase traffic and sales within existing stores and e-commerce platform as well as third-party technology and software to increase the returns on the Company's existing tools. Further, the Company will continue to streamline operations and invest in core markets, with a focus on markets in which MedMen already has a leadership position in. The Company's restructuring plan includes a market-based approach wherein strategic decisions vary by market considering regulatory and economic conditions, potential partnerships and synergies, and the Company's position in that market. The Company continues to execute on its efforts to improve store profitability, reduce corporate SG&A and delay capital-intensive projects. Subsequent to June 27, 2020, management has executed strategic transactions to better position itself for long-term viability.

The Company has also raised additional funds from debt and equity financing subsequent to the fiscal year ended June 27, 2020 to mitigate any potential liquidity risk. The Company intends to continue raising capital by utilizing debt and equity financings on an as needed basis. Management evaluated its financial condition as of June 27, 2020 in conjunction with recent financings and transactions which provide capital subsequent to the fiscal year ended June 27, 2020 as discussed below.

Partnership with Gotham Green Partners

On July 2, 2020, the Company amended the GGP Facility wherein 100% of the cash interest due prior to June 2021 will be paid-in-kind, and 50% of the cash interest due thereafter for the remainder of the term of the GGP Facility will be paid-in-kind. The threshold for the minimum liquidity covenant has been waived until September 30, 2020, resetting to $5.0 million thereafter, to $7.5 million effective on March 31, 2021 and then to $15.0 million effective on December 31, 2021. GGP has also agreed to the release of certain assets from its collateral pool in order to provide the Company with greater flexibility to generate proceeds through the sale of non-core assets. In connection with the amendments to the GGP Facility, the Company is now subject to certain additional covenants that are consistent with the Company's turnaround plan. The Company is required to adhere to its turnaround plan for certain cash expenditures such as corporate expenses, capital expenditures and leases.

On September 14, 2020, the Company closed on an incremental advance in the amount of $5.0 million under the GGP Facility at a conversion price of $0.20 per share. In connection with the incremental advance, the Company issued 25,000,000 warrants with an exercise price of $0.20 per share. In addition, 1,080,255 existing warrants were cancelled and replaced with 16,875,000 warrants with an exercise price of $0.20 per share.

Continued Support from Lenders of the Senior Secured Term Loan

On July 2, 2020, the Company amended terms under the Senior Secured Term loan wherein 100% of the total interest payable prior to June 2021 will be paid-in-kind and 50% of the cash interest due thereafter for the remainder of the term will be paid-in-kind. The threshold for the minimum liquidity covenant has been waived until September 30, 2020, resetting to $5.0 million thereafter, to $7.5 million effective on March 31, 2021 and then to $15.0 million effective on December 31, 2021. In connection with the amendments to the Senior Secured Term Loan, the Company is now subject to certain additional covenants which are consistent with those included as a part of the amendments to the GGP Facility as described above.

On September 16, 2020, the Company entered into further amendments wherein the potential size of the Senior Secured Term Loan was increased by $12.0 million, of which $5.7 million is fully committed by the lenders. On September 16, 2020, the Company closed on $3.0 million of the incremental notes which bears interest at a rate of 18.0% per annum wherein 12.0% shall be paid in cash monthly in arrears and 6.0% shall accrue monthly as payment-in-kind. In connection with the amendment, the Company issued 30,000,000 warrants with an exercise price of $0.34 per share. On September 30, 2020, the Company closed on the remaining $2.7 million and issued 27,000,000 warrants to the lenders.

Unsecured Convertible Facility

On September 16, 2020, the Company entered into a $10.0 million unsecured convertible debenture facility ("Unsecured Convertible Facility") with certain institutional investors. Subject to certain conditions, the Company has the right to call additional tranches of $1.0 million each, no later than 20 trading days following the issuance of each tranche, including the initial tranche, up to a maximum of $10.0 million under all tranches. The timing of additional tranches can be accelerated based on certain conditions. The Investors have the right to at least four additional tranches, with any such subsequent tranche to be at least $1.0 million.

Also on September 16, 2020, the Company closed on an initial $1.0 million under the Unsecured Convertible Facility at a conversion price of $0.17 per share. In connection with the initial tranche, the Company issued 3,293,413 warrants with an exercise price of $0.21 per share. On September 28, 2020, the Company closed on an additional $1.0 million and issued 3,777,475 warrants with an exercise price of $0.17 per share.

Treehouse Real Estate Investment Trust

On July 3, 2020, the Company announced modifications to its existing lease arrangements with the REIT in which the REIT agreed to defer a portion of total current monthly base rent for the 36-month period between July 1, 2020 and July 1, 2023. The total amount of all deferred rent accrues interest at 8.6% per annum during the deferral period. As consideration for the rent deferral, the Company issued 3,500,000 warrants to the REIT, each exercisable at $0.34 per share for a period of five years.

Sale of Assets

On July 2, 2020, the Company received $10,000,000 at the signing of definitive documents for the sale of one of its retail licenses outside of California. Management continues to seek buyers for divestiture of the Company's other non-core assets, which include licenses and investments, to provide additional capital. Given the Company's specialization in retail, management is revaluating its vertical integration strategy and identifying opportunities to realign the Company's focus on the retail market.

Contractual Obligations

As of June 27, 2020 and June 29, 2019, and in the normal course of business, the Company has the following obligations to make future payments, representing contracts and other commitments that are known and committed. The Company had the following contractual obligations as of June 27, 2020:

	June 26, 2021	June 25, 2022	June 24, 2023	June 29, 2024	June 28, 2025	Thereafter	TOTAL
Accounts Payable and Accrued Liabilities	$ 79,530,930	$ -	$ -	$ -	$ -	$ -	$ 79,530,930
Other Liabilities	$ 19,732,305	$ 617,447	$ 566,627	$ 566,627	$ 566,627	$ 1,898,204	$ 23,947,838
Derivative Liabilities	$ 546,076	$ -	$ -	$ -	$ -	$ -	$ 546,076
Operating Lease Liabilities	$ 34,049,366	$ 34,040,450	$ 34,224,191	$ 31,289,161	$ 30,837,827	$ 134,553,668	$ 298,994,663
Finance Lease Liabilities	$ 1,439,200	$ 1,579,608	$ 1,790,448	$ 2,021,743	$ 2,279,010	$ 51,103,533	$ 60,213,542
Notes Payable	$ 16,188,668	$ 77,675,000	$ -	$ -	$ -	$ 85,916,225	$ 179,779,893
Senior Secured Convertible Credit	$ -	$166,368,463	$ -	$ -	$ -	$ -	$ 166,368,463
Due to Related Party	$ 4,556,814	$ -	$ -	$ -	$ -	$ -	$ 4,556,814

The Company had the following contractual obligations as of June 29, 2019:

	June 27, 2020	June 26, 2021	June 25, 2022	June 24, 2023	June 29, 2024	Thereafter	TOTAL
Accounts Payable and Accrued Liabilities	$ 47,610,197	$ -	$ -	$ -	$ -	$ -	$ 47,610,197
Other Liabilities	$ 3,646,380	$ 20,764,316	$ 566,627	$ 566,627	$ 566,627	$ 2,464,829	$ 28,575,407
Derivative Liabilities	$ 9,343,485	$ -	$ -	$ -	$ -	$ -	$ 9,343,485
Finance Lease Liabilities	$ 24,401,378	$ 27,543,166	$ 28,225,713	$ 27,225,684	$ 23,511,470	$ 121,201,096	$ 252,108,507
Notes Payable	$ 21,998,522	$ 19,163,915	$ 76,002,878	$ 2,576,274	$ 2,774,390	$ 62,002,850	$ 184,518,829
Senior Secured Convertible Credit Facility	$ -	$ 86,855,415	$ -	$ -	$ -	$ -	$ 86,855,415
Due to Related Party	$ 5,640,817	$ -	$ -	$ -	$ -	$ -	$ 5,640,817

For future minimum lease payments, refer to *"Note 16 – Leases"* of the Consolidated Financial Statements for the fiscal years ended June 27, 2020 and June 29, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that are material to investors.

TRANSACTIONS BETWEEN RELATED PARTIES

Transactions with Related Parties

All related party balances due from or due to the Company as of June 27, 2020 and June 29, 2019 did not have any formal contractual agreements regarding payment terms or interest. For amounts due from and to related parties, refer to *"Note 24 – Related Party Transactions"* of the Consolidated Financial Statements for the fiscal years ended June 27, 2020 and June 29, 2019.

Gotham Green Partners

As discussed in "*Liquidity and Capital Resources*" and "*Fiscal Year 2020 Highlights*", the Company has engaged in a strategic partnership with Gotham Green Partners, a related party. The arrangement is to provide financing to the Company in the form of a credit facility up to $250.0 million accessed through issuances of convertible senior secured notes (the "**Notes**") co-issued by the Company and MM CAN USA, Inc. The Notes are convertible, at the option of the holder, into Subordinate Voting Shares at any time prior to the close of business on the last business day immediately preceding the maturity date of April 23, 2022. In addition, upon issuance of any Notes, the lenders are issued share purchase warrants (the "**Warrants**") of the Company, each of which are exercisable to purchase one Subordinate Voting Share for 36 months from the date of issue. The Notes and the Warrants, and any Subordinate Voting Shares issuable as a result of a conversion of the Notes or exercise of the Warrants, will be subject to a four-month hold period from the date of issuance of such Notes or such Warrants, as applicable, in accordance with applicable Canadian securities laws. While the Notes are outstanding, the lenders will be entitled to the collective rights to appoint a representative to attend all meetings of the Board of Directors in a non-voting observer capacity. GGP has the right to nominate a majority of the Company's Board of Directors while the aggregate principal amount outstanding under the Notes being more than $25.0 million.

The convertible facility bears interest at a rate of LIBOR plus 6.0% per annum. All convertible notes will have a maturity date of 36 months from the maturity date, with a twelve-month extension feature available to the Company on certain conditions. As of October 9, 2020, the Company has drawn down on $155.0 million of the Facility.

Subsequent to June 27, 2020, the Company entered into amendments to the Facility with GGP to provide greater flexibility to the Company. Refer to *"Note 18 – Senior Secured Convertible Credit Facility"* and *"Note 27 – Subsequent Events"* of the Consolidated Financial Statements for the fiscal years ended June 27, 2020 and June 29, 2019.

Wicklow Capital, Inc.

In August 2019, Benjamin Rose became the non-executive Chairman of the Board and later became the Executive Chairman of the Board in May 2019. Mr. Rose is the Chief Investment Officer of Wicklow Capital, Inc. On December 11, 2019, the Company announced that Mr. Rose was granted a limited proxy of 815,295 Class A Super Voting Shares, which represents 50% of the total Class A Super Voting Shares, for a period of one year. As a result of the proxy, Mr. Rose has joint control of the Company.

In August 2019, GGP and Wicklow Capital completed a $30.0 million non-brokered financing of Subordinate Voting Shares at a price equal to $2.37 per share wherein the Company issued 14,634,147 Subordinate Voting Shares to the investors. In December 2019*,* the Company engaged in a non-broker partner placement wherein Wicklow Capital in the offering in which the Company issued 23,720,929 Subordinate Voting Shares for aggregate gross proceeds of $10.2 million to the investors. In April 2020, the Company granted 5,458,749 restricted stock units to Benjamin Rose, the Executive Chairman of the Board. The units will vest on December 10, 2020 or upon a change in control of the Company.

SierraConstellation Partners

In March 2020, the Company entered into restructuring plan and retained interim management and advisory firm, SierraConstellation Partners ("SCP"), to support the Company in the development and execution of its turnaround and restructuring plan. As part of the engagement, Tom Lynch was appointed as Interim Chief Executive Officer and Chief Restructuring Officer, and Tim Bossidy was appointed as Interim Chief Operating Officer. Mr. Lynch is a Partner and Senior Managing Director at SCP. Mr. Bossidy is a Director at SCP. As of October 9, 2020, the Company had paid $1,519,377 in fees to SCP for interim management and restructuring support.

PROPOSED TRANSACTIONS

Key Developments Subsequent to June 27, 2020

Descriptions of significant events subsequent to June 27, 2020 are more fully described in the section "*Recent Developments*" above. Also refer to "*Note 27 – Subsequent Events*" of the audited Consolidated Financial Statements for the fiscal years ended June 27, 2020 and June 29, 2019.

CRITICAL ACCOUNTING ESTIMATES

The Company makes judgments, estimates and assumptions about the future that affect the policies and reported amounts 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 the Company's annual Consolidated Financial Statements in conformity with GAAP requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities at the dates of the financial statements and the reported amounts of total net revenue and expenses during the reporting period which are not readily apparent from other sources. 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

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the annual Consolidated Financial Statements are described below.

Depreciation of Property and Equipment

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

Amortization of Intangible Assets

Amortization of intangible assets is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgment. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions.

Inventory Valuation

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. The reserve estimate for excess and obsolete inventory is dependent on expected future use.

Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are accounted for using the acquisition method. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with ASC 450, *"Contingencies"*, as appropriate, with the corresponding gain or loss being recognized in earnings in accordance with ASC 805, *"Business Combinations"*. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Convertible Instruments and Derivative Liabilities

The identification of components embedded within financial instruments is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the financial instruments at issuance and the subsequent recognition of interest on the liability component. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value, with changes in fair value reported in the Consolidated Statements of Operations. The instrument is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Share-Based Compensation

The Company uses the Black-Scholes option-pricing model or the Monte-Carlo simulation model to determine the fair value of equity-based grants. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future share price, risk-free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Goodwill Impairment and Purchase Asset Valuations

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill has been impaired. In the impairment test, the Company measures the recoverability of goodwill by comparing a reporting unit's carrying amount to the estimated fair value of the reporting unit. 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. The Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the recoverable amount.

Deferred Tax Assets

Deferred tax assets, including those arising from tax loss carryforwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Right-of-Use Assets and Lease Liabilities

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or estimates of economic life. The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise. Refer to *"Note 2 – Summary of Significant Accounting Policies"* of the Consolidated Financial Statements for the fiscal years ended June 27, 2020 and June 29, 2019.

Assets Held for Sale and Discontinued Operations

Assets held for sale are measured at the lower of its carrying amount or fair value less cost to sell ("**FVLCTS**") unless the asset held for sale meets the exceptions as denoted by ASC 360. FVLCTS is the amount obtainable from the sale of the asset in an arm's length transaction, less the costs of disposal. A component of an entity is identified as operations and cash flows that can be clearly distinguished, operationally and financially, from the rest of the entity. A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial Instruments

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 – 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.

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 year.

Financial instruments are measured at amortized cost or at fair value. Financial instruments measured at amortized cost consist of accounts receivable, due from and due to related party, other liabilities, and accounts payable and accrued liabilities wherein the carrying value approximates fair value due to its short-term nature. Other financial instruments measured at amortized cost include notes payable and senior secured convertible credit facility wherein the carrying value at the effective interest rate approximates fair value as the interest rate for notes payable and the interest rate used to discount the host debt contract for senior secured convertible credit facility approximate a market rate for similar instruments offered to the Company.

Financial Risk Management

Credit Risk

The operating results and financial position of the Company are reported in U.S. dollars. Some of the Company's financial transactions are denominated in currencies other than the U.S. dollar. The results of the Company's operations are subject to currency transaction and translation risks. The Company's main risk is associated with fluctuations in Canadian dollars. The Company holds cash in U.S. dollars, investments denominated in U.S. dollars, debt denominated in U.S. dollars, and equity, which is denominated in U.S. and Canadian dollars. Such assets and liabilities denominated in currencies other than the U.S. dollar are translated based on the Company's foreign currency translation policy.

As of June 27, 2020 and June 29, 2019, the Company had no hedging agreements in place for foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial liabilities have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

Equity Price Risks

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of investments held in privately-held entities is based on a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

SUMMARY OF OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding and reserved for issuance as of October 9, 2020:

Securities	Number of Shares
Issued and Outstanding:	
Subordinate Voting Shares	448,225,056
Super Voting Shares	815,295
Additional Subordinate Voting Shares Reserved for Issuance :[(1)]	
MedMen Enterprises Inc.:	
Stock Options	7,579,788
Warrants [(2)]	264,898,253
Restricted Share Units	7,014,432
Convertible Notes Payable [(3)]	557,985,681
MM Enterprises USA, LLC:	
LTIP Units	19,323,878
Redeemable Units	725,017
MM CAN USA, Inc.:	
Redeemable Shares	197,347,774
Warrants [(2)]	70,455,729
Total Additional Subordinate Voting Shares Reserved for Issuance	1,125,330,552
Total Shares Issued, Outstanding and Reserved for Issuance	**1,574,370,903**

(1) Subordinate Voting Shares reserved for issuance pursuant to redemption rights attached to certain outstanding but unlisted shares and common units of MM CAN USA, Inc. and MM Enterprises USA, LLC, which are subsidiaries of MedMen Enterprises Inc. and in connection with certain outstanding convertible or

(2) Warrants included above have been grouped together and have varying issuance dates, expiration dates, exercise prices and other terms and conditions.

(3) Convertible notes payable based on accreted balance (including principal and payment-in-kind interest) as of October 9, 2020.

UNITED STATES REGULATORY ENVIRONMENT

Federal Regulatory Environment

The federal government of the United States regulates controlled substances through the CSA, which places controlled substances on one of five schedules. Currently, marijuana is classified as a Schedule I controlled substance. A Schedule I controlled substance means the Drug Enforcement Agency considers it to have a high potential for abuse, no accepted medical treatment, and a lack of accepted safety for the use of it even under medical supervision. Overall, the United States federal government has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use marijuana even if such sale and disbursement is sanctioned by state law. Accordingly, there are a number of significant risks associated with the business of the Company and unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, and the business of the Company may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States.

The following table provides a list of the licenses granted to and disclosed as applied for by the Company.

Entity	Address	Jurisdiction	License Type	Expiry Date (if applicable)	License Number(s)
Advanced Patients' Collective	735 S. Broadway, Los Angeles, CA 90014	State	Adult use and Medical Retail	07/23/2021	C10-0000499-LIC
		City	Adult Use Retail	12/31/2020	0002086145-0001-8: Fund/Class J020
		City	Medical Retail	12/31/2020	0002086145-0001-8: Fund/Class J010
	2430 Porter St., Los Angeles, CA 90021	State	Adult use and Medical Distribution	07/02/2021	C11-0000635-LIC
MME CYON Retail, Inc.	110 S Robertson Blvd, Los Angeles CA 90048	State	Adult use and Medical Retail	07/15/2021	C10-0000426-LIC
		City	Adult Use Retail	12/31/2020	0002053218-0001-8: Fund/Class J020
		City	Medical Retail	12/31/2020	0002181643-0001-9 Fund Class J010
Desert Hot Springs Green Horizons, Inc.	13300 Little Morongo Road, Desert Hot Springs, CA 92240	State	Adult Use and Medicinal Distributor	06/24/2021	C11-0000490-LIC
		State	Adult use and Medical Manufacturing - Type 7	05/10/2021	CDPH-10003152
		State	Adult use and Medical Cultivation	09/13/2020	CAL19-0004050
		City	Business License - Cultivator/Distributor	09/15/2020	2071
		City	Business License - Manufacturing	09/15/2020	2070
		City	Cannabis Regulatory Permit - Cultivation, Distribution, and Manufacturing	N/A	2017-00000396
		City	CUP	N/A	CUP 14-16
Farmacy Collective	8208 Santa Monica Blvd, Santa Monica CA 90046	State	Adult use/Medical Retail	07/14/2021	C10-0000421-LIC
		City	TUP (TEMP CITY APPROVAL)	09/28/2020	17-0013
		City	West Hollywood Business License - Public Eating	05/31/2021	PBL-004537
Rochambeau, Inc.	3996 San Pablo Avenue Suites A, B, C, D; Emeryville, CA 94608	State	Adult use and Medical Retail	07/07/2021	C10-0000385-LIC
		City	Adult use and Medical Retail	08/21/2020	EPD 19-006
		City	CUP for Retail	02/22/2021	CUP-18-001
Sure Felt, LLC	10715 Sorrento Valley Rd., San Diego, CA 92121	State	Adult use and Medical Retail	07/04/2021	C10-0000379-LIC
		City	Medical Marijuana Consumer Cooperative Permit	04/17/2020*	Form DS-191
		City	CUP	06/18/2023	CUP 1865509
MMOF San Diego Retail, Inc.	5125 Convoy St., #211 San Diego, CA 92111	City	CUP	06/25/2020*	1291580 PTS# 369478
		City	Medical Marijuana Consumer Cooperative Permit	05/23/2020*	Form DS-191
		State	Adult use and Medical Retail	07/04/2021	C10-0000378-LIC
The Compassion Network	410 Lincoln Blvd., Venice, CA 90291	State	Adult use and Medical Retail	06/11/2021	C10-0000177-LIC
The Compassion Network	410 Lincoln Blvd., Venice, CA 90291	State	Adult use and Medical Retail	06/11/2021	C10-0000177-LIC

		City	Adult-Use Retail	12/31/2020	0002181643-0001-9: Fund/Class J020
		City	Medical Retail	12/31/2020	0002181643-0001-9: Fund/Class J010
The Source Santa Ana	2141 S Wright Street, Santa Ana CA 92705	State	Adult-Use and Medicinal Retailer	07/15/2021	C10-0000442-LIC
		City	Regulatory Safety Permit	01/13/2021	2018-16
Viktoriya's Medical Supplies, LLC	1075 10th St, N. San Jose, CA 95112	State	Adult use and Medical Microbusiness	07/04/2021	C12-0000144-LIC
		City	City of San Jose - Medical Cannabis Cultivation, Medical Cannabis Distribution, Medical Cannabis Manufacturing, Medical Cannabis Retail, Non-Medical Cannabis Cultivation, Non-Medical Cannabis Distribution, Non-Medical Cannabis Manufacturing, Non-Medical Cannabis Retail	12/14/2020	101-568997
PHSL, LLC	840 Broadway Ave, Suite B-4 Seaside, CA 93955	City	Business License	06/30/2021	9992017926
		State	Adult use and Medical Retail	07/15/2021	C10-0000425-LIC
MATTNJEREMY, INC	2767 E. Broadway Long Beach, CA 90803	City	Business License - Dispensary with Delivery - Adult Use	08/03/2023	MJ21908299
		City	Adult use and Medical Retail	01/04/2023	MJ21908296
		State	Adult use and Medical Retail	07/15/2021	C10-0000438-LIC
Milkman, LLC	923 Huber Street, Grover Beach, California 93433	State	Adult use and Medical Retail	06/24/2021	C10-0000273-LIC
		City	Use Permit for Manufacturing, Distribution, Retail	N/A	Resolution No. 18-19
12071 Wilshire Retail LLC	12071 Wilshire Blvd, Los Angeles, CA 90025	State and City	Adult use and Medical Retail	N/A	Pending Local and State Approval
MME Pasadena Retail LLC	536 S. Fair Oaks, Pasadena, CA 91105	State and City	Adult use and Medical Retail	N/A	Pending Local and State Approval
MME Sutter Retail Inc.	532 Sutter Street, San Francisco CA 94102	State and City	Adult use and Medical Retail	N/A	Pending Local and State Approval
MME Union Retail, LLC	1861 Union St, San Francisco, CA 94123	State and City	Adult use and Medical Retail	N/A	Pending Local and State Approval
MMOF Vegas Retail Inc	4503 Paradise Rd St. 210 A-B, Las Vegas, NV 8916	County	Marijuana Master License Retail Store/Medical Dispensary	12/31/2020	2000169.MMR-301
		State	Retail Marijuana Store	06/30/2021	Certificate: 04045523128584413069 Code: RD078
		State	Medical Marijuana Dispensary	06/30/2021	Certificate: 3465297098641153293 MME Code: D078
MMOF Fremont Retail, Inc.	823 S 3rd Street, Las Vegas, NV 89101	City	Medical Retail Business License	01/01/2021	License #: M66-00014
		City	Recreational Retail Business License	01/01/2021	License #: M66-00015
		State	Retail Marijuana Store	06/30/2021	Certificate: 67501179020484699802 Code: RD178

		State	Medical Marijuana Dispensary	06/30/2021	Certificate: 51798010886861416556 Code: D178
MMOF Vegas Retail 2, Inc.	6332 S Rainbow Blvd #105, Las Vegas, NV 89118	City	Marijuana Master License Retail Store/Medical Dispensary	12/31/2020	2000104.MMR-301
		State	Retail Marijuana Store	06/30/2021	Certificate: 10756476132829656560 Code: RD092
		State	Medical Marijuana Dispensary	06/30/2021	Certificate: 55740439531874846857 Code: D092
MMNV2 Holdings I, LLC	12000 Truckee Canyon Court, Sparks NV 89434	State	Marijuana Cultivation Facility	07/31/2021	Certificate: 07912568590104527553 Code: RC025
		State	Medical Marijuana Cultivation Registration Certificate	06/30/2021	Certificate: 17870088520850390544 Code: C025
		County	Marijuana Cultivation Facility	01/01/2021	W000009ME-LIC
		State	Marijuana Product Manufacturing Facility	07/31/2021	Certificate: 28332017443877189253 Code: RP016
		State	Medical Marijuana Production Registration Certificate	06/30/2021	Certificate: 42811321585035807243 Code: P016
		County	Marijuana Product Manufacturing Facility	01/01/2021	W000005ME-LIC
EBA Holdings, Inc.	8729 E Manzanita Dr., Scottsdale, AZ 85258	State	Approval to Operate - Dispensary, Cultivation (offsite)	08/07/2022	00000072DCMU00762354
		City	CUP	03/01/2022	8-UP-2012#2
	2832 N. Omaha, Mesa, AZ 85125	State	Approval to Operate -Cultivation (offsite)	08/07/2022	00000072DCMU00762354
MedMen NY, Inc	1113 Herkimer Road, Utica, NY 13501	State	Manufacturing License	07/31/2021	MM0501M
	2001 Marcus Avenue, Lake Success, NY 11042	State	Dispensing License	07/31/2021	MM0502D
	433 Fifth Avenue, New York, NY 10116	State	Dispensing License	07/31/2021	MM0503D
	1304 Buckley Road, Syracuse, NY 13212	State	Dispensing License	07/31/2021	MM0504D
	6850 Main Street, Buffalo, NY 14221	State	Dispensing License	07/31/2021	MM0506D
MME Florida, LLC	25540 County Road 44A, Eustis, Florida 32736	State	Cultivation and Manufacturing Authorization	07/13/2022	MMTC-2017-0012
	5048 Bayou Blvd. Pensacola, Florida 32503	State	Dispensing Authorization		
	326 5th Avenue North, St. Petersburg, Florida 33701	State	Dispensing Authorization		
	2949 North Federal Highway Fort Lauderdale, Florida 33306		Dispensing Authorization		
	537-539 Clematis Street, West Palm Beach, Florida 33401	State	Dispensing Authorization		
MedMen Boston, LLC	120 Brookline Avenue, Boston, Massachusetts 02215	State and City	Adult-Use and Medicinal Retailer	TBD	Pending Additional Approvals. State Provisional Obtained

MME Newton Retail, LLC	232 Boylston Street, Newton, MA 02459	State and City	Adult-Use and Medicinal Retailer	TBD	Pending Local and State Approval
Future Transactions Holdings, LLC	1132 Lake Street, Oak Park, Il 60301	State	Medical Dispensing License	08/22/2021	DISP.000041
		State	Adult Use License	03/31/2021	AUDO.000033
MME Evanston Retail LLC	1804 Maple Ave. Evanston, IL 60201	State	Medical Dispensing License	11/09/2020	DISP.000009
		State	Adult Use License	03/31/2021	AUDO.000020

* A renewal application has been submitted by the Company in respect of the noted license/permit. The license/permit remains effective during the renewal process. The Company expects to receive a renewal for such a license in the ordinary course of business.

Disclosure that a license has been granted to or applied for by the Company does not imply that all required regulatory steps have been satisfied to operate a cannabis facility under that license, as licensing commonly requires multiple levels of approval at the state and local level, as well as securing compliant real estate, and licenses listed as having been granted are often provisional in nature.

The Company's operations are in compliance with applicable state laws, regulations and licensing requirements. Additionally, the Company uses the same proprietary, best-practices policies and procedures in its managed dispensaries as in its owned dispensaries in order to ensure systematic operations and, as such, to the Company's knowledge, the dispensaries that the Company manages are in compliance with applicable state laws, regulations and licensing requirements.

Nonetheless, for the reasons described above and the risks further described under the "*Risk and Uncertainties*" section herein, there are significant risks associated with the business of the Company. Readers are strongly encouraged to carefully read all the risk factors contained herein.

The following sections describe the legal and regulatory landscape in respect of the states in which the Company currently operates and as such in which it is currently contemplated that the Company will be operating upon completion of announced transactions.

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

ARIZONA

Arizona Regulatory Landscape

The Arizona Medical Marijuana Program (the "**AZDHS Program**") is governed by Title 9; Chapter 17 Department of Health Services Medical Marijuana Program (the "**AZDHS Rules**") and A.R.S. § 36-2801 et seq., as amended from time to time (the "**Arizona Act**") (the AZDHS Rules and the Arizona Act collectively referred to herein as the "**AMMA**"). The Arizona Act, which was approved by the Arizona voters in 2010 provides the legal requirements and restrictions in conjunction with the applicable rules, guidelines and requirements, promulgated by the Arizona Department of Health Services ("**AZDHS**"). The AZDHS Program provides for a limited number of Medical Marijuana Dispensary Registration Certificates (each, an "**Arizona License**"). The program currently allows 131 Arizona Licenses. A variety of product types are allowed in the state including medical marijuana and manufactured and derivative products which contain medical marijuana.

Licenses

Arizona state licenses are renewed biennially. Licensees are required to submit a renewal application, an annual financial statement, an audit of the annual financial statement prepared by an independent certified public accountant for the previous licensing period and fees outlined in the AZDHS rules. 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 along with the necessary supporting documents, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

In the state of Arizona, only cannabis that is grown and manufactured in the state by a licensed establishment may be sold in the state. A single license holder is provided with the ability to cultivate, harvest, process, transport, sell and dispense cannabis and cannabis products, and is not required to participate in all of the allowable activities. Delivery is allowed from dispensaries to patients.

Reporting Requirements

The AZDHS has not selected a state mandated seed-to-sale system at this time. Licensed entities are permitted to choose their own provider or to track marijuana products from seed-to-sale using proprietary methods. The state however, tracks patient dispensing limits through a proprietary state system. Although there are no periodic reporting requirements to the state, full seed-to-sale tracking is required by all licensees and is periodically audited by the AZDHS. Additionally, all sales transactions are manually entered into the state dispensing tracking system at the time of transaction.

COVID-19

Medical Marijuana dispensaries were not explicitly identified as essential businesses in the Governor's March 23, 2020 executive order outlining essential services. However, dispensaries continued to operate as they were considered essential as part of Arizona's healthcare and public health operations sector. Licensed dispensaries have remained open during the stay-at-home order.

Businesses that physically operate in Arizona and serve the public must establish and implement policies based on guidance from the CDC, Department of Labor, Occupational Safety and Health Administration ("**OSHA**") and ADHS to limit and mitigate the spread of COVID-19 including limiting the congregation of groups of no more than ten persons when feasible and in relation to the size of the location.

CALIFORNIA

California Regulatory Landscape

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996 ("**CUA**"). 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 adult-use 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 medical and adult-use licensing regime for cannabis businesses in the state of California. MAUCRSA went into effect on January 1, 2018.The three agencies that regulate marijuana at the state level are the California Department of Consumer Affairs' Bureau of Cannabis Control ("**BCC**"), California Department of Food and Agriculture ("**CDFA**"), California Department of Public Health ("**CDPH**"). The California Department of Tax and Fee Administration ("**CDTFA**") oversees.

In order 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.

Licenses

The Company is licensed to operate as a Medical and Adult-Use Retailer, Cultivator, Manufacturer and Distributor under applicable California and local jurisdictional law. The Company's licenses permit it to possess, cultivate, manufacture, distribute, dispense and sell medical and adult-use cannabis in the state of California pursuant to the terms of the various licenses issued by the BCC, CDFA, and CDPH under the provision of the MAUCRSA and California Assembly Bill No. 133.

The licenses are independently issued for each approved activity for use at the Company's facilities in California. California state and local licenses are generally renewed annually. License renewal applications are submitted per guidelines published by local cannabis regulators, BCC, CDFA and CDPH. While renewals are generally annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the Company would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

In the state of California, only cannabis that is grown and manufactured in the state by a licensed establishment may be sold in the state. The Company has the capabilities to cultivate, harvest, process, manufacture, distribute, and sell/dispense/deliver adult-use and medical cannabis and cannabis products. The state also allows the Company to make wholesale purchase of cannabis and cannabis products from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

Reporting Requirements

The state of California has selected Franwell Inc.'s METRC solution ("**METRC**") as the state's track-and-trace ("**T&T**") system used to track commercial cannabis activity and movement across the distribution chain ("**seed-to-sale**"). The METRC system is mandatory for all licensed operators in the state of California. The system allows for other third-party system integration via application programming interface ("**API**").

COVID-19 Regulations

On March 19, 2020, Governor Gavin Newsom issued a stay at home order to protect the health and well-being of all Californians and to establish a consistent approach across the state to slow the spread of COVID-19. This order went into effect on March 19, 2020, and is in place until further notice, with certain modification in May 2020.

The order identified certain services as essential, including food, prescriptions, and healthcare. These services can continue despite the stay at home order. Because cannabis is an essential medicine for many residents, licensees were permitted to operate so long as their operations comply with local rules and regulations.

In response to Governor Newsom's emergency declaration regarding COVID-19, BCC licensees who are unable to comply with specific regulatory requirements were able to request relief from specific licensing requirements pursuant to section 5038 of the Bureau's regulations. MedMen and numerous other retailers requested and were granted relief from certain regulation to perform curbside pickup for cannabis and cannabis product sales.

Certain jurisdictions where MedMen operates, or seeks to operate, implemented additional operational guidelines/limitations which MedMen continues to observe until further updates from local and state regulatory bodies.

FLORIDA

Florida Regulatory Landscape

In June 2014, the Florida Legislature and Governor enacted the Compassionate Medical Cannabis Act (SB1030) (the "**CMCA**") to provide a comprehensive, safe and effective medical marijuana program to meet the needs of Florida residents. The Florida State Department of Health's Office of Medical Marijuana Use (the "**OMMU**") is the regulatory agency overseeing the medical marijuana program.

While Florida regulations discuss manufacturing of edible products, such products were not permitted until the Florida Department of Health created rules for edibles manufacturing. As of March 16, 2020, new regulations outlining a path to edibles manufacturing were published. License holders must meet many requirements to manufacture edibles including but not limited to: updating their business plan, obtain and maintain a food establishment permit, and obtain approval from the OMMU.

In addition, the OMMU is in the process of promulgating new lab testing rules which will enhance the current lab testing program and product safety requirements.

Licenses

Florida state licenses are issued unnumbered and are renewed biennially. Licensees are required to submit a renewal application and fees per guidelines published by OMMU. While renewals are biennial, 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 regulatory requirements are met, the Company would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

In the state of Florida, only cannabis that is grown and manufactured in the state by a licensed establishment may be sold in the state. Florida is a "vertically-integrated" system, which gives a single license holder the ability to cultivate, harvest, process, manufacture, transport, sell and dispense cannabis and cannabis products. In Florida, license holders must participate in all aspects of the value chain in order to dispense cannabis and cannabis products to patients. Delivery to patients is permitted under the license with approval from the OMMU. The state of Florida recently updated lab testing related regulations putting more stringent controls on products in the supply chain, for the benefit of the medical marijuana patients. MedMen's products were not impacted from the change due to stringent internal controls which exceeded previous regulatory requirements for product safety.

Reporting Requirements

The OMMU has not selected a state mandated seed-to-sale system at this time. The state however, tracks patient dispensing limits through a proprietary state system. Although there are no periodic reporting requirements to the State, full seed-to-sale tracking is required by all licensees and is periodically audited by the OMMU. Additionally, all sales transactions are manually entered into the state dispensing tracking system at the time of transaction.

COVID-19

Medical Marijuana Treatment Centers ("**MMTC**") were not explicitly identified as essential businesses in the Governor's April 1st stay-at-home order. However, MMTCs were considered essential as part of Florida's health-care sector. Licensed MMTCs have remained open during the stay-at-home order.

On March 16, 2020, the Florida Department of Health issued Emergency Order 20-002, which allowed the use of telemedicine by qualified physicians for recertification of already-existing medical marijuana patients. Under the order, qualified physicians under section 381.986, Florida Statutes, may issue a physician certification only for an existing qualified patient with an existing certification that was issued by that qualified physician without the need to conduct a physical examination while physically present in the same room as the patient.

ILLINOIS

Illinois Regulatory Landscape

In 2013, the Illinois General Assembly passed the Compassionate Use of Medical Cannabis Pilot Program Act (410 ILCS 130), Public Act 98-0122 (the "**Illinois Act**"), which was signed into law by the Governor on August 1, 2013 and went into effect on January 1, 2014. The Illinois Act allows an individual who is diagnosed with a debilitating condition to register with the state to obtain cannabis for medical use. The program currently allows 60 Dispensing Organizations (each, a **"DO"**) and 22 cultivation centers statewide. A large variety of medical cannabis products are allowed in the state, including the smoking of cannabis flower. Overall, the program is administered by the Illinois Department of Public Health (the "**IDPH**"), the Illinois Department of Financial and Professional Regulations (the "**IDFPR**") is the regulatory agency overseeing the medical marijuana program for DOs and the Illinois Department of Agriculture (the "**IDOA"**) is the regulatory agency overseeing the medical marijuana program for cultivation centers.

In June 2019, Illinois governor signed legislation legalizing marijuana for recreational use. The Cannabis Regulation and Tax Act, legalizing and regulating marijuana for recreational use, went into effect on June 25, 2019, however recreational sales of marijuana began in the state on January 1, 2020. The adult use program allowed existing medical marijuana license holders to apply for Early Approval Adult Use Dispensing Organization ("**EAAUDO**") licenses to be able to sell adult use product at existing medical marijuana dispensaries (known as "co-located" or "same site" dispensaries) on January 1, 2020, and to have the privilege of opening a secondary adult use only retail site for every medical marijuana dispensary location the DO already had in its portfolio. All EAAUDO license holders were also required to commit to the state's groundbreaking Social Equity program either through a financial contribution, grant agreement, donation, incubation program, or sponsorship program.

IDFPR will also be issuing an additional 75 Adult Use Dispensing Organization ("**AUDO**") licenses in 2020. IDFPR is also expected to issue an additional 110 AUDO licenses by December 21, 2021. No single person or entity can have direct or indirect financial interest in more than 10 adult use dispensary licenses.

Licenses

Licensees are required to submit an annual renewal application and fees per guidelines published by the IDFPR and the Department of Agriculture respectively. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Under the adult use program, AUDO licenses are eligible for renewal every other year.

Regulations

In the state of Illinois, only cannabis that is grown and manufactured in the state by a licensed establishment may be sold in the state. DO license holders are provided the ability to dispense cannabis and cultivation centers are provided with the ability to cultivate, harvest, process, manufacture, and transport cannabis products. Delivery is not allowed from dispensaries to patients or consumers. Only designated caregivers may deliver medical cannabis to qualified patients.

Reporting Requirements

The state of Illinois has selected BioTrackTHC's solution as the state's track and trace system used to track commercial cannabis activity and seed-to-sale Licensed entities are permitted to choose their own provider to track marijuana products from seed-to-sale, provided that it has the ability integrate with BioTrackTHC via an API. License holders are required to provide IDFPR an annual financial report.

COVID-19

The Governor of Illinois declared all counties in the State of Illinois as a disaster area on March 9, 2020 in response to the outbreak of Coronavirus Disease 2019 (COVID-19) under Executive Order 2020-10. Under the order, all cannabis operations, medical and adult-use, were deemed an essential business and permitted to remain operational with required modifications to general business operations to meet social distancing and other safety requirements.

On March 16, 2020, the IDFPR issued emergency regulations permitting the sale of medical cannabis and cannabis products outside of the dispensary as long as certain protective measures were in place. Adult-use cannabis sale process was unchanged. The permissible activity is currently extended through May 30, 2020.

MASSACHUSETTS

Massachusetts Regulatory Landscape

The use of cannabis for medical use was legalized in Massachusetts by a voter approval of the Massachusetts Marijuana Initiative in 2012. The law took effect on January 1, 2013, eliminating criminal and civil penalties for the possession and use of up to a 60-day or ten-ounce supply of marijuana for medical use for patients possessing a state issued registration card.

On November 8, 2016, Massachusetts voters approved Question 4 or the Massachusetts Marijuana Legalization Initiative, which allowed for recreational or "adult use" cannabis in the Commonwealth. On September 12, 2017, the Cannabis Control Commission ("**CCC**") was established under Chapter 55 of the Acts of 2017 (the "**Massachusetts Act**") to implement and administer laws enabling access to medical and adult-use cannabis.

On November 16, 2018, the CCC issued the first notices for retail marijuana establishments to commence adult-use operations in Massachusetts.

Under the current program there are no statewide limits on the total number of licenses permitted however, no individual or entity shall be a controlling person over more than three licenses in a particular class of license. Similarly, no individual, corporation or other entity shall be in a position to control the decision making of more than three licenses in a particular class of license. In addition, all Marijuana Establishments are required to enter into host community agreements with the municipality in which they are located.

Licenses

Provisional Marijuana Establishment licenses are renewed 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, the applicable licensee provides an accounting of the financial benefits accruing to the municipality as the result of the host community agreement, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

In the state of Massachusetts, only cannabis that is grown and manufactured in the state by a licensed establishment may be sold in the state. A Marijuana Retailer may purchase and transport marijuana products from Marijuana Establishments and transport, sell or otherwise transfer marijuana products to Marijuana Establishments. Delivery currently permissible to medical patients only. Licensed cultivators and product manufacturers may cultivate, harvest, process, manufacture, package and sell marijuana products to Marijuana Establishments.

Reporting Requirements

The state of Massachusetts has selected METRC solution as the state's T&T system used to track commercial cannabis activity and seed-to-sale. Licensed entities are permitted to choose their own provider to track marijuana products from seed-to-sale provided. The system allows for other third-party system integration via API.

NEVADA

Nevada Regulatory Landscape

Medical marijuana use was legalized in Nevada by a ballot initiative in 2000. In November 2016, voters in Nevada passed an adult-use marijuana measure to allow for the sale of recreational marijuana in the state. The first dispensaries to sell adult-use marijuana began sales in July 2017. The Nevada Department of Taxation ("**DOT**") is the regulatory agency overseeing the medical and adult use cannabis programs. Similar to California, cities and counties in Nevada are allowed to determine the number of local marijuana licenses they will issue.

The Company only operates in Nevada cities or counties with clearly defined marijuana programs. Currently the Company is located in the City of Las Vegas, Clark County and Washoe County jurisdictions.

Licenses

Licenses are renewed annually and 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 along with the necessary supporting documents, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

In the state of Nevada, only cannabis that is grown and manufactured in the state by a licensed establishment may be sold in the state. In Nevada, the Company has the capabilities to cultivate, harvest, process, manufacture, and sell/dispense/deliver adult-use and medical cannabis and cannabis products. The state also allows the Company to make wholesale purchase of cannabis and cannabis products from another licensed entity within the state.

Reporting Requirements

The state of Nevada uses METRC as the state's computerized T&T system used to track commercial cannabis activity and seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to provide data to the state to meet certain reporting requirements. The system allows for other third-party system integration via application programming interface ("**API**").

COVID-19 Regulations

On March 12, 2020, Governor Sisolak declared a state of emergency in Nevada. Retail cannabis stores and medical cannabis businesses were deemed essential and allowed to operate. Through additional emergency regulation issued on March 20, cannabis businesses could operate by delivery only and all in-store sales were prohibited. The Governor's office released Directive 16 on April 29, allowing cannabis dispensaries to conduct curbside transactions beginning May 1, with pre-approval from the Department of Taxation after submission of a written plan. Further, on May 7, the Governor issued an updated emergency directive stating that the Department of Taxation in conjunction with the Cannabis Compliance Board will allow medical dispensaries and retail marijuana stores to re-open with limited in- store access beginning Saturday, May 9, with pre-approval after submission of a written plan.

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 currently allows 10 Registered Organizations (each, an "**RO**") to hold "vertically-integrated" licenses, which gives a license holder the ability to cultivate, harvest, process, manufacture, transport, sell and dispense cannabis and cannabis products. Limited product types are allowed in the state. The New York State Department of Health (the "**NYSDOH**") is the regulatory agency overseeing the medical marijuana program.

Licenses

State licenses in New York are renewed biennially. 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, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

In the state of New York, only cannabis that is grown and manufactured in the state by a licensed establishment may be sold in the state. In New York, ROs are permitted to wholesale manufactured product and extracted cannabis. Delivery is allowed from dispensaries to patients with prior approval.

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 ROs' patient verification system, but is optional as the RO facing tracking system. In addition to entering all dispensing transactions into the BioTrackTHC system, every month the NYSDOH requests a dispensing report in Excel format, via email, showing all products dispensed for the month.

COVID-19

On March 17, the Department of Health released guidance to all ROs noting that Registered Organizations are considered essential businesses because they are considered medical providers.

Additionally, ROs were permitted to dispense medical marijuana products at the door of the dispensing facility to limit potential exposure to RO staff and other patients. ROs were permitted to dispense from the doors of the dispensing facilities provided that you maintain compliance with all current laws, rules and regulations including but not limited to dispensing on camera, checking the PMP as required and validating registry ID cards.

Regulatory Affairs Program

The Company's Senior Vice President of Legal Affairs oversees, maintains, and implements the compliance program and personnel. In addition to the Company's robust legal and regulatory affairs departments, the Company also has local regulatory/compliance counsel engaged in the jurisdictions (state and local) in which it operates. Such counsel provides legal advice to the Company regarding compliance with state and local laws and regulations and the Company's legal and compliance exposures under United States federal law. The Senior Vice President of Legal Affairs and Compliance Affairs Managers serve as liaisons to state and local regulators during both regular business hours and after hours. The Compliance Department, in partnership with the Retail, Human Resources, Legal, and Supply Chain Departments, is responsible for ensuring operations and employees strictly comply with applicable laws, regulations and licensing conditions and ensure that operations do not endanger the health, safety or welfare of the community. The Senior Vice President of Legal Affairs coordinates with the Security Department to ensure that the operation and all employees are following and complying with the Company's written security procedures.

The Compliance Department oversees training for all employees, including on the following topics:

- Compliance with State and Local Laws
- Safe Cannabis Use
- Dispensing Procedures
- Security & Safety Policies and Procedures
- Inventory Control
- Track-and-Trace Training Session
- Transportation Procedures

The Company's compliance program emphasizes security and inventory control to ensure strict monitoring of cannabis and inventory from delivery by a licensed distributor to sale or disposal. Only authorized, properly trained employees are allowed to access the Company's computerized seed-to-sale system.

The Company has created comprehensive standard operating procedures, operating plans, trackers and checklists that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping and record retention practices related to inventory, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping. The Company maintains accurate records of its inventory at all licensed facilities. Adherence to the Company's standard operating procedures is mandatory and ensures that the Company's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements.

In addition to the above disclosure, please see the "*Risk and Uncertainties*" section herein and "*Risk Factors*" in the Company's Annual Information Form for further risk factors associated with the operations of the Company.

SERVICE PROVIDERS

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 marijuana or otherwise, third party service providers to the Company could suspend or withdraw their services, which may have a material adverse effect on the Company's business, revenues, operating results, financial condition or prospects.

In addition to the above disclosure, please see "*Risk Factors - Risks Associated with the Business of the Company - Service Providers*" in the Company's Annual Information Form.

ABILITY TO ACCESS PUBLIC AND PRIVATE CAPITAL

The Company has historically had access to equity and debt financing from the public and private markets in Canada and private markets in the United States and internationally. While the company is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, subject to market conditions, it has the ability to access to such equity and debt financing in Canada, the United States and internationally, both on a brokered and non-brokered basis. The Company's executive team and the MedMen board have extensive relationships with sources of private capital (such as funds, high net worth individuals and family offices), which has facilitated its ability to complete non-brokered financing transactions.

If such equity and/or debt financing was no longer available in the public markets in Canada due to changes in applicable law or on terms which are acceptable, then the Company would endeavor to raise equity and/or debt financing privately. Commercial banks have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals, family offices, private equity and venture capital firms and other funds that have made meaningful investments in cannabis companies, including those with U.S. operations. Although there has been an increase in the amount of private financing available to cannabis companies over the last several years, there can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable.

The Company's inability to raise financing to fund operating or capital expenditures or acquisitions could limit its ability to operate or its growth and may have a material adverse effect upon the Company's business, financial condition, cash flows, results of operations or prospects.