VERANO HOLDINGS CORP.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2021

DATED MAY 10, 2022
VERANO HOLDINGS CORP.
ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2021

Verano Holdings Corp. (the "Company") derives its revenues from the cannabis industry in certain States of the United States, which industry is illegal under United States federal law. The Company is directly involved (through its licensed subsidiaries, affiliates, and managed entities) in the cannabis industry in States with laws that permit such activities. Currently, the Company, through its subsidiaries, affiliates, and managed entities, is engaged in the cultivation, manufacturing, possession, use, sale and distribution of cannabis in the medical and in some cases, also the adult-use, cannabis marketplaces in the States of Arizona, Arkansas, California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, Missouri, Nevada, New Jersey, Ohio, Pennsylvania and West Virginia.

The United States federal government regulates drugs through the *Controlled Substances Act* (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any indication.

In the United States, the cultivation, manufacture, distribution, and sale of cannabis and cannabis-infused products is largely regulated at the State level. State laws regulating cannabis are in direct conflict with the federal Controlled Substances Act, which makes cannabis use and possession federally illegal. Although certain States authorize and regulate medical and in some cases adult-use, cannabis businesses, including cultivation, processing, manufacturing, distribution and sales, under United States federal law, the possession, use, cultivation, distribution, and transfer of cannabis and any cannabis-related drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and State law, federal law applies.

There is no guarantee that State laws legalizing and regulating the production, sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of State laws within their respective jurisdictions. Unless and until the United States Congress amends the Controlled Substances Act with respect to medical and adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law. If the federal government begins to enforce federal laws relating to cannabis in States where the sale and use of cannabis is currently legal, or if existing applicable State laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially and adversely affected. See the "Risk Factors" section of this Annual Information Form for additional information on this risk.

In light of the political and regulatory uncertainty surrounding the treatment of cannabis-related activities in the United States, on February 8, 2018 the Canadian Securities Administrators published a staff notice ("Staff Notice 51-352") setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with cannabis-related activities in the United States. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with cannabis-related activities in the United States, including

those with direct and indirect involvement in the cultivation, processing and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the Unites States cannabis industry.

Please see the table of concordance under "*Required Disclosure Pursuant to CSA Staff Notice 51-352*" of this Annual Information Form for further information on the material facts, risks and uncertainties related to issuers with cannabis-related activities in the United States.

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INTRODUCTORY NOTES

Cautionary Note Regarding Forward-Looking Statements

This Annual Information Form (this "**AIF**") of Verano Holdings Corp. ("**Verano**" or the "**Company**") contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws (together, "**forward-looking statements**"). In addition, the Company or its affiliates may make or approve statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company or its affiliates that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by or on behalf of the Company or its affiliates that address activities, events or developments that the Company or its affiliates expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

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

- the ability of the Company and its affiliates to obtain, maintain and renew regulatory approvals in all states and localities of its operations and planned operations on a timely basis;
- government regulations, including future legislative and regulatory developments involving medical and adult-use cannabis and the timing thereof;
- the Company's outlook on its expansion and growth of business and operations;
- the Company's ability to achieve its goals, business plans and strategy;
- the ability of the Company to access capital and obtain necessary financing to pursue its growth and business plans;
- operational results and other financial and business conditions and prospects of the Company;
- the timing and completion of proposed or previously announced acquisitions and other commercial transactions;
- the integration and operation of acquired businesses including the recently completed acquisition of 420 Capital Management, LLC (doing business as GreenGate);
- the completion of the transactions contemplated by the Goodness Growth Agreement (as defined herein);
- the outcome and benefits to be realized by the Company following the closing of ongoing transactions;
- the timing and amount of capital expenditures;

- the availability of equipment, skilled labor and services needed for cannabis operations;
- demand, developments and trends in the medical and adult-use cannabis industry;
- competition in the cannabis industry in the markets in which the Company operates or plans to operate;
- the medical benefits, viability, safety, efficacy, and dosing of cannabis;
- the size of the medical cannabis market and the adult-use cannabis market in each state;
- the Company's intention to proceed with certain trademark applications when commercially feasible;
- the Company's expectation to not declare or pay out dividends;
- the Company's current intention to retain future earnings, if any, to fund the development and growth of its business;
- conditions in general economic and financial markets; and
- the impacts of the coronavirus (COVID-19) pandemic and future steps to be taken in response to COVID-19.

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

- the impacts of economic uncertainty stemming from inflation, rising interest rates, supply shortages, changes in consumer and business confidence, political unrest and conflicts and disruptions in U.S. and global markets;
- the impacts of COVID-19 on the Company and the U.S. and global markets;
- the Company's limited operating history;
- the Company intends to become a public reporting company in the United States subject to the rules and regulations of the U.S. Securities and Exchange Commission in addition to remaining a public reporting company in Canada;
- heightened scrutiny from Canadian government authorities;
- the Company's outstanding indebtedness and potential future indebtedness;
- reliance on management and the potential for fraudulent activity by employees, contractors and consultants;

- uninsured or underinsured losses;
- the Company’s holding company structure;
- the Company’s reliance on the performance of its subsidiaries and affiliates;
- the Company’s expansion-by-acquisition strategy;
- the unconventional due diligence process in the medical and adult-use cannabis industry;
- integration and operation of acquired businesses;
- the Company’s lack of portfolio diversification;
- existing competition and new market entrants;
- the introduction of synthetic alternatives by pharmaceutical and other companies;
- the immaturity of the cannabis industry and limited comparable, competitive and established industry best practices;
- the availability and cost of third-party suppliers, contractors and manufacturers, and availability of raw or other materials;
- the availability and cost of energy sources required to cultivate and process the Company’s products;
- wholesale and retail price fluctuations;
- public opinion and perception of the cannabis industry;
- agricultural and environmental risks and the impacts of regulations on the agriculture industries and environmental protections;
- the U.S. federal regulatory landscape and enforcement related to medical or adult-use cannabis, including political risks, civil asset forfeiture and regulation by additional regulatory authorities;
- difficulty accessing or maintaining banking or financial services due to the Company’s business;
- regulatory and political changes to U.S. State laws related to medical or adult-use cannabis, including political risks and regulation by additional regulatory authorities;
- disparate State-by-State regulatory landscapes and licensing regimes for medical and adult-use cannabis;
- the stringent requirements to abide by anti-money laundering laws and regulations;
- required public disclosure and filings of personal information of the Company’s officers, directors and other stakeholders;
- the ability to, and constraints on, promoting and marketing cannabis products;

- the Company's potential inability to enforce contracts or any liens granted to it;
- the ability to access capital markets and the availability of financing opportunities;
- the lack of access to federal bankruptcy protections in the United States;
- limited intellectual property protection available for cannabis products and the potential infringement by third parties;
- product liability and recalls;
- reliance on information technology systems, the potential disclosure of personal information of patients and customers and cybersecurity risks;
- the Company's elimination of monetary liability and indemnification rights against its directors, officers and employees under British Columbia law;
- the Company's dual class capital structure with Class A subordinate voting shares and Class B proportionate voting shares;
- the Company's shareholders' limited ability to participate in the Company's affairs;
- the taxation of cannabis companies in the U.S.; and
- other risks described in this AIF, including under the section "*Risk Factors*" and as described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

Although the Company believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.

The cannabis industry involves risks and uncertainties that are subject to change based on various factors. The forward-looking statements contained herein concerning the cannabis industry and the general expectations of the Company concerning the cannabis industry are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of the cannabis industry. Such data is inherently imprecise.

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

Currency

In this AIF, unless otherwise indicated, all references to "$" refer to United States dollars and all references to "C$" refer to Canadian dollars.

The high, low, average and closing daily average rates of exchange for United States dollars for Canadian dollars for each of the three years noted, as quoted by the Bank of Canada, were as follows:

	Year ended December 31,		
	2021	**2020**	**2019**
High	C$1.2942	C$1.4496	C$1.3600
Low	C$1.2040	C$1.2718	C$1.2988
Average	C$1.2535	C$1.3415	C$1.3269
Closing	C$1.2678	C$1.2732	C$1.2988

On May 10, 2022, one United States dollar could be exchanged for approximately C$1.3012 based on the daily average exchange rate published by the Bank of Canada for that date.

General Matters

All references in this AIF to the Company also include references to all subsidiaries of the Company as applicable, unless the context requires otherwise.

VERANO HOLDINGS CORP.

Overview

Verano is a leading vertically integrated multi-state cannabis operator in the United States. An operator of licensed cannabis cultivation, processing, wholesale distribution and retail facilities, its goal is the ongoing development of communal wellness by providing responsible access to regulated medical and adult-use cannabis products to discerning high-end customers. As of May 10, 2022, Verano operates businesses in 15 States, including 96 retail dispensaries and 13 cultivation and processing facilities with over 1,000,000 square feet of cultivation. The Company produces a suite of premium, artisanal cannabis products sold under its portfolio of consumer brands, including Encore™, Avexia™, MÜV™ and Verano™. Verano also designs, builds and operates a national chain of branded dispensaries that deliver a cannabis shopping experience in both medical and adult-use markets, including dispensaries operating under the names Zen Leaf™ and MÜV™.

Notwithstanding the permissive regulatory environment of medical, and in some cases also recreational marijuana at the state level, it remains illegal under U.S. federal law to cultivate, manufacture, distribute, sell or possess marijuana in the U.S. Because federal law prohibits transporting any federally restricted substance across state lines, cannabis cannot be transported across state lines. As a result of current federal law prohibitions, the U.S. cannabis industry is conducted on a state-by-state basis. As of May 10, 2022, in the United States 39 states plus the District of Columbia and the U.S. territories of Puerto Rico, the U.S. Virgin Islands, Guam and Commonwealth of Northern Mariana Islands have authorized medical marijuana and 18 states plus the District of Columbia and the U.S. territories of Guam, and the Commonwealth of Northern Mariana Islands have authorized adult-use (i.e., recreational) marijuana. Verano operates within states where cannabis use, medical or both medical and adult-use, has been approved by state and local regulatory bodies. Strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company or any of its subsidiaries.

Verano's strategy is to vertically integrate as a single cohesive company in multiple states through the consolidation of seed-to-sale cultivating, manufacturing, distributing, and dispensing premium brands and products at scale. The Company's cultivation, processing and wholesale distribution of cannabis consumer packaged goods are designed to guarantee shelf-space in its national retail dispensary chain, as well as to develop and foster long term wholesale supply relationships with third-party retail operators as customers. Verano's model includes geographic diversity by establishing a footprint across multiple states that is designed to enable it to adapt to regional changes in both industry and market conditions seamlessly and profitably. All of the Company's business, operating results and financial condition relate to U.S. cannabis-related activities.

Verano is a reporting issuer under applicable securities legislation in all of the provinces and territories of Canada. Its Class A subordinate voting shares (the "**Subordinate Voting Shares**") are listed on the Canadian Securities Exchange (the "**CSE**") under the symbol "VRNO". The Subordinate Voting Shares are also quoted in the United States on the OTCQX marketplace operated by the OTC Market Group (the "**OTCQX**") under the symbol "VRNOF".

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

The Company also files reports, circular and annual information statements, and other information regarding the Company with the securities regulatory authorities of Canada via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

History of the Company

Verano LLC

Verano Holdings, LLC, a subsidiary of the Company ("**Verano LLC**"), was the start of Verano's business operations. Verano LLC is a Delaware limited liability company that was co-founded by George Archos, Verano's current Chairman and Chief Executive Officer, and Sam Dorf in September 2017. Verano LLC was formed as a Chicago, Illinois based holding company to consolidate cannabis operations initially in Illinois, including cultivation and production facilities and retail dispensaries.

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

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

RTO

Majesta Minerals Inc. ("**Majesta Minerals**") was originally incorporated under the *Business Corporations Act* (Alberta) as "1839579 Alberta Ltd." on August 6, 2014. On December 22, 2014, Majesta Minerals filed articles of amendment under the *Business Corporations Act* (Alberta) changing its name from "1839579 Alberta Ltd." to "Majesta Minerals Inc.". On December 14, 2020, Verano LLC, Majesta Minerals, 1276268 B.C. Ltd., a British Columbia corporation ("**Verano FinCo**"), 1277233 B.C. Ltd, a British Columbia corporation, and 1278655 B.C. Ltd., a British Columbia corporation, entered into an Arrangement Agreement (as amended January 26, 2021, the "**Arrangement Agreement**"), pursuant to which the Company would result from a reverse takeover transaction as a British Columbia public reporting company (the "**RTO**").

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

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

The RTO was completed on February 11, 2021. Upon the consummation of the RTO, Verano's authorized capital consisted of (i) an unlimited number of Subordinate Voting Shares, and (ii) an unlimited number of Proportionate Voting Shares. The shareholders of Verano FinCo received one Subordinate Voting Share for each share of Verano FinCo, for a total of 10,000,000 Subordinate Voting Shares. The members of Verano LLC, and owners of some of Verano LLC's subsidiaries, through a series of transactions, exchanged their ownership interests in Verano LLC and such subsidiaries for an aggregate of 96,892,040 Subordinate Voting Shares and an aggregate of 1,172,382 Proportionate Voting Shares, resulting in Verano LLC becoming a wholly owned subsidiary of the Company.

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

AME Merger Agreement

On November 6, 2020, Verano LLC entered into an agreement and plan of merger (as amended on December 14, 2020 and February 5, 2021, the "**AME Merger Agreement**") with Alternative Medical Enterprises LLC ("**AltMed**"), Plants of Ruskin GPS, LLC and RVC 360, LLC (together, "**Plants of Ruskin**" and, collectively with AltMed, the "**AME Parties**"), pursuant to which the Company, as the assignee of all of Verano LLC's rights and obligations thereunder, would acquire the AME Parties and their subsidiaries and ownership and control interests (collectively with the AME Parties, the "**AME Group**") via a series of merger transactions. The merger transactions were contingent upon, and were consummated contemporaneously with, the RTO, resulting in the creation of the Company as a Canadian publicly traded company and the parent holding company of Verano LLC, the AME Parties and their respective subsidiaries and ownership and control interests.

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

Acquisitions

Verano is an early-stage growth company and acquisitions of cannabis businesses and related licenses and assets is an integral part of its growth strategy. Since the Go Public Transactions, the Company has entered into a number of strategic transactions, thereby expanding its footprint across the United States.

2021 Completed Transactions

After the completion of the Go Public Transactions, in 2021 the Company and its subsidiaries consummated transactions to acquire the ownership interests, in or the control of, the following entities.

2021 Acquisition Date	**Entity**	**Location**	**General Business**
March 9, 2021	NSE Holdings, LLC	Pennsylvania	Dispensaries
March 10, 2021	Perpetual Healthcare Inc.	Arizona	Dispensary
March 17, 2021	The Herbal Care Center, Inc.	Illinois	Dispensaries
March 30, 2021	Patient Alternative Relief Center, Inc.	Arizona	Cultivation and dispensary
April 8, 2021	AZGM3, Inc., Vending Logistics LLC and The Medicine Room, LLC	Arizona	Cultivation, production and dispensaries
May 11, 2021	TerraVida Holistic Centers, LLC	Pennsylvania	Dispensaries
May 14, 2021	The Healing Center, LLC	Pennsylvania	Dispensaries
June 30, 2021	Ohio Grown Therapies, LLC	Ohio	Dispensary
July 1, 2021	Green RX, LLC	Ohio	Dispensary
July 8, 2021	Mad River Remedies, LLC	Ohio	Dispensary

2021 Acquisition Date	Entity	Location	General Business
July 12, 2021	Agri-Kind, LLC and Agronomed Holdings, Inc.	Pennsylvania	Cultivation and production
July 12, 2021	Agronomed Biologics, LLC	Pennsylvania	Dispensaries and medical research
October 25, 2021	Willow Brook Wellness, LLC	Connecticut	Dispensary
December 20, 2021	Caring Nature, LLC	Connecticut	Dispensary
December 28, 2021	Connecticut Pharmaceutical Solutions, Inc.	Connecticut	Cultivation and production

As consideration for the foregoing acquisitions consummated in 2021, Verano paid a total of $372,782,863 in cash consideration and issued a total of 20,654,297 Subordinate Voting Shares and a total of 88,718 Proportionate Voting Shares. As of March 31, 2022, the remaining purchase price obligations for acquisitions consummated in 2021 consisted of a total of $49,893,250 in cash consideration and a total of $95,647,815 to be paid in Subordinate Voting Shares or Proportionate Voting Shares, or a combination thereof.

In addition, Verano's acquisition activity includes the following transactions since the completion of the Go Public Transactions.

Sierra Well Acquisition Agreement

On July 26, 2021, the Company entered into an agreement to acquire all of the equity interests of WSCC, Inc. (doing business as Sierra Well), which would add two operational dispensaries and an active cultivation and production facility in Nevada along with two real estate properties in Carson City and Reno, Nevada, respectively. The total purchase price is $29,000,000, subject to adjustment, which will be satisfied by payment of $5,600,000 in cash and the issuance of up to 1,536,685 Subordinate Voting Shares. Closing on the transaction is subject to customary conditions, contingencies and approvals, including Nevada state regulatory approval.

Goodness Growth Arrangement Agreement

Verano announced on February 1, 2022 that it had entered into an Arrangement Agreement with Goodness Growth Holdings, Inc., a British Columbia corporation ("**Goodness Growth**"), on January 31, 2022 (the "**Goodness Growth Agreement**"), pursuant to which the Company will acquire Goodness Growth and all of its subsidiaries and ownership and management interests via the acquisition of all of Goodness Growth's issued and outstanding shares on a fully-diluted basis in exchange for Subordinate Voting Shares that were valued at approximately $413 million at the time the Goodness Growth Agreement was entered into by the parties. The number of Subordinate Voting Shares to be issued in the transaction is based on a fixed exchange ratio with each share of Goodness Growth (on an as converted basis to Goodness Growth's subordinate voting shares) being exchanged into the right to receive 0.22652 of a Subordinate Voting Share, as such fixed exchange ratio may be adjusted in accordance with the terms of the Goodness Growth Agreement. Each outstanding Goodness Growth option and restricted share unit will be adjusted to entitle the holder to receive, in substitution for Goodness Growth shares, Subordinate Voting Shares and, with respect to such options, an exercise price, based on the fixed exchange ratio. Each outstanding Goodness Growth warrant will be adjusted to entitle the holder to receive Subordinate Voting Shares at an exercise price based on the fixed exchange ratio.

Goodness Growth is a Canadian public reporting company and a SEC reporting issuer in the United States. Its subordinate voting shares are listed for trading on the CSE under the symbol "GDNS" and traded in the U.S. on the OTCQX under the symbol "GDNSF." Goodness Growth is science-focused and dedicated to providing patients and adult-use customers with high quality cannabis-based products. At the time of entering into the Goodness Growth Agreement, Goodness Growth's operations included 18 dispensaries, five cultivation and processing facilities, a research and development facility and the Vireo Health ®,Vireo Spectrum ™, 1937 ™, LiteBud ™, Kings & Queens ™, and Hi-Color ™ product brands.

The acquisition of Goodness Growth is expected to expand the Company's footprint with the addition of licenses in seven states and territories consisting of New York, Minnesota, New Mexico, Nevada, Maryland, Arizona and Puerto Rico, with five being operational, including Goodness Growth's core markets of New York, Minnesota, Maryland and New Mexico. Verano believes it will obtain one of only ten vertically integrated licenses in New York, which includes one cultivation license, four active dispensaries, and four additional dispensaries planned in high-traffic locations. Verano anticipates it will also acquire one of only two vertically integrated licenses in Minnesota, which includes one cultivation license and eight active dispensaries.

The Goodness Growth Agreement provides for customary provisions for transactions of this nature, including covenants in respect of non-solicitation of alternative transactions, $14,875,000 reciprocal termination fees to be paid in specified termination circumstances and reciprocal expense reimbursement provisions to be paid in specified termination circumstances. The acquisition of Goodness Growth is subject to the approval of Goodness Growth's shareholders at a special shareholders' meeting to be held by Goodness Growth, receipt of U.S. regulatory approvals, including pursuant to New York and Maryland state regulatory requirements, and other conditions of closing.

GreenGate Acquisition

On March 11, 2022, Verano consummated the acquisition of 420 Capital Management, LLC (doing business as GreenGate), which operates two active dispensaries in Lombard and Rogers Park, Illinois. The total purchase price was $21,260,741, which included a cash payment of $7,447,871 and the issuance of 1,403,067 Subordinate Voting Shares at the closing of the acquisition.

Recent Developments

Credit Agreement

On February 28, 2022, Verano entered into a fourth amendment to its amended and restated credit agreement by and among Verano and certain of its subsidiaries, as co-borrowers and joint guarantors, and the agent and the lenders named therein, which was originally entered into on May 10, 2021, and previously amended by the parties on May 20, 2021, September 23, 2021, and October 20, 2021 (as amended, the "**Credit Agreement**"). An additional $100,000,000 was funded pursuant to the fourth amendment, resulting in a total of $350,000,000 in fully funded term loan commitments outstanding under the Credit Agreement, with an option for the Company to request up to an additional $175,000,000 in funding on terms to be decided by Verano and the lenders if the Company exercises the option.

The Credit Agreement provides for, among other things, (i) the term loans being secured by a first priority lien on specified assets of Verano and its subsidiaries that are parties to the Credit Agreement, including ownership interests in the credit parties, cash, accounts receivable, inventory, equipment, licenses and designated real estate, (ii) the original $30,000,000 loan bearing interest at a rate of 15.25% per annum, the incremental $100,000,000 loan funded in May 2021 bearing interest at a rate of 9.75% per annum and the remaining $220,000,000 bearing interest at a rate of 8.50% per annum; (iii) no principal amortization with $120,000,000 plus applicable interest being due in full on the stated maturity date of April 28, 2023, $130,000,000 plus applicable interest being due in full on the stated maturity date of May 30, 2023 and the balance of the last funding of $100,000,000 being due in full on the stated maturity date of August 31, 2023; (iv) prepayment fees generally of 1% of any principal amount being prepaid during a specified period after funding; (v) restrictive covenants which apply to the operations of the Company and the other credit parties, including limitations on the ability to incur additional debt, grant additional liens on assets, advance or contribute funds to non-credit parties and enter into acquisitions; and (vi) financial covenants requiring Verano to maintain on a consolidated basis specified levels of liquidity, a minimum quarterly amount of earnings before interest, taxes, depreciation and amortization and a minimum fixed charge coverage ratio.

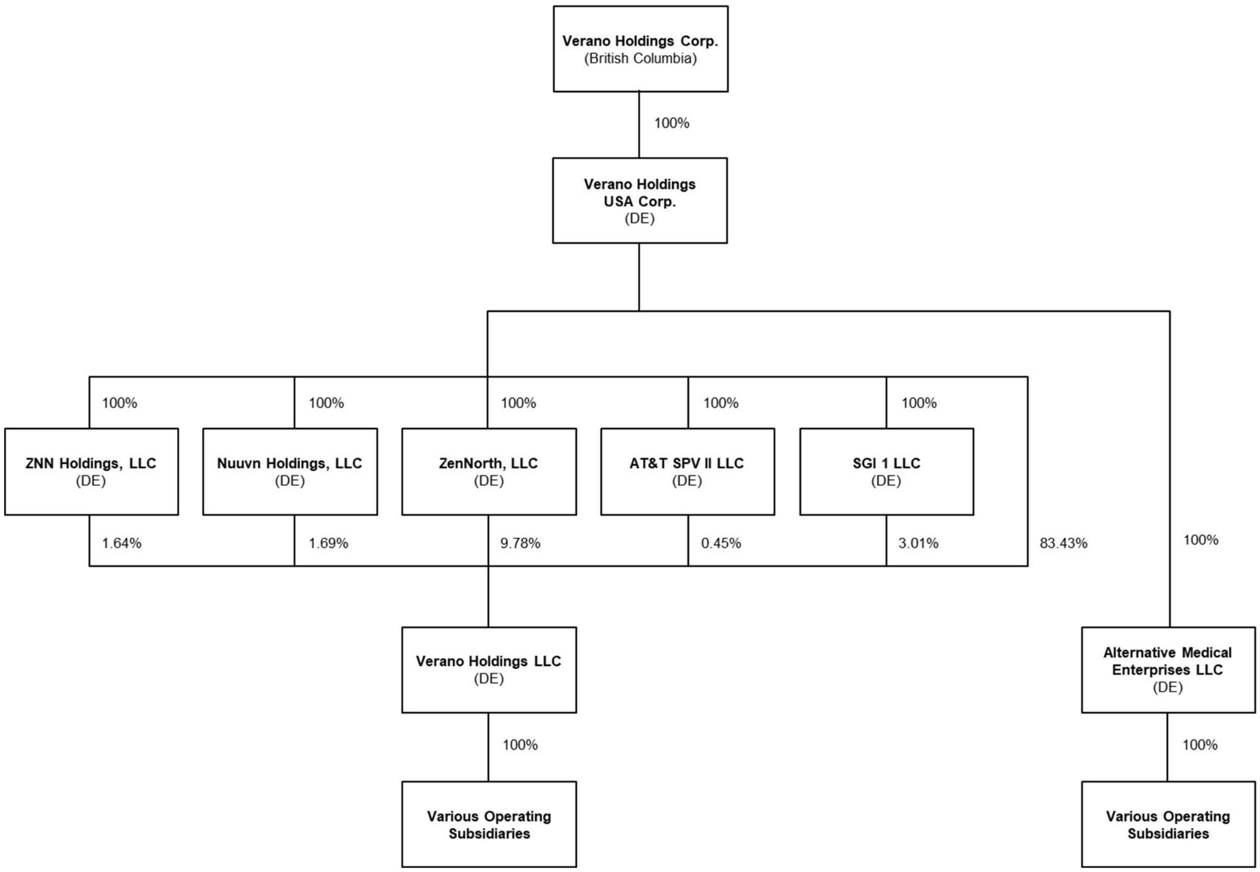
Chief Financial Officer

On January 1, 2022, Brett Summerer joined the Company as Chief Financial Officer and Brian Ward resigned from his employment and all of his positions with the Company and its subsidiaries, including as the Chief Financial Officer of the Company. Mr. Ward provided consulting services to the Company thereafter for a 60-day transition period. Please see the section titled "*Directors and Officers*" in this AIF.

Organizational Structure

The following chart sets forth the corporate structure of the Company and its primary subsidiaries, Verano LLC and AltMed. Verano operates its business through direct and indirect subsidiaries of these two companies. As part of the implementation of the Go Public Transactions, through a series of transactions Verano formed two levels of subsidiaries above Verano LLC and AltMed that include Verano Holdings USA Corp., a Delaware corporation ("**BlockerCo**"), and five subsidiaries of BlockerCo, those being ZNN Holdings, LLC, a Delaware limited liability company, Nuuvn Holdings, LLC, a Delaware limited liability company, ZenNorth LLC, a Delaware limited liability company, A&T SPV II LLC, a Texas limited liability company, and SGI 1 LLC, a Delaware limited liability company (collectively, the "**Blocker Subsidiaries**"). BlockerCo and the Blocker Subsidiaries have no business or operations and exist solely to effect the Go Public Transactions and the taxation of Verano as a U.S. corporation rather than a British Columbia corporation. Set forth on **Exhibit A** to this AIF is a list of subsidiaries of the Company as of April 25, 2022.

Verano Holdings Organizational Structure



From time to time, Verano may reorganize its operating subsidiaries through consolidations, mergers, contributions, distributions and similar corporate restructurings in order to integrate acquired companies, enhance efficiencies, streamline operations and align financial reporting. After giving effect to any corporate reorganization, all operating entities will remain as indirect subsidiaries of BlockerCo and the Company.

Coronavirus Outbreak

The outbreak of the coronavirus disease caused by the novel coronavirus SARS-CoV-2 and its variants (collectively, "**COVID-19**"), has resulted in governments worldwide from time to time enacting, modifying and terminating emergency measures with the aim of combating the spread of COVID-19. These measures, which have included mandatory vaccinations, the implementation of travel bans, self-imposing quarantine periods, businesses conducted remotely and social distancing, have caused material disruption to businesses globally. During this period global equity markets have experienced volatility and governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The on-going impact of the outbreak the risk of the emergence of new variants of COVID-19 that are immune to currently available vaccinations and antibodies is unknown, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. Effects on the Company's business to date have included increased construction costs due to shortages of raw materials, a slowdown in the production and delivery of mechanical and other components needed in the construction or maintenance of the Company's facilities, and periodic labor shortages in the event of actual or threatened exposure to the virus.

The safety of employees is a priority and the Company is committed to the prevention of illness and injury through the provision and maintenance of a healthy workplace. The Company believes it takes all reasonable steps to inform and train its employees to ensure the safety of themselves as well as customers, patients and others around them. This has included the implementation of mask mandates in accordance with local rules and regulations, the implementation of curbside pickup and drive-through services for retail locations, and the increased use of home delivery (where and as permitted) for dispensaries.

REGULATORY OVERVIEW OF THE U.S. CANNABIS INDUSTRY

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved through its subsidiaries and affiliates, either as owners, operators, managers, consultants, service providers or through licensing or other commercial arrangements. In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and this disclosure will be supplemented, amended and promptly disclosed to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation.

The U.S. regulatory scheme varies in its terminology and definitions, using "cannabis", "marijuana" and "hemp" as distinct terms. For purposes of this AIF, the term "cannabis" means "marihuana" as set forth in the Controlled Substances Act (21 U.S.C. § 811) (the "**Controlled Substances Act**") and is used interchangeably with the term "marijuana."

As of May 10, 2022 in the United States, 39 states plus the District of Columbia and the U.S. territories of Puerto Rico, the U.S. Virgin Islands, Guam and Commonwealth of Northern Mariana Islands have authorized medical marijuana and 18 states plus the District of Columbia and the U.S. territories of Guam and the Commonwealth of Northern Mariana Islands have authorized adult-use (i.e. recreational) marijuana. Notwithstanding the permissive regulatory environment of medical, and in some cases, recreational marijuana, at the state level, it remains illegal under U.S. federal law to cultivate, manufacture, distribute, sell or possess marijuana in the U.S. Because federal law prohibits transporting any federally restricted substance across state lines, cannabis cannot be transported across state lines. As a result of federal law prohibitions, the U.S. cannabis industry is conducted on a state-by-state basis and the Company relies on newly established and developing laws and regulations in the states and local jurisdictions in which it operates. In addition, financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the U.S. may form the basis for prosecution under applicable U.S. federal money laundering legislation.

Regulation of Cannabis in the U.S. Federally

The U.S. federal government's approach to enforcement of marijuana laws has trended toward deference to state laws where a robust state regulatory framework exists. In August 2013, the U.S. Department of Justice (the "**DOJ**") issued a memorandum known as the "Cole Memorandum" to all U.S. Attorneys' offices. The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal marijuana laws against individuals and businesses that comply with state medical marijuana programs. The Cole Memorandum, while not legally binding and only a policy statement, assisted in managing the tension between state and federal laws concerning all medical and adult-use state-regulated marijuana businesses.

In January 2018, the Cole Memorandum was rescinded by former Attorney General Jeff Sessions. While this did not create a change in federal law, the revocation added to the uncertainty of U.S. federal enforcement of the Controlled Substances Act in states where marijuana use is regulated. Former Attorney General Jeff Sessions also issued a one-page memorandum known as the "Sessions Memorandum" which confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the U.S. Attorney's Manual. While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance, it does not otherwise indicate that the prosecution of marijuana-related offenses is a heightened DOJ priority. The Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion, which remains in the hands of U.S. Attorneys when deciding whether or not to prosecute marijuana-related offenses. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and the Sessions Memorandum did not address the treatment of medical cannabis by federal prosecutors.

President Joseph R. Biden, who assumed office in January 2021, stated a policy goal of federal cannabis decriminalization, but has not publicly supported the legalization of cannabis. In March 2021, Merrick Garland was appointed U.S. Attorney General by President Biden. Mr. Garland indicated he would generally act in accordance with the Cole Memorandum, when, at his confirmation hearing, he said, "It does not seem to me a useful use of limited resources that we have, to be pursuing prosecutions in states that have legalized and that are regulating the use of marijuana, either medically or otherwise." He has not, however, reissued the Cole Memorandum or issued substitute guidance. While enforcement of federal laws against regulated state entities does not appear to be a DOJ priority, the DOJ may change its enforcement policies at any time, with or without advance notice.

The Company may also be subject to a variety of federal laws and regulations in the U.S. and Canada that relate to money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the "**Bank Secrecy Act**"), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), the Criminal Code (Canada), in each case as amended and any related or similar rules, regulations or guidelines of governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Additionally, under U.S. federal law, it may be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of cannabis or any other Schedule I controlled substance. Banks and other financial institutions, particularly those that are federally chartered in the U.S., could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. It may also be a violation of federal money laundering statutes for "federal health care law violations," which include violations of the Federal Food, Drug, and Cosmetic Act of 1938 ("**FDCA**").

In February 2014, the Financial Crimes Enforcement Network of the Treasury Department issued a memorandum (the "**FinCEN Memorandum**") providing instructions to banks seeking to provide services to marijuana-related businesses. The FinCEN Memorandum clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the Controlled Substances Act and independently lists the federal government's enforcement priorities as related to cannabis. Although the original FinCEN Memorandum is still in place, this supplementary DOJ guidance that accompanied the FinCEN Memorandum was rescinded when former Attorney General Sessions rescinded the Cole Memorandum. It is unclear whether the current Biden administration will follow the guidelines of the FinCEN Memorandum. Despite the attempt to legitimize cannabis banking, in practice the FinCEN Memorandum guidance has not made banks much more willing to provide services to cannabis businesses. The current law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each cannabis business they take on as a customer.

Due to the fear by financial institutions of being implicated in or prosecuted for money laundering, cannabis businesses are often forced into becoming "cash-only" businesses. As banks and other financial institutions in the U.S. are generally unwilling to risk a potential violation of federal law without guaranteed immunity from prosecution, most refuse to provide any kind of services to cannabis businesses. The few credit unions who have agreed to work with cannabis businesses are limiting those accounts capping their total deposits to avoid creating a liquidity risk. Since the federal government could change the banking laws as it relates to cannabis businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from cannabis businesses in a single day, while also servicing the need of their other customers.

In the absence of comprehensive reform of federal cannabis legislation that would decriminalize the cannabis industry, in recent years a growing number of members of the U.S. Congress ("**Congress**") have expressed support for federal legislation that would eliminate from the scope of federal money laundering statutes the financing activity of businesses operating under state-sanctioned cannabis programs. In September 2019, the U.S. House of Representatives (the "**House**") first passed the Secured and Fair Enforcement Banking Act of 2019 (commonly known as the "**SAFE Banking Act**"), which aims to provide safe harbor and guidance to financial institutions that work with legal U.S. cannabis businesses, as a standalone bill, but it failed to be taken up by the U.S. Senate (the "**Senate**"). Since then the language of the SAFE Banking Act has been attached to various proposed legislation, but the language has not been included in any final legislation approved by Congress. To date, the SAFE Banking Act has passed the House a total of six times either as a standalone bill or attached to other legislation, most recently in February 2022 as an amendment to the America Competes Act.

Other legislation that has been introduced in the U.S. that would make cannabis transactions easier and more predictable, include the Marijuana Opportunity Reinvestment and Expungement Act (the "**MORE Act**") the Cannabis Administration and Opportunities Act (the "**CAOA**") and legislation proposed by Representative Nancy Mace of South Carolina. The MORE Act was introduced in 2019 and if it were to become law, the MORE Act would remove cannabis as a Schedule I controlled substance under the Controlled Substances Act, create cannabis tax and grant programs and make available U.S. Small Business Administration funding for regulated cannabis operators. Although the House passed the MORE Act in December 2020, it failed to pass in the Senate prior to the end of the 2020 legislative session. The House voted to pass the MORE Act a second time on April 1, 2022. The CAOA was released as a discussion draft in July 2021, and if it were to become law it would, among other things, remove cannabis from the definition of a controlled substance under the Controlled Substances Act, impose a federal tax on cannabis of 10% in its first year of enactment, eventually increasing to 25% in 5% increments, enshrine the current state cannabis licensing regimes and introduce additional federal permitting of cannabis wholesalers, and block states from prohibiting interstate commerce of regulated cannabis across their borders.

In November 2021, Representative Nancy Mace of South Carolina introduced legislation to federally decriminalize cannabis, a measure directed at giving states freer rein to pass their own laws and regulations without the risk of federal reprisals. In announcing the bill Representative Mace said the bill would aim to regulate cannabis similarly to alcohol and prohibit its use for anyone under 21 years of age. The measure would decriminalize cannabis at the federal level, but it would not change local-level restrictions, meaning that states would still determine their own cannabis statutes. Representative Mace's bill would also levy a

3% federal excise tax on all cannabis products, proceeds from which would go to small businesses, retraining law enforcement and mental health services, among other services. The measure would also expunge nonviolent, cannabis-only related offenses.
Despite the rescission of the Cole Memorandum, one legislative safeguard for the medical cannabis industry remains in place. Since 2015 Congress has used a rider known as the Rohrabacher-Blumenauer Amendment (also known as the Rohrabacher–Farr amendment) (the "**RBA**") to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. However, this measure does not protect adult-use cannabis businesses. Congress has repeatedly renewed the RBA. In 2021, President Biden became the first president to propose a budget with the RBA included. Currently the RBA has been renewed through the signing of the FY 2022 omnibus spending bill, effective through September 30, 2022.

There can be no assurance that the SAFE Banking Act, the CAOA, the MORE Act, Representative Mace's bill or similar comprehensive legislation that would de-schedule and de-criminalize cannabis will be passed in the near future or at all. There can be no assurance that the RBA will be renewed beyond September 30, 2022. If such legislation is passed, there is no guarantee that it will include provisions that preserve the current state-based cannabis programs under which the Company's subsidiaries operate or that such legislation will otherwise be favorable to the Company and its business.

An additional federal law challenge to cannabis-related businesses is that the provisions of Section 280E of the Internal Revenue Code of 1986 as amended (the "**Code**") are being applied by the U.S. Internal Revenue Service to businesses operating in the medical and adult use cannabis industry. Section 280E of the Code prohibits cannabis businesses from deducting their ordinary and necessary business expenses, forcing them to pay higher effective U.S. federal tax rates than similar companies in other industries. The effective tax rate on a cannabis business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the state legalized cannabis industry may be less profitable than they would otherwise be if Section 280E were not applied to their businesses.

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities, civil forfeiture or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its cannabis licenses in the U.S., the listing and trading of its securities on stock exchanges and platforms, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Regulation of the Cannabis at the U.S. State and Local Levels

Because U.S. federal law prohibits transporting any federally restricted substance across state lines, cannabis cannot be transported across U.S. state lines. This prohibition applies to, among other things, transporting cannabis between states that have legalized cannabis use and transporting cannabis that has been legally acquired in a state. Because of current federal law, the U.S. cannabis industry is conducted on a state-by-state basis, and Verano relies on newly established and developing laws and regulations in the states and local jurisdictions in which it operates. The cannabis industry is subject to state and local laws, regulations and guidelines relating to the cultivation, manufacture, distribution, sale, storage and disposal of medical and recreational cannabis, with each state newly establishing laws and regulations upon approval of medical or adult-use cannabis in such state. States and localities currently require licenses and permits to engage in the cannabis industry with the laws and regulations varying from state to state. In many of these states, there are specific license caps and other regulatory requirements that create high barriers to entry. In addition to stringent application and renewal requirements, licenses may limit the scope of business that can be conducted under a license. States are also enacting social equity programs to foster an inclusive and equitable cannabis industry by increasing diversity in the number of license holders, which may further limit available licenses to the Company. Generally, any change in ownership of a license holder or other deemed sale, assignment or transfer of a license requires prior approval by the applicable state regulators, which approval process may be lengthy and rigorous.

For each of the Company's provisional and operational licenses, the states impose strict license renewal requirements that vary state by state. Verano generally must complete the renewal application process within a prescribed period of time prior to the expiration date and pay an application fee. The state licensing body can deny or revoke licenses and renewals for a variety of reasons, including, among others, (i) submission of materially inaccurate, incomplete or fraudulent information, (ii) failure of the Company or any of its directors or officers to comply, or have a history of non-compliance, with any applicable law or regulation, including laws relating to minimum age of customers, safety and non-diversion of cannabis or cannabis products, taxes, child support, workers compensation and insurance coverage, or failure to otherwise remain in good standing (iii) failure to submit or implement a plan of correction for any identified violation, (iv) attempting to assign registration to another entity without state approval, (v) insufficient financial resources, (vi) committing, permitting, aiding or abetting of any illegal practices in the operation of a facility, (vii) failure to cooperate or give information to relevant law enforcement related to any matter arising out of conduct at a licensed facility and (viii) lack of responsible operations, as evidenced by negligence, disorderly or unsanitary facilities or permitting a person to use a registration card belonging to another person. Some jurisdictions also require licensees to attend a public hearing or forum in connection with their license renewal application. Any unexpected delays or costs associated with the licensing renewal process could impede the Company's ongoing or planned operations and could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Below is a general summary overview as of March 25, 2022, of the current licensing and regulatory framework in the states that Verano operated under licenses, had rights to operate under licenses or provided management or consulting services.

Arizona

Subject to state regulations, Arizona currently allows access to cannabis for medical use and recreational adult-use. The Company's subsidiaries have (i) six recreational establishment licenses, (ii) four medical dispensary, processor and cultivator licenses and (iii) three medical dispensary and cultivator licenses in the State of Arizona.

All medical cannabis licenses are vertically integrated and authorize the holders to cultivate and dispense medical cannabis to patients. Marijuana establishment licensees may operate all of the following: (i) a single retail location at which the licensee may sell marijuana and marijuana products to consumers, cultivate marijuana and manufacture marijuana products; (ii) a single off-site cultivation location at which the licensee may cultivate marijuana, process marijuana and manufacture marijuana products, but from which marijuana and marijuana products may not be transferred or sold to consumers; and (iii) a single off-site location at which the licensee may manufacture marijuana products and package and store marijuana and marijuana products, but from which marijuana and marijuana products may not be transferred or sold to consumer.

Arizona state licenses are renewed biennially. Every other year, licensees are required to submit a renewal application. 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 there are no material violations noted against the applicable licenses, a licensee would expect to receive the applicable renewed license in the ordinary course of business.

Arkansas

Subject to state regulations, Arkansas currently allows access to cannabis for medical use. The Company and its subsidiaries have entered into Management Agreements with a dispensary licensee that holds one license in the State of Arkansas. A "**Management Agreement**" is one, or more than one, agreement with a holder of one or more licenses that provide Verano, through its subsidiaries or affiliates, with contractual rights with respect to the ownership of the license holder, the provision of management services to the license holder, the provision of consulting services to the license holder, advising on regulatory compliance matters, or a combination thereof, with respect to the related cannabis business being conducted pursuant to such licenses.

Arkansas regulations apply to all aspects of cannabis seed-to-sale including record keeping, reporting, inventory quality, inventory tracking, storage, testing, security and transportation. Only qualified patients and designated caregivers may purchase medical cannabis. Delivery of medical cannabis is allowed in accordance with state regulations.

Licenses issued in the State of Arkansas expire one year after the date of issuance. The Arkansas Medical Marijuana Commission is required under the legislation to issue a renewal dispensary or a renewal cultivation facility license within ten days to any entity that complies with Arkansas' regulatory requirements, including the payment of a renewal fee. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable licenses, license holders expect to receive renewed licenses in the ordinary course of business.

California

Subject to state regulations, California currently allows access to cannabis for both medical and adult-use. Verano LLC is party to a joint venture formed with two other companies to extract cannabis oil and manufacture and distribute cannabis products in the State of California. The joint venture and an affiliate hold (i) a cultivation license, (ii) a manufacturing facility license, (iii) a manufacturing license, (iv) a distribution facility license, and (v) two distributor licenses.

California was the first U.S. state to legalize medical marijuana in 1996. This legalized the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of a variety of illnesses, including any for which marijuana provides relief. In 2016 voters in California passed legislation creating an adult-use marijuana program for adults 21 years of age or older.

In order to legally operate a medical or adult-use cannabis business in California, the operator must have both local approval and State licensure for each type of commercial cannabis activity conducted at a specified business premises. This requires license holders to operate in cities with cannabis licensing programs. Municipalities in California are allowed to determine the number of licenses they will issue to cannabis operators or can choose to ban cannabis businesses outright. The renewal process for local entitlements is different in each jurisdiction and for each type of entitlement. State licenses must be renewed annually. In respect of the renewal process at the state level, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, there are no material violations noted against the applicable license, and there are no changes in ownership of the business or major changes to the operations of the business, a license holder would expect to receive the applicable renewed license in the ordinary course of business. California regulations apply to all aspects of cannabis seed-to-sale including record keeping, reporting, inventory quality, inventory tracking, testing, storage, security and transportation.

Connecticut

Subject to state regulations, Connecticut currently allows access to cannabis for medical use. In July 2021, legislation went into effect allowing for the purchase and use of cannabis by any adult over the age of 21. Adult retail sales are expected to begin in late 2022.

There are two principal medical marijuana license categories in Connecticut: (i) cultivation and processing and (ii) dispensary. The Company's subsidiaries hold (i) two medical marijuana dispensary facility licenses, (ii) one medical marijuana producer license, (iii) one medical bakery license and (iv) one hemp consumables manufacturer license. Connecticut regulations apply to all aspects of cannabis seed-to-sale including record keeping, reporting, inventory quality, inventory tracking, storage, security and transportation.

Connecticut state licenses are renewed annually. Each year, licensees are required to submit a renewal application. 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 at least forty-five days prior to license expiration, and there are no material violations noted against the applicable licenses, a licensee would expect to receive the applicable renewed license in the ordinary course of business.

Florida

Subject to state regulations, Florida currently allows access to cannabis for medical use. A subsidiary of the Company holds one license. Through this one license, the subsidiary is vertically integrated and operates a cultivation and manufacturing facility and medical cannabis dispensaries, as well as a call center across the State of Florida.

There is one principal license category in Florida: the vertically integrated license which licenses cultivation, harvesting, processing and selling, dispensing and delivering medical cannabis products. Any change from the original application for the license requires a variance approval from the Florida regulators. License applicants are required to provide comprehensive business plans with demonstrated knowledge and experience on execution, detailed facility plans, forecasted performance and robust financial resources. Technical ability on plant and medical cannabis cultivation, infrastructure, processing, dispensing and safety are also assessed.

Similar to other states, Florida regulations apply to all aspects of cannabis seed-to-sale including record keeping, reporting, inventory quality, inventory tracking, storage, security and transportation. Florida regulators may conduct announced or unannounced inspections of licensees to assess compliance with applicable laws and regulations.

Illinois

Subject to state regulations, Illinois currently allows access to cannabis for both medical and adult-use. Subsidiaries of the Company hold licenses and have partial ownership of a licensee, which in the aggregate represent (i) a cultivation license for medical cannabis, (ii) a cultivation license for adult-use cannabis, (iii) a processing license for industrial hemp, (iv) two medical dispensary licenses, and (v) four adult-use dispensary licenses. Subsidiaries of the Company have entered into Management Agreements which apply to an additional (a) eight adult-use dispensary licenses and (b) four medical dispensary licenses in the State of Illinois.

Illinois has issued a limited amount of dispensary, producer/grower, and processing licenses. Applicants for cannabis business licenses must meet, among others, the following requirements: (i) the location for a dispensary must be suitable for public access; (ii) the location must not pose a detrimental impact to the surrounding community; (iii) demonstrate compliance with safety procedures for dispensary employees, patients, and caregivers, and safe delivery and storage of cannabis and currency; (iv) provide an adequate plan for recordkeeping, tracking and monitoring inventory, quality control, destruction and disposal of cannabis, and procedures to discourage unlawful activity; (v) develop a business plan specifying products to be sold; and (vi) demonstrate knowledge of, experience, and proven record of ensuring optimal safety and accuracy in the dispensing and sale of cannabis.

Once a license is granted, licensees have a continuing obligation to ensure no cannabis is sold, delivered, transported, or distributed to a location outside of Illinois. Licenses are valid for one year, and after the initial term, licensees are required to submit renewal applications. Illinois requires on-going compliance by license holders to regulations regarding the requirements of the application which include suitable locations, safety procedures, procedures for compliance with laws, record keeping, reporting, storage, inventory quality, inventory tracking, security and transportation. Registration renewal applications may be denied if the licensee has a history of non-compliance and penalties.

Maryland

Subject to state regulations, Maryland currently allows access to cannabis for medical use. A subsidiary of the Company is licensed to operate (i) a cultivation facility, (ii) a processing facility and (ii) up to four medical dispensaries in Maryland. In addition, through Management Agreements, the Company's subsidiaries manage two medical dispensaries in Maryland and one processor licensee.

There are three principal license categories in Maryland: (i) cultivation, (ii) processing and (iii) dispensary. Maryland has limited the number of cultivation, processing and dispensary licenses, and allows a dispensary licensee to have a direct interest in up to four dispensaries at one time. The retail dispensary license permits the licensee to purchase medical cannabis from cultivation facilities, cannabis and cannabis products from product manufacturing facilities and cannabis from other retail stores and allows the sale of cannabis and cannabis products to registered patients. The cultivation license permits the licensee to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell cannabis and related supplies to medical marijuana dispensaries, and medical cannabis cultivation facilities. The processing license permits the licensee to purchase medical cannabis from cultivation facilities, manufacture cannabis products, and sell those products to licensed medical cannabis dispensaries. Maryland licenses are valid for a period of six years and are subject to four-year renewals after required fees are paid and provided that the business remains in good standing.

Maryland requires on-going compliance with laws and regulations regarding record keeping, reporting, storage, inventory quality, inventory tracking, security and transportation. The license holder must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of the State. Registration renewal applications may be denied if the licensee has a history of non-compliance and penalties.

Massachusetts

Subject to state regulations, Massachusetts currently allows access to cannabis for both medical and adult-use. A subsidiary of the Company holds (i) a vertically integrated license for medical use and (ii) four adult-use licenses to operate retail dispensaries, cultivation facilities, and manufacturing facilities.

On the medical side, there is one principal state license category in Massachusetts: a vertically integrated license. On the adult-use side, there are many state license categories, but the two principal ones are cultivator and establishment (dispensary). Municipalities may individually determine what local permits or licenses are required if a licensee wishes to establish an operation within its boundaries. Medical use licensees are "vertically-integrated," which means they grow, process, and dispense their own cannabis. As such, each medical use licensee is required to have a retail facility as well as cultivation and processing operations. Under certain conditions, medical use licensees are able to acquire up to 45% of their annual inventory of product from other medical use licensees. Medical use licensees that elect to do cultivation, processing and retail operations all in one location, are commonly referred to as a "co-located" operation.

Massachusetts mandates a comprehensive application process for licensees. Each applicant must submit charter documents, comprehensive financial statements, a character competency assessment, and employment and education histories of the senior partners and individuals responsible for the day-to-day security and operations. Each Massachusetts dispensary, grower and processor license is valid for one year.

Licensees are heavily regulated with on-going requirements related to operations, security, storage, transportation, inventorying, personnel, and more. As in other states where cannabis is legal, Massachusetts regulators can deny or revoke licenses and renewals for multiple reasons. Additionally, license holders must ensure that no cannabis is sold, delivered, or distributed by a producer from or to a location outside of Massachusetts.

Michigan

Subject to state regulations, Michigan currently allows access to cannabis for both medical and adult-use. A subsidiary of the Company has a Management Agreement with a licensee holding (i) a facility (cultivation and processing) license and (ii) an establishment (dispensary) license.

Michigan administrates five types of licenses: (i) a grower license, (ii) a processor license, (iii) a secure transporter license, (iv) a provisioning center license and (v) a safety compliance facility license. There are no stated limits on the number of licenses that can be made available on a state level; however, regulatory authorities have discretion over the approval of applications and municipalities can pass additional restrictions.

Licensees are heavily regulated with on-going requirements related to operations, security, storage, transportation, inventorying, personnel, and more. As in other states where cannabis is legal, Michigan regulators can deny or revoke licenses and renewals for multiple reasons. Additionally, license holders must ensure that no cannabis is sold, delivered, or distributed by a producer from or to a location outside of Michigan.

Michigan state licenses are renewed annually. Every year, licensees are required to submit a renewal application with requisite renewal fees, including maintaining and providing proof of commercial general liability insurance and coverage for bodily injury resulting from sale of marijuana products. If all is submitted within 90 days, but before 30 days, of the license's expiration, a licensee would expect to receive the applicable renewed license in the ordinary course of business.

Missouri

Subject to state regulations, Missouri currently allows access to cannabis for medical use. A subsidiary of the Company has a Management Agreement with the holder of one dispensary license in the State of Missouri.

The Missouri Department of Health and Human Services licenses medical cannabis (i) cultivation, (ii) manufacturing, (iii) transportation, (iv) testing, and (v) dispensary service providers or facilities. Licenses expire every three years from the date of issuance. To maintain the license, the licensee must pay an annual renewal fee. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable licenses, a licensee would expect to receive the applicable renewed license in the ordinary course of business.

Missouri requires on-going compliance with laws and regulations regarding record keeping, reporting, storage, inventory quality, inventory tracking, security and transportation. The license holder must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of the State. Registration renewal applications may be denied if the licensee has a history of non-compliance and penalties.

Nevada

Subject to state regulations, Nevada currently allows access to cannabis for both medical and adult-use. Subsidiaries of the Company have Management Agreements with parties that hold (i) one medical dispensary license, (ii) three adult-use dispensary licenses, (iii) one medical production license, (iv) one adult-use production license, (v) one medical cultivation license, (vi) one adult-use cultivation license, and (vii) one adult-use distribution license.

Nevada is not a vertically integrated system, and there are three principal license categories in Nevada: (i) cultivation, (ii) processing and (iii) dispensary. The cultivation licenses permit the licensee to acquire, cultivate, deliver, supply or sell marijuana and related supplies to marijuana dispensaries and facilities for the production of edible marijuana products and marijuana-infused products. The processing license permits the licensee to acquire, manufacture, deliver, supply or sell edible marijuana products or marijuana infused products to other marijuana production facilities or marijuana dispensaries. The dispensary licenses permit the licensee to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other retail stores, as well as allow the sale of marijuana and marijuana products.

Nevada licenses are valid for one year and are subject to annual renewals after required fees are paid and provided that the business remains in good standing. Nevada requires on-going compliance with laws and regulations regarding record keeping, reporting, storage, inventory quality, inventory tracking, security and transportation. The license holder must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of the State. Registration renewal applications may be denied if the licensee has a history of non-compliance and penalties.

In July 2021, the Company announced that it had entered into an agreement with WSCC, Inc. (doing business as Sierra Well) to purchase two additional fully operational dispensaries in Reno and Carson City, Nevada as well as a cultivation and production facility in Reno, Nevada. The closing of this transaction is subject to customary conditions, contingencies, and approvals, including regulatory approval by the State of Nevada.

New Jersey

Subject to state regulations, New Jersey currently allows access to cannabis for medical use and adult-use. The Company's subsidiaries have Management Agreements with an alternative treatment center (an "**ATC**") in New Jersey that holds (i) three licenses for medical dispensaries, and (ii) one medical cultivation and processing licenses. Recently in April 2022, seven ATC's were approved to expand operations to include adult-use, one of which is the ATC managed by Verano. The expanded licenses are subject to operational assessment of regulatory compliance and payment of the ATC expansion fee.

New Jersey permits the operation of vertically integrated medical marijuana licenses which allows the licensee to cultivate, process, and sell medical marijuana products to registered qualified patients and caregivers. There are also non-vertically integrated licenses, which principally include: (i) cultivators and manufacturers, which may cultivate marijuana and manufacture medical marijuana products, and (ii) dispensaries which may sell medical marijuana and products to registered qualified patients and caregivers. For adult-use cannabis, New Jersey administers six license classes, the principal of which are: (i) cultivator, which may grow recreational use cannabis, (ii) manufacturers, which may produce recreational use cannabis in additional approved forms, and (iii) retailer, which may sell recreational cannabis to consumers over the age of 21.

Licensees are heavily regulated with on-going requirements related to operations, security, storage, transportation, inventorying, personnel, and more. As in other states where cannabis is legal, New Jersey regulators can deny or revoke licenses and renewals for multiple reasons. Additionally, license holders must ensure that no cannabis is sold, delivered, or distributed by a producer from or to a location outside of New Jersey.

Ohio

Subject to state regulations, Ohio currently allows access to cannabis for medical use. The Company's subsidiaries hold (i) a cultivation license, (ii) a processing facility, (iii) five dispensary licenses, and (iv) a dispensary certificate of operation.

There are three principal license categories in Ohio: (i) cultivation, (ii) processing and (iii) dispensary. On at least a biennial basis, regulators consider whether enough medical marijuana dispensaries exist, considering the state population, the number of patients seeking to use medical marijuana and the geographic distribution of dispensary sites. More licenses may be issued based on those findings. The medical cultivation licenses permit the licensee to acquire, possess, cultivate, manufacture and process into medical marijuana products, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries. The medical processor license permits the licensee to manufacture and produce medical marijuana products. The dispensary licenses allows the licensee to purchase marijuana and marijuana products from cultivation and processing facilities, as well as allow the sale of marijuana and marijuana products to registered patients. On at least a biennial basis, regulators consider whether enough medical marijuana dispensaries exist, considering the state population, the number of patients seeking to use medical marijuana and the geographic distribution of dispensary sites. More licenses may be issued based on those findings.

Ohio requires on-going compliance with laws and regulations regarding record keeping, reporting, storage, inventory quality, inventory tracking, security and transportation. The license holder must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of the State. Registration renewal applications may be denied if the licensee has a history of non-compliance and penalties.

Pennsylvania

Subject to state regulations, Pennsylvania currently allows access to cannabis for medical use. Subsidiaries of the Company hold (i) 11 dispensary permits, (ii) one grower and processor permit, and (iii) one facility permit, which allows four operations to be vertically integrated in the State.

There are two principal permit categories in Pennsylvania: (i) cultivation and processing and (ii) dispensary. The medical cultivation and processing permits allow the holder to acquire, possess, cultivate, manufacture and process into medical marijuana products and medical marijuana-infused products, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries. The retail dispensary permits allow the older to purchase marijuana and marijuana products from cultivation and processing facilities, as well as allow the sale of marijuana and marijuana products.

Pennsylvania state licenses are renewed annually, and licensees are required to submit a renewal application every year. There is no ultimate expiry after which no renewals are permitted. In respect of the renewal process, the renewal application must be submitted within six months, but no later than four months of the license's expiration and requires detailed information regarding the licensee's operations.

Permit holders are heavily regulated with on-going requirements related to operations, security, storage, transportation, inventorying, personnel, and more. As in other states where cannabis is legal, Pennsylvania regulators can deny or revoke permits and renewals for multiple reasons. Additionally, permit holders must ensure that no cannabis is sold, delivered, or distributed by a producer from or to a location outside of Pennsylvania.

West Virginia

Subject to state regulations, West Virginia currently allows access to cannabis for medical use. The Company has Management Agreements with holders of (i) one medical grower permit, (ii) one medical processor permit, and (iii) seven medical dispensary permits.

West Virginia's Office of Medical Cannabis administers four permit types. The principal of which are: (i) growers, which grow and cultivate medical cannabis, (ii) processors, which manufacture medical cannabis into approved forms other than usable medical marijuana, and (iii) dispensaries, which dispense medical cannabis and medical cannabis products to patients and caregivers. Licenses must be annually renewed.

West Virginia requires on-going compliance with laws and regulations regarding record keeping, reporting, storage, inventory quality, inventory tracking, security and transportation. The license holder must ensure that no cannabis may be sold, delivered, transported or distributed by a producer from or to a location outside of the State. Registration renewal applications may be denied if the licensee has a history of non-compliance and penalties.
It is impossible to determine the extent of the impact of new federal and state and local laws, regulations or initiatives that may be proposed. The regulatory uncertainty surrounding the cannabis industry may adversely affect the Company's business and operations, including without limitation, the costs to remain compliant with applicable federal and state and local laws and the impairment of its business operations or the ability to raise additional capital.

We will continue to monitor proposed changes to existing cannabis laws and regulations, the enactment of new cannabis laws and regulations and the Company's compliance with applicable in effect cannabis laws and regulations on an ongoing basis in accordance with its compliance program and standard operating procedures. While the Company believes its operations are in compliance with all applicable state and local laws, regulations and licensing requirements, such activities remain illegal under federal law. For the reasons described above and the risks further described in the section entitled "*Risk Factors,*" there are significant risks associated with the Company's business. Readers of this AIF are strongly encouraged to carefully read all of the risk factors contained in *"Risk Factors."*

DESCRIPTION OF THE COMPANY'S BUSINESS

As an operator of licensed cannabis cultivation, processing, wholesale distribution and retail facilities, Verano's goal is the ongoing development of communal wellness by providing responsible access to regulated cannabis products to discerning high-end customers.

Verano's strategy is to vertically integrate as a single cohesive company in multiple states through consolidation of seed-to-sale cultivating, processing, wholesale distributing, and dispensing premium brands and products at scale. The Company's cultivation, processing and wholesale distribution of cannabis consumer packaged goods are designed to support the Company's national retail dispensary chain that operates under brand names including Zen Leaf™ and MÜV. Verano developed this model to guarantee shelf-space in its retail dispensaries, as well as to develop and foster long term wholesale supply relationships with third-party retail dispensary operators as customers.

The Company aims for geographic diversity by establishing a footprint across multiple states to enable it to adapt to regional changes in both industry and market conditions seamlessly and profitably. This strategy of geographic diversity has been pursued through acquisitions and organic growth funded by internally generated cashflow, the issuance of Subordinate Voting Shares and Proportionate Voting Shares (together, "**Company Shares**"), deferred purchase price payments and the incurrence of indebtedness for borrowed money.

Verano believes that the following business objectives have positioned the Company for continued growth.

- The Company's business plan centers around four foundational pillars: cultivation, production, brand creation and retail.

- Diversity in revenue streams positions the Company to respond positively to changes in economics, regulations and healthcare, as well as navigating ever-evolving consumer habits.

- The Company operates and manages the entire vertical cannabis operation and supply chain from seed-to-sale.

- The Company focuses on potential market size with a network encompassing a market of nearly 150 million adult Americans in the 15 states of Arizona, Arkansas, California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, Missouri, Nevada, New Jersey, Ohio, Pennsylvania and West Virginia, based on the U.S. 2020 census.

- The Company aims for a first-mover advantage in entering new markets.

- The Company emphasizes developing premium, handcrafted products in controlled quantities. The Company pursues quality and finite availability in order to elevate its products' market desirability and value.

- The Company adheres to standard operating procedures across all of its cultivation and processing facilities, growing pesticide-free and implementing compliance programs to meet product testing and state regulatory requirements.

- The Company espouses a customer and patient driven business philosophy to deliver value to its downstream customers and consumers.

State and Local Licenses and Permits

The Company, through its subsidiaries and affiliates, holds current and effective licenses and permits required to comply with state and local cannabis medical and adult-use laws. Verano is dependent upon the maintenance and renewal of its cannabis licenses and permits in the states and localities in which its business is operated. Maintenance and renewal of these licenses and permits requires Verano to remain in compliance with state and local laws and the rules and regulations promulgated by state and local jurisdictions.

The following table lists the licenses and permits by state held by subsidiaries of the Company for the cultivation, processing, wholesale distribution and retail sale of cannabis products as of March 25, 2022.

State	License or Permit	Type	Number Held
Arizona	Dispensary/Processor/Cultivator	Adult-use	Six
Arizona	Dispensary/Processor/Cultivator	Medical	Six
California	Distributor	Adult-use & Medical	Two
California	Manufacturing	Adult-use & Medical	One
California	Facility	Distribution	One
California	Facility	Manufacturing	One
California	Cultivation	Adult-use	One
Connecticut	Dispensary	Medical	Two
Connecticut	Producer	Medical	One
Connecticut	Manufacturer	Hemp Consumables	One
Florida	Dispensary/Processor/Cultivation	Medical	One
Illinois	Cultivation	Medical	One
Illinois	Cultivation	Adult-use	One
Illinois	Processor	Industrial Hemp	One
Illinois	Dispensary	Medical	Three

State	License or Permit	Type	Number Held
Illinois	Dispensary	Adult-use	Six
Maryland	Dispensary	Medical	Two
Maryland	Cultivation	Medical	One
Maryland	Processor	Medical	One
Massachusetts	Cultivation	Medical	Two
Massachusetts	Cultivation	Adult-use	One
Massachusetts	Processor	Medical	One
Massachusetts	Processor	Adult-use	One
Massachusetts	Dispensary	Medical	One
Massachusetts	Dispensary	Adult-use	Two
Ohio	Dispensary	Medical	Five
Ohio	Cultivation	Medical	One
Ohio	Processing	Medical	One
Pennsylvania	Dispensary	Medical	Eighteen
Pennsylvania	Cultivation/Processor	Medical	Two

The following table lists licenses and permits as of March 25, 2022 where Verano or one of its subsidiaries has contractual rights pursuant to Management Agreements with a license holder.

State	License or Permit	Type	Number Held
Arkansas	Dispensary	Medical	One
Illinois	Dispensary	Adult-use	Four
Illinois	Dispensary	Medical	Two
Maryland	Dispensary	Medical	Two
Michigan	Dispensary	Medical	One
Michigan	Dispensary	Adult-use	One

Missouri	Dispensary	Medical	One
Nevada	Dispensary	Medical	One
Nevada	Dispensary	Adult-use	Three
Nevada	Processing	Medical	One
Nevada	Processing	Adult-use	One
Nevada	Cultivation	Medical	One
Nevada	Cultivation	Adult-use	One
New Jersey	Cultivation/Processing	Medical	One
New Jersey	Dispensary	Medical	Three
West Virginia	Dispensary	Medical	Seven
West Virginia	Processor	Medical	One
West Virginia	Cultivation	Medical	One

State and local laws and associated rules and regulations may change in the future, and Verano may be required to obtain additional or supplemental licenses or permits at such times. The Company's growth strategy includes the acquisition of additional state licensed businesses or assets that may require it to obtain prior state regulatory approval to a change of ownership of the license holder or to a deemed transfer, assignment or sale of the applicable license, which regulatory approval may be conditioned on stringent requirements, in particular if such licensed businesses or assets reside in states or local jurisdictions where Verano does not currently have operations. Please see the section in this AIF titled "*Risk Factors—Risks Related to the Company's Business and Operations—the Cannabis Industry*" for risks and uncertainties the Company faces related to state licenses and permits for the conduct of cannabis businesses.

Regulatory Compliance Program

Verano's compliance group oversees, maintains, and implements its regulatory compliance program. The compliance group also prepares, submits and processes applications for new licenses, renewals of existing licenses, approvals for changes to existing licenses, approvals for change of ownership of license holders or deemed sales, transfers or assignments of licenses. In addition to its internal regulatory group and legal group, Verano has engaged state regulatory legal counsel, consultants and advisors in many jurisdictions both in Canada and the United States.

The compliance group oversees training for cultivation, production and dispensary managers and employees, along with department leaders and other designated persons as needed, on compliance with state and local laws and regulations. The compliance group also monitors all compliance communications and notifications from state regulators and inspectors and leads the effort to implement compliance procedures and timely resolve any compliance issues identified.

Verano's compliance program includes the following compliance objectives.

- Ensure the operations of its subsidiaries (or third parties, in the jurisdictions where the Company has Management Agreements) are compliant with all licensing requirements by the applicable state, county, municipality, town, township, borough, and other administrative divisions.

- Ensure its business activities adhere to the scope of the licensing obtained. In the states where only medical cannabis is permitted, the cannabis products are only sold to patients who hold the necessary documentation to permit the possession of the cannabis being sold, and in the states where cannabis is permitted for adult-use, the cannabis products are only sold to individuals who meet the requisite age and any other requirements.

- Perform due diligence on cannabis businesses the Company may acquire, including on the policies and procedures in place to ensure compliance with laws and regulations, including that cannabis products are not distributed to minors, reviewing the ownership of such cannabis businesses to ensure that no profits or revenues are used for the benefit of criminal enterprises and that the business has not been involved in violations of law.

- Ensure the Company's businesses adhere to its compliance policies, procedures and practice standards with sufficient checks and balances to ensure that no revenue is distributed to criminal enterprises.

- Review inventory tracking systems and procedures to ensure that the compliance system is effective in tracking and monitoring inventory and ensuring that there is no diversion of cannabis or cannabis products into the states where cannabis is not permitted by state law, or cross state lines in general.

- Review financial records to ensure that the Company's business activity is not used as a cover or pre-text for trafficking of other illegal drugs or engaged in other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes.

- Conduct background checks to ensure that the Company's directors and management are of good character, and have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing or distribution of cannabis.

- Review activities of each of the Company's subsidiary businesses, the premises on which such subsidiaries operate and adherence with the compliance policies and procedures that are related to the possession of cannabis or cannabis products outside of licensed premises, including that there is no possession or use of cannabis on federal property or manufacturing or cultivation of cannabis on federal lands.

- Conduct reviews of products and product packaging to ensure that the products and packaging comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent violations related to motor vehicle, labor and other laws applicable to individuals.

Verano has comprehensive standard operating procedures that apply to seed-to-sale across all of its locations that include, among others, procedures for receiving inventory, inventory tracking, testing, quality control, storage, record keeping, record retention, required reporting, security and transportation, as well as procedures for performing inventory reconciliation and ensuring the accuracy of recordkeeping. Regular audits of cannabis and cannabis product inventories are conducted in order to detect any possible diversion. In addition, security and compliance staff conduct unscheduled, unannounced audits to prevent complacency or the perception thereof. Adherence to the Company's standard operating procedures is mandatory in order to ensure that Verano's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements.

Products

Verano derives its revenues from its wholesale business and its national retail dispensary chain. The retail business includes the design, build-out and operation of branded dispensaries in both medical and adult-use markets. The Company's primary retail presence is traditional brick and mortar. However, as regulations allow, the Company expects to continue to expand its e-commerce, in-store guest pick-up and direct to consumer delivery capabilities as part of its commitment to providing a consistent retail brand experience no matter where the consumer might be. For the year ending December 31, 2021, approximately 20% of the Company's consolidated sales were generated in Illinois and approximately 38% of its consolidated sales were in adult-use products.

Verano distributes its portfolio of products to the majority of cannabis retail stores in its active markets, including the Company's own retail stores. Ownership of both wholesale and retail operations supports the Company's strategy of distributing its brands at scale to enable the Company to capture market share, generate brand awareness, and earn customer loyalty in its operating markets not only through its managed dispensaries but also through third party wholesale customers.

Verano manufactures and sells a comprehensive array of premium cannabis products that it designs and develops with specific consumer segments in mind. The Company's products include a proprietary portfolio of over 1,000 product stock keeping units (SKUs) and include premium flower, concentrates for dabbing and vaporizing, edibles, and topicals. The Company's consumer brands include Encore™, Avexia™, MÜV™ and Verano™. Verano's retail dispensaries operate under brands including Zen Leaf™ and MÜV™.

All products sold by the Company are subject to third-party testing required by applicable state law in order to assure that they do not contain impermissible levels of toxins, microbials and other harmful substances. Verano utilizes seed-to-sale tracking software to inventory products, assess quality assurance and minimize product slippage and deviated inventory.

Operational Foundation & Current Geographic Markets

Verano is engaged in the cultivation, processing and distribution of cannabis products with both wholesale and retail business operations. Processing is done on-site in kitchens and in processing facilities located at its cultivation facilities. Distribution of the Company's products is only from these facilities. Verano does not own or lease any cannabis warehouses.

Verano's current business consists of wholesale and retail operations in Arizona, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, Ohio, Pennsylvania and West Virginia. Geographic markets where the Company currently has Management Agreements, licenses or other commercial interests include Arkansas, California, Michigan and Missouri. All of these markets are subject to state regulations that vary state-by-state, and many of these regulations have, from time to time, been modified and amended. In addition, municipalities may individually determine what local permits or licenses are required to operate within their boundaries. Verano actively monitors state and local developments in laws and regulations which may impact its business interests and operations. Please see the section in this AIF titled "—*Regulatory Framework in the United States—Regulation of Cannabis at the U.S. State and Local Levels*" for additional information.

Verano's business plan includes the continued growth of both its wholesale and retail operations by entering new markets and expansion in its existing markets. The Company's growth plans include applying for new licenses, acquiring existing licensed businesses in limited license markets and maximizing operations that are allowed by its current licenses.

Research and Development

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

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

Intellectual Property

Verano believes that brand awareness and protection is an important part of its business strategy. The Company regularly seeks to protect its intellectual property rights related to its operating names, consumer packaged goods and patentable goods and services. The U.S. trademark statute, The Lanham Act, allows for the protection of trademarks and service marks on products and services used, or intended for use, lawfully. Because cannabis-related products and services remain illegal at the federal level under the Controlled Substances Act, the Company is not able to protect all of its intellectual property at the federal level; therefore, Verano currently seeks trademark protections at the state level for this intellectual property where commercially feasible. Nonetheless, Verano's success depends upon other areas of its business as well, such as product development and design, production and marketing and not exclusively upon trademarks, patents and trade secrets.

The Company, through its subsidiaries, has a suite of over 45 trademarks registered and pending registration with the U.S. Patent and Trademark Office and other state and non-U.S. governmental entities, including trademarks with respect to products and retail branding. Product trademarks include Encore™, Avexia™, MÜV™ and Verano™, and trademark dispensary brands include Zen Leaf™ and MÜV™. Verano anticipates feedback on outstanding submitted applications for registration on a rolling basis. As such, the Company will continue to rely on common law protection for these brands during the trademark registration process. When commercially feasible, Verano plans to proactively seek intellectual property protection for brand expansions in current markets as well as any new market expansion.

From the time the Company, through its subsidiaries, became licensed to cultivate cannabis, its has developed proprietary cultivation techniques for operating ethanol, butane, and carbon dioxide extraction machinery, including what the Company believes are best production practices, procedures, and methods. This requires specialized skills in cultivation, extraction and refining. Six patents and patent applications are held by subsidiaries of the Company for cannabinoid formulations related to transdermal and oral delivery. For additional details, please see the section of this AIF titled "*Risk Factors—Risks Related to the Company's Business and Operations—Information Technology, Cybersecurity and Intellectual Property*."

Verano has several website domains, including www.verano.com, numerous social media accounts across all major platforms and various phone and web application platforms. The information provided on Verano's website is not part of this AIF.

The Company also relies on non-disclosure and confidentiality agreements to protect its intellectual property rights. To the extent the Company describes or discloses its proprietary cultivation or extraction techniques in its applications for cultivation or processing licenses, the Company's policy is to redact or request redactions of such information prior to public disclosure. For additional details on the risks associated with the Company's intellectual property, please see the section of this AIF titled "*Risk Factors—Risks Related to the Company's Business and Operations—Information Technology, Cybersecurity and Intellectual Property*."

Competitive Conditions

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

Aside from existing direct competition in states in which Verano currently operates, out-of-state operators that are capitalized well enough to enter state markets through acquisitions are also considered part of the competitive landscape. Similarly, as Verano pursues its national footprint growth strategy, operators in its target markets will inevitably become direct competitors. Additionally, Verano, along with all legally operating competitors, face competition from the illicit markets. For additional information, please see the section of this AIF titled "*Risk Factors—Risks Related to the Company's Business and Operations—the Cannabis Industry*." However, as state and local regulators increase scrutiny on these illicit markets, management of the Company believes this competitive threat will be meaningfully reduced.

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

Marketing and Sales

As of March 25, 2022, through its subsidiaries, the Company is licensed to operate in 15 states, with active operations in 13 states. Verano's sales revenue is derived from its wholesale business and its national chain of retail dispensaries operating under brands including Zen Leaf™ and MÜV™. Verano is not dependent upon a single customer, or a few customers, and the loss of any single customer or a few customers would not have a material adverse effect on its business or financial results.

Some of the states in which Verano operates have regulations that restrict marketing and sales activities of cannabis products. Restrictions may specify what, where and to whom product information and descriptions may appear or be advertised. Marketing, advertising, packaging and labeling regulations also vary from state to state, potentially limiting the consistency and scale of consumer branding communication and product education efforts. The Company strives to deploy a diverse range of marketing and brand recognition strategies that comply with applicable local and state laws and regulations.

In medical cannabis markets Verano seeks to educate patients and potential patients about its products and medical dispensaries through certifying physicians, community outreach events and on-going staff training and education. For adult-use markets, Verano seeks to educate customers and potential customers about its products and retail dispensaries through community outreach events and on-going staff training and education. In Florida the Company operates a patient care call center with more than 30 staff for direct phone, email and online chat support.

Cultivation and Processing

The cultivation and production of cannabis products requires licensing and permitting by each state where cannabis business operations are conducted. As of March 25, 2022, Verano's portfolio of owned and managed licenses includes 13 licensed cultivation and processing facilities. These licensed cultivation and processing facilities have over 1,000,000 square feet of cultivation.

Each new manufacturing suite is built to ISO 8 clean room specifications and employs advanced nutritional and pharmaceutical formulations technology with goal of achieving the most optimal delivery methods. The Company's cultivation grows pesticide-free to meet testing, inventory and other applicable state regulatory requirements. Verano has implemented and adheres to standard operating procedures across all of its cultivation and processing facilities.

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

Components

The principal components in the production of the Company's consumer packaged products include cannabis grown internally or acquired through wholesale channels, other agricultural products, and packaging materials (including glass, plastic and cardboard) acquired through wholesale channels. Almost all raw material input, except packaging materials, used to produce the Company's cannabis consumer packaged goods are cultivated or processed internally for further use in the manufacturing process.

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

Environmental

Similar to traditional agricultural practices, the cultivation of cannabis can impact the environment through waste, energy use, air pollutants, agriculture water runoff and soil degradation, with the extent of these environmental impacts being contingent on the methods of cultivation and production employed. As the cannabis industry continues to mature and expand in connection with increasing legalization, Verano believes the industry will develop industry-wise business practices that include comprehensive environmental sustainability in accordance with state regulatory requirements.

Organic plant waste and single-use consumer packaging make up a significant portion of the waste generated from the industrial-scale cultivation and processing of cannabis. In many states, cannabis waste must be rendered "unusable" and "unrecognizable" before it is then required to be mixed with non-cannabis waste to achieve a ratio of 50% cannabis waste and 50% non-cannabis waste. While many states offer various alternatives that may be mixed with cannabis waste, cultivation sites may be unable to provide sufficient volumes of non-cannabis waste to reach the necessary ratio without adding superfluous waste or having to haul in additional waste to augment.

Cannabis is an energy-intensive crop, especially when cultivated indoor. Energy is needed for lighting, environmental controls, and hydration at indoor cultivation operations. Access to energy infrastructure (power grids) can be a challenge that can cause a temporary reliance on generators that run on fossil fuels that impact air quality. Indoor cultivation is the Company's primary method of cultivating cannabis due to the market demand for consistent, high-quality cannabis products year-round, regardless of adverse weather and fluctuating daylight. According to the National Cannabis Industry Association, as of October 2020, an estimated 63% of commercial cannabis cultivation has been conducted indoors with another 20% conducted in partial indoor operations, such as greenhouses. In 2021 and currently, almost all of the Company's cultivation is indoor. Verano expects to conduct substantially all of its cultivation and production in indoor facilities.

In addition to generated electricity, the cultivation and processing of cannabis and the transportation of cannabis products all contribute to air emissions. Cannabis, like many other crops, often relies upon water supplied through artificial irrigation. Agricultural runoff from cannabis cultivation can contain wastewater pollutants, which can have an impact on the environment. Soil erosion, nutrient loss, reduction in organic carbon stored within the soil, and increased acidity are all linked to traditional agriculture practices, although such environmental impacts are more prevalent in outdoor cultivation than in indoor cultivation. The Company believes that cannabis businesses that incorporate environmentally sustainable practices must start with a comprehensive plan for cultivation that enables cultivators to consider the short, medium, and long-term impacts of their operations. The establishment of cooperative policies and standards across local, state, regional, and national levels for both cannabis and hemp markets will be pivotal to advancing environmental sustainability across the cannabis industry.

In structuring a comprehensive cultivation plan that considers the short, medium, and long-term environmental impacts of the Company's operations, Verano has identified emerging agricultural practices that promote environmental sustainability. An early-stage practice for managing plant waste involves on-site anaerobic digestion that uses the plant waste to generate and capture methane, carbon dioxide, and nutrient-rich fertilizer which provides diversion from landfills and the reuse of plant waste. Cultivation and retail cannabis facilities could collaborate on establishing practices that promote and integrate reusable and refillable containers for their products, instead of disposable single-use packaging designs. Through proactive planning and the leveraging of business networks, the cannabis industry could collaboratively pursue more energy-efficient practices. Implementing LED lighting and more efficient HVAC systems helps reduce energy use in indoor grow facilities. Optimizing space utilization and scheduling the use of high energy equipment around peak demand can also reduce the energy impacts of the cannabis industry. Existing emission control technologies have the potential to be broadly applied across the cannabis industry to mitigate adverse air quality impacts. Industry best practices could focus on minimizing water usage and agriculture runoff as well as eliminating adverse impacts to water quality from any discharges back into the environment.

Federal legalization of cannabis would open access to U.S. federal programs, such as the U.S. Department of Agriculture for financial and technical assistance, the Small Business Administration for loan assistance, the Environmental Protection Agency for grants, technical assistance, education, research, and traditional funding through nationally recognized financial institutions. Federal legalization also could advance the industry while protecting consumers and the environment with a national regulatory structure that considers environmental sustainability.

The Company believes it is compliant with all applicable environmental regulations and laws and properly disposes of the toxic and hazardous substances used in its operations. Expenditures for compliance with environmental laws and regulations historically have not been material to the Company's financial results but could become an increasing expense for the Company.

Employees and Human Capital

The Company recruits, hires and promotes individuals that it believes are best qualified for each position, priding itself on using a selection process that recruits people who are trainable, cooperative and share its core values as a company. As of March 25, 2022, the Company had 3,888 employees across its consolidated operating jurisdictions, including corporate, retail and manufacturing, both full- and part-time employees, and including but not limited to: finance and accounting, legal, human resources, regulatory and compliance, supply chain and operations, sales and marketing, commercial and cannabis agriculture, chemists, customer service, construction and project management, and real estate.

Verano offers a comprehensive package of company-sponsored benefits to its employees. Eligibility depends on the full-time or part-time status, employee location and other factors, and benefits include medical and dental plans, disability insurance, a 401(k) retirement and savings plan, employee assistance programs and life insurance. Additionally, Verano believes in aligned incentives and utilize employee stock and incentive plans for a competitive total rewards program. The Company did not experience any work stoppages in 2021 (other than disruptions caused by COVID-19 emergency measures). Numerous states deemed cannabis businesses "essential" as other businesses were required to close because of the COVID-19 pandemic and the Company continued operations in these jurisdictions, although with limitations and adjustments to comply with laws. The Company considers its relationship with its employees to be good.

Approximately 180 employees who work in the Company's New Jersey cultivation and dispensary operations are covered by a collective bargaining agreement that was recently entered into with United Food and Commercial Workers International Union Local 360. Union elections at the Lombard and Highland Park, Illinois retail dispensaries in favor of union representation were recently certified and collective bargaining discussions at those locations have begun. The terms of the collective bargaining agreements have not been determined at this time. Certain employees of Goodness Growth are represented by local offices of the United Food and Commercial Workers International Union in New York, Maryland and Minnesota, and it is expected that if the Goodness Growth acquisition is consummated, those labor union contracts will remain in place at such time in accordance with their terms.

Specialized Skill and Knowledge

Verano believes its is a leader in the U.S. cannabis industry and in order to maintain a leadership position, the Company relies on a motivated and experienced team, focused on offering the highest quality products and services to its customers in a highly regulated industry. The Company employs a diverse group of individuals, hand-picked for their respective administrative, operational, or financial expertise, and where appropriate, chosen for their experience and demonstrated skill in the cultivation and operations of medical and adult-use cannabis.

Verano has established training and education tools designed to align employee training efforts and resources with its core principles and strategic goals. Employees are expected to complete at least 20 hours of continued training and education annually. The Company's training tools are designed to be flexible to include new policies and procedures and can be revised as necessary based on new or ongoing operational concerns, management observations, regulatory changes and new or improved practices. Employees undergo significant and diverse training, tailored to each employee based on their function and business-lines. Training includes, but is not limited to, the following topics: (i) applicable laws, rules, and regulations;

(ii) propagation, cloning, and nursery management; (iii) transplanting and vegetative growth; (iv) fertigation and nutrient management; (v) irrigation and water conservation; (vi) integrated pest management and biosecurity; (vii) flower canopy management; (viii) harvesting; (ix) drying and curing; (x) waste and disposal procedures; (xi) trimming and packaging preparation; (xii) sampling, laboratory testing, and quality assurance; (xiii) extraction, infusion, and food handling; (xiv) surveillance and security; (xv) inventory control; (xvi) emergency preparedness and response; (xvii) diversion control and prevention; (xviii) health, safety, sanitation and hygiene; (xix) recordkeeping and reporting: (xx) recall and quarantine procedures; (xxi) regulatory inspection preparedness; and (xxii) law enforcement interactions.

Social Equity

Verano believes that a more diverse and community focused cannabis industry leads to a more sustainable, inclusive and responsible one. The Company aims to foster a more equitable industry where participation and success are possible regardless of the numerous factors that have historically held many people, businesses, and communities back. To support the growth of an inclusive cannabis industry, the Company is implementing social equity initiatives at the national level and in states and municipalities in which the Company operates. The social equity programs are generally designed to develop and carry out initiatives that seek to provide support and create opportunities in the cannabis industry for deprived communities, people of color and other disadvantaged minorities. In each state of operation, Verano seeks to partner with local organizations to provide education, entrance into the cannabis industry, or other growth opportunities to both employees and the community. The Company has partnered with Legal Aid Chicago to host an expungement and record sealing clinic to provide relief for individuals with nonviolent cannabis offenses. In Florida the Company provides medical cannabis education through certifying physicians, community outreach events and ongoing staff education, all of which are supported by a patient care call center with more than 30 staff for direct phone, email and online chat support. In many states, the Company has created and hosted volunteer opportunities for employees and donated to local charitable organizations.

Nationally, Verano has made charitable contributions to the Lynn Sage Breast Cancer Foundation and provided endowments for first generation college students. Verano plans to continue and expand these partnerships and events to increase social equity in the cannabis industry.

Bankruptcy and Similar Procedures

Neither the Company nor any of its subsidiaries have been the subject of any voluntary or involuntary bankruptcy, receivership or similar proceedings within any of the three most recent financial years of 2021, 2020 and 2019 (as applicable given the timing such entities came into existence) or to date for the current 2022 financial year. The financial year of the Company and its subsidiaries consists of the 12-month period of January 1 through December 31.

Reorganizations

Please see the section of this AIF titled "*Verano Holdings Corp.- History of the Company*" for a description of the Go Public Transactions.

RISK FACTORS

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

Risks Related to the Company's Business and Operations – General

The Company remains subject to various risks and uncertainties as a result of the COVID-19 pandemic which could adversely affect its business, financial condition or results of operations.

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

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

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

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

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

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

The Company intends on becoming a SEC reporting company in addition to remaining a public reporting company in Canada, and it expects to incur significant legal, accounting and other expenses that it has not incurred as a public reporting company in Canada only. The Company's management will be required to devote substantial time to new compliance initiatives, corporate governance practices and securities rules and regulations that impose various requirements on U.S. public companies. Such costs and management attention could negatively impact the Company's business, financial condition or results of operations.

As a public issuer in Canada, the Company is currently subject to the reporting requirements and rules and regulations under applicable Canadian securities laws and rules of the CSE. As a result of filing this Registration Statement, the Company will also become subject to the rules and regulations of the SEC and the reporting requirements of the Exchange Act and the regulations promulgated thereunder on the Effective Date, which will automatically occur 60 days after the filing of this Registration Statement with the SEC. Application of both existing or additional or new U.S. or Canadian regulatory requirements adopted in the future may have adverse consequences on the Company's ability to issue its securities to acquire companies and its ability to raise capital in private placements or prospectus offerings.

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of Canadian Securities Administrators, the CSE and the SEC require reporting and listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Company expects that complying with these various statutes, regulations and requirements will occupy a significant amount of time of its management. The Company will be required to also prepare and distribute periodic public reports in compliance with its obligations under the U.S. federal securities laws, in addition to applicable securities laws of Canada.

Shareholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which could then result in additional compliance costs and affect the manner in which the Company operates its business. The Company may also elect to devote greater resources than a non-reporting company otherwise would on communications and other activities involving shareholders, investors and analysts which are typically considered important for publicly traded companies. Any new regulations or disclosure obligations or additional shareholder communications and activities may increase the Company's legal and financial compliance costs and may make some activities more time-consuming and costly.

In connection with its intent to become a public reporting company in the U.S., the Company's management will be required to devote substantial time and cost to the establishment and maintenance of effective internal controls required by Section 404(a) of the Sarbanes-Oxley Act of 2002 ("SOX"). These requirements will require additional time resources and increase the Company's legal and financial compliance costs. If the Company is unable to establish and maintain effective internal controls, its ability produce timely and accurate financial statements could be impaired, investors could lose confidence in the Company's financial information and the trading price of the Subordinate Voting Shares could decline.

The Company has not operated as a U.S. public reporting company, and it has not had to independently comply with Section 404(a) of SOX regarding internal control over financial reporting. If the Company becomes a public reporting company in the U.S., it will be required to maintain effective disclosure controls and procedures and internal controls over financial reporting. Beginning with its second filing of an U.S. Annual Report on Form 10-K with the SEC after it become a U.S. public reporting company, the Company's management will be required to furnish a report on the Company's internal controls over financial reporting. In addition, on an annual basis the Company's independent registered public accounting firm at such time will be required, pursuant to Section 404(b) of SOX, to attest to the effectiveness of the Company's internal control over financial reporting and the Company will be required to include such attestation in its U.S. Annual Report on Form 10-K.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles. The rules governing the standards that must be met for the Company's management to assess its internal control over financial reporting are complex and require significant documentation, testing and possible remediation. These requirements will require additional time resources and increase the Company's legal and financial compliance costs. In this regard, the Company will need to (i) continue to dedicate internal resources and potentially engage outside consultants, (ii) adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, (iii) continue steps to improve control processes, as appropriate, (iv) validate, through testing, that controls are functioning as documented, and (v) implement a continuous reporting and improvement process for internal control over financial reporting. The Company is currently evaluating these rules and regulations, and is in the process of reviewing, documenting, and testing its internal controls over financial reporting. The Company cannot predict or estimate the amount of time resources and additional costs it may incur or the impact and timing of such use of resources and costs. The Company may encounter problems or delays in implementing any changes necessary to make a favorable assessment of its internal controls over financial reporting.

The Company will need to hire additional accounting, finance and other personnel in connection with it seeking to become, and its efforts to comply with the requirements of being, a U.S. public reporting company including complying with Section 404(a) of SOX regarding internal control over financial reporting. The U.S. labor market is competitive, and the professionals and other personnel the Company desires to hire will be sought after by other public companies. The Company may not be able to attract, hire and retain a sufficient number of qualified management, accounting and other personnel to enable it to implement and maintain sufficient internal control over financial reporting and comply with other public company requirements. In addition, any testing by the Company conducted in connection with Section 404 of SOX, may reveal deficiencies in its internal controls over financial reporting that are deemed to be material weaknesses, that may require prospective or retrospective changes to its consolidated financial statements, or identify other areas for further attention or improvement. Inferior internal controls could impair the Company's ability to produce timely and accurate financial statements and cause investors to lose confidence in its reported financial information, which could have a negative effect on the trading price of the Subordinate Voting Shares.

Despite the efforts the Company is undertaking, there is a risk that it will not be able to conclude, within the prescribed time frame or at all, that its internal control over financial reporting is effective as required by Section 404 of SOX. If within the prescribed time frame, the Company cannot favorably assess the effectiveness of its internal control over financial reporting, or if its independent registered public accounting firm at such time is unable to provide an unqualified attestation report on its internal controls, investors could lose confidence in the Company's financial information and the price of the Subordinate Voting Shares could decline.

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

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

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

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

Even though the TSX MOU indicated that there are no plans of banning the settlement of securities of cannabis issuers through the CDS, there can be no guarantee that the settlement of such securities will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of the Subordinate Voting Shares to make and settle trades. In particular, the Subordinate Voting Shares would become highly illiquid until an alternative was implemented, and shareholders would have no ability to effect a trade of the Subordinate Voting Shares through the facilities of a stock exchange.

The Company and certain of its subsidiaries are co-borrowers under secured debt facilities, and the Company may be unable to repay such indebtedness. Further, such facilities contain covenants that restrict the Company's business or may be difficult or costly to comply with. If the Company is unable to

pay its debts as they become due, it would have a material adverse effect on the business, financial condition or results of operations of the Company.

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

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

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

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

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

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

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

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

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

The Company will continuously monitor its operations for quality control and safety. However, there are no assurances that the Company's safety procedures will always prevent such damages and the Company may be affected by liability or sustain losses in respect of risks and hazards. Although the Company maintains insurance coverage that it believes to be adequate and customary in the industry, such insurance does not cover all of the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Company, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the business, financial condition or results of operations of the Company.

The Company's sales are difficult to forecast and a failure in the expected demand for the Company's products to materialize could have a material adverse effect on the Company's financial results and financial condition.

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

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

The Company is in its early stages and its growth is in large part attributable to acquisitions of cannabis businesses and licenses. The past operational performance of the Company is not indicative of the future operating results of the Company. There can be no assurance that the revenue growth, cashflow, operating margins and other historical operating results achieved by the Company will be achieved by the Company going forward, and the Company's performance may be materially different.

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

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved in be concluded in a way which is adverse to the Company, such a decision could adversely affect the Company's ability to continue operating and could use significant resources. Even if the Company is involved in litigation and receives a successful outcome, litigation can redirect significant resources of the Company.

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

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

Risks Related to the Company's Business and Operations - Organizational Structure and Acquisition-Based Strategy

The Company is the ultimate holding company in its corporate organizational structure. As such, the Company depends on the performance of its subsidiaries and affiliates and therefore any material declines in the financial health or prospects of these entities will adversely affect its business, financial condition or results of operations.

Because the Company is a holding company with no business operations, it is dependent on the operations, assets, financial health and prospects of its subsidiaries and affiliates. Accordingly, any decline in the financial performance or prospects of any subsidiary or affiliate will adversely affect the Company's investment in such subsidiary or affiliate and its ability to receive cashflow realize a return on such investment.

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

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company becoming more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions not being realized fully, or taking longer to realize than expected; (v) an increase in the scope and complexity of the Company's operations, including in employee relations as a result of growth or acquiring existing union and collective bargaining agreements; and (vi) a loss or reduction of control over certain of the Company's assets. Additionally, the Company may issue Subordinate Voting Shares and other equity interests as consideration in such transactions, which issuances would dilute the existing shareholders' holdings in the Company.

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

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

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

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

Some of the businesses that the Company acquires or invests in are early stage companies or have limited operations or revenues; these businesses may underperform the Company's targets and projections and thus negatively impact its business, financial condition or results of operations.

The Company may acquire and make investments in businesses with little operating history, no significant sources of operating cash flow and no revenues from operations. The Company's resources and opportunity costs spent on such companies will be subject to risks and uncertainties that new businesses with no operating history or limited financial results may face. In particular, there is a risk that these early-stage businesses will not be able to meet anticipated performance targets or financial projections, which could have a material adverse effect on the business, financial condition or results of operations of the Company.

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

The uncertainty inherent in various aspects of the medical and adult-use cannabis industry can result in what otherwise would be inadequate acquisition and investment due diligence information and uncertain legal consequences relative to a target acquisition or investment. The reluctance of banks and other financial institutions to facilitate financial transactions in the medical and adult-use cannabis industry can result in inadequate and unverifiable financial information about target acquisitions and investments, as well as cash management practices that are vulnerable to theft and fraud. The lack of established, traditional sources of financing for industry participants can result in unusual and uncertain arrangements affecting the ownership and obligations of a target investment. The reluctance of some professionals and advisors to represent cannabis industry participants in financings and other business transactions can result in the lack of documentation setting forth the terms of the transactions, inadequately documented transactions, and transactions that in whole or in part are illegal under applicable state law, among other detrimental consequences. The Company has acquired or invested in, and may in the future acquire or invest in, businesses and companies that are or may become party to legal proceedings, have inadequate financial and other due diligence information, employ vulnerable cash management practices, lack written or adequate legal documents governing significant transactions and otherwise have known or unknown conditions that could be detrimental to its business and assets, which in turn could have a material adverse effect on the business, financial condition or results of operations of the Company.

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

The Company may acquire businesses and assets, after conducting its due diligence, with only limited representations and warranties from the seller regarding the quality of the business, its operating results, liabilities and risks and quality of assets. As a result, if defects or liabilities are subsequently discovered, the Company may not be able to pursue a claim for damages against the former owners. The extent of damages that the Company may incur as a result of such matters cannot be predicted, but potentially could have a significant adverse effect on the value of the Company's assets and revenue streams and financial performance. Further, some of the Company's remedies and recourse may consist of obligations of cannabis operations, and the Company's remedies against such obligors may be limited if deemed unenforceable under federal laws or for other reasons.

The Company may acquire target businesses in markets where regulation of cannabis is uncertain or in process, exposing the Company to additional risks and expenses with respect to regulatory compliance.

The Company may acquire businesses and assets in markets where regulation of cannabis is uncertain because it is being developed. For example, Goodness Growth is expected to expand the Company's operational footprint with the addition of the New York, Minnesota, and New Mexico markets. At this time, the adult-use cannabis regulatory regime in New York is not settled and final regulations with respect to cannabis licenses may be enacted at any time. Although the Company believes it will obtain the benefits of one of only ten vertically-integrated licenses in New York, which includes one cultivation license, four active dispensaries, and four additional dispensaries planned in high-traffic locations, if final regulations differ from the Company's expectations, or the existing terms of the license are changed by the adoption of final regulations, the Company may realize less value from the acquisition than expected. This possibility, as well as other general uncertainties surrounding cannabis markets with regulation that is not established, could have negative consequences detrimental to the Company's business and assets, which in turn could have a material adverse effect on the business, financial condition or results of operations of the Company.

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

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

The Company may be subject to growth-related operational risks and the Company's ability to mitigate and address these risks would have a material adverse effect on the Company's operations, financial results and financial condition.

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

Risks Related to the Company's Business and Operations – the Cannabis Industry

If the Company is unable to compete effectively with current and potential market participants with respect to acquiring businesses and assets or if competition with current and potential market participants results in pricing pressure on products, the Company's business, financial condition or results of operations may be adversely impacted.

The cannabis industry is competitive. A number of other companies engage in, and may in the future engage in, businesses similar to the business of the Company, operate businesses in competition with the Company and purchase businesses and assets or make investments that the Company will also seek to purchase or make. This competition may increase the price the Company must pay for acquisitions, make it more difficult for the Company to purchase additional businesses and assets and put pricing pressure on the Company's products making it more difficult to operate at a profit. The inability to operate at a profit and acquire businesses and assets on terms favorable to the Company may adversely impact the revenue stream, geographic footprint and growth that the Company anticipates.

Large conglomerates and companies who also recognize the potential for financial success through acquisitions and investment in the cannabis industry could strategically purchase or assume control of larger dispensaries and cultivation and production facilities in the states in which the Company operates or plans to operate. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the participants in the varied businesses operating within and in support of the medical and adult-use cannabis industry. While the trend in most state laws and regulations seemingly deters this type of takeover, the industry in the United States is young and the future regulatory landscapes at both the state and federal level remain largely unknown.

The Company also faces competition from the illicit market and illegal dispensaries that are unlicensed and unregulated and that are selling cannabis and cannabis products, including products with higher concentrations of active ingredients, and using delivery methods, including edibles and extract vaporizers, that the Company may be prohibited from offering to individuals due to laws and regulations. Any inability or unwillingness of law enforcement authorities to enforce existing laws prohibiting the unlicensed production and sale of cannabis and cannabis products could result in increased competition for the Company. Any or all these events could have a material adverse effect on the Company's business, financial condition or results of operations.

Synthetic products may compete with cannabis and cannabis products.

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

The Company faces risks due to industry immaturity or limited comparable, competitive or established industry best practices.

As a relatively new industry, there are not many established operators in the medical and adult-use cannabis industries whose business models the Company can follow or build upon. Similarly, there is limited information about comparable companies available for potential investors to review in making a decision about whether to invest in the Company.

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

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

The cultivation, extraction, production, sale and distribution of cannabis and cannabis products is dependent on a number of key inputs from third party suppliers and their related costs including raw materials, electricity, water and other local utilities. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier were to go out of business, have limited supply or substantially raise its prices, the Company might be unable to find a replacement for such source in a cost effective or timely manner or at all.

The Company also relies on relationships with numerous other business partners and third-party service providers located in the U.S. Unless and until the federal legal landscape with respect to medical or adult-use cannabis changes, there is a significant risk that business partners and third-party service providers may be required to suspend or withdraw services and business relationships to avoid prosecution by U.S. federal authorities under U.S. federal laws. Any inability to secure required supplies and services or to do so on appropriate terms could have a material adverse effect on the business, financial condition or results of operations of the Company. Further, the rates charged for electricity may increase or decline periodically due to excess generating capacity or general economic recessions, and both the cost of natural gas and the cost of electricity may be adversely affected by geopolitical disruptions, such as Russian expansion into Ukraine and political and other responses to such expansionist activity.

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

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

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

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

The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of adult-use cannabis in general, or the Company's products specifically, or associating the consumption of adult-use cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

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

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

The Company's profitability may be adversely impacted by rising or volatile energy costs.

The Company's cannabis cultivation and processing consumes considerable energy, which makes the Company vulnerable to rising energy costs, including the price of oil and natural gas. Accordingly, recent rising or volatile energy costs caused by global supply constraints and sanctions imposed on Russian imports may adversely impact the business of the Company and its ability to operate profitably.

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

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

Risks Related to the Company's Business and Operations - United States Regulation of Cannabis

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

As of May 10, 2022, in the United States, 39 states plus the District of Columbia and the U.S. territories of Puerto Rico, the U.S. Virgin Islands, Guam and Commonwealth of Northern Mariana Islands have authorized medical marijuana and 18 states plus the District of Columbia and the U.S. territories of Guam and the Commonwealth of Northern Mariana Islands have authorized adult-use (i.e. recreational) marijuana.

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

The likelihood of any future adverse enforcement against companies complying with state cannabis laws remains uncertain. In 2018, then-U.S. Attorney General Jeff Sessions issued the Sessions Memorandum rescinding the DOJ's previous guidance under the Cole Memorandum that had given federal prosecutors discretion not to enforce federal law in states that legalized cannabis, as long as the state's legal regime adequately addressed specified federal priorities. The Sessions Memorandum, which remains in effect, states that each U.S. Attorney's Office should follow established principles that govern all federal prosecutions when deciding which cannabis activities to prosecute. As a result, federal prosecutors can use their prosecutorial discretion to decide to prosecute state-legal cannabis activities. Since the Sessions Memo was issued, however, U.S. Attorneys have not targeted state law compliant entities. The policy of not prosecuting companies complying with state cannabis laws is expected to continue under current U.S. Attorney General Merrick Garland since, at his confirmation hearing, he stated he did not see enforcement of Federal Cannabis Law as a high priority use of resources for the DOJ. The DOJ may change its enforcement policies at any time, with or without advance notice.

Additionally, since 2014, versions of the U.S. omnibus spending bill have included a provision prohibiting the DOJ from using appropriated funds to prevent states from implementing their medical-use cannabis laws. While the omnibus spending bill affords some protection to medical cannabis businesses, the Company also operates adult-use cannabis businesses that are permissible under state and local laws. Consequently, some of the Company's operations may be outside any protections extended to medical-use cannabis under the spending bill provision. This could subject the Company to greater and different federal legal and other risks as compared to businesses where cannabis is sold exclusively for medical use, which, in turn, could materially and adversely affect the Company's business. Furthermore, any change in the federal government's enforcement posture with respect to state-licensed cannabis sales, including the enforcement postures of individual federal prosecutors in judicial districts where the Company operates, would lead to an inability to execute its business plan, likely resulting in significant losses with respect to the Company's customer base and adversely affecting its business, financial condition or results of operations.

In addition to criminal liability for producing, manufacturing, distributing and selling cannabis, other subsections of the Controlled Substances Act criminalize related activities with expanded sentences and increased penalties for corporations. For example, entities or persons who manage or control a property and knowingly make that property available for the purposes of manufacturing, distributing or using any controlled substances can be found liable under the Controlled Substances Act. The Company owns properties on which activities prohibited by the Controlled Substances Act occur. Therefore, a federal prosecutor could prosecute the Company as an owner of "drug-involved premises" and the Company could be found to violate federal law by virtue of these assets. Additionally, the Company intends to acquire and invest in businesses that are directly or indirectly engaged in the medical and adult-use cannabis industry in the U.S. where state and local law permits such activities.

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

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

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

The Company is subject to a variety of laws and regulations that prohibit money laundering, including the Money Laundering Control Act and any related or similar rules, regulations or guidelines issued, administered or enforced by governmental authorities in the U.S. or any other jurisdiction in which the Company has business operations. Financial institutions in the U.S. that the Company relies on are subject to the Bank Secrecy Act. The penalties for violation of these laws include imprisonment, substantial fines and forfeiture.

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

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

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

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

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

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

Recent and proposed state legislation throughout the U.S. has prioritized minority and diversity participation in the cannabis industry, including providing licensing preferences to minority owners, individuals with specified criminal convictions, local residents and individuals and businesses from economically depressed or disadvantaged areas. Such state legislation could prevent, limit or discourage the Company from obtaining new licenses, renewing licenses or participating in new or existing markets, which would have a material adverse impact on the business, financial condition or results of operations of the Company.

Recent and proposed state legislation throughout the U.S. has prioritized minority and diversity participation in the cannabis industry, including providing licensing preferences to minority owners, individuals with specified criminal convictions, local residents and individuals and businesses from economically depressed or disadvantaged areas. As new medical and adult-use legislation is passed, multi-state operators such as the Company may be prevented, limited or discouraged from obtaining new licenses, renewing licenses or from participating in new markets or existing markets. Such a result could adversely impact the Company's ability to increase or maintain market share and revenues in certain states, expand its geographic footprint or obtain a positive return on its acquisitions or investments, all of which could have a material adverse impact on the business, financial condition or results of operations of the Company.

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

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

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

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

Disparate state-by-state regulatory landscapes and the constraints related to holding cannabis licenses in various states results in operational and legal structures that could cause materially detrimental consequences to the Company.

The Company realizes, and will continue to realize, the benefits from cannabis licenses pursuant to several different structures, depending on the regulatory requirements from state to state, including realizing the economic benefit of cannabis licenses through Management Agreements, which are often with unaffiliated third parties. Management Agreements may be required to comply with applicable laws and regulations or are in response to perceived risks that the Company determines warrant such arrangements.

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

- A governmental body or regulatory entity may determine that these Management Agreement structures are in violation of a legal or regulatory requirement or change the legal or regulatory requirements such that the contractual structure violates such requirements. The Company cannot provide assurance that a license application submitted by a third party will be accepted, especially if the management and operation of the license is dependent on a Management Agreement structure.

- There could be a material and adverse impact on the revenue stream the Company intends to receive from or on account of cannabis licenses (as the Company will not be the license holder, and therefore any economic benefit is received pursuant to a contractual arrangement). If a Management Agreement is terminated, the Company will no longer receive any economic benefit from the applicable dispensary or production license.

- These structures could potentially result in the funds invested by the Company being used for unintended purposes, such as to fund litigation.

- If a Management Agreement structure is in place, the Company will not be the license holder of the applicable state-issued cannabis license, and therefore, only has contractual rights with respect to any interest in any such license. If the license holder fails to adhere to its contractual agreement with the Company, or if the license holder makes, or fails to make, decisions in respect of the license that the Company disagrees with, the Company will only have contractual recourse and will not have recourse to any regulatory authority.

- The license holder may renege on its obligation to pay fees and other compensation pursuant to a Management Agreement or violate other provisions of these agreements.

- The license holder's acts or omissions may violate the requirements applicable to it pursuant to the applicable dispensary or production license, thus jeopardizing the status and economic value of the license holder (and, by extension, the Company).

- The license holder may attempt to terminate the Management Agreement in violation of its express terms.

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

Compliance with regulations regarding cannabis is difficult and costly, because the regulation of cannabis differs by jurisdiction and is uncertain and frequently changes. Compliance with applicable regulatory laws may be costly and take an extended period of time which may adversely affect the Company's business, financial condition and financial results. If the Company fails to comply with applicable laws regarding cannabis, its business, financial condition and results of operations may be adversely affected.

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the operation of its business and the sale of its products. The Company cannot predict the impact of the compliance regime, the applicable regulatory bodies in the U.S. and Canada are implementing or may implement that effect the business of the Company. Similarly, the Company cannot predict the cost and time that will be required to secure or renew all appropriate regulatory licenses and approvals for the operation of its business or the sale of its products, or the cost and extent of testing, documentation, reporting and other compliance requirements that may be required by governmental authorities. The impact of governmental compliance regimes, the cost in obtaining and maintaining regulatory approvals and any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact existing markets and the development of new markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company.

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

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

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

The Company's participation in the cannabis industry may limit its ability to do business or establish collaborative relationships with financial institutions that may fear disruption or increased regulatory scrutiny of their own activities.

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

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

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

The Company's shareholders are subject to extensive governmental regulation and, if a shareholder is found unsuitable by one of the Company's licensing authorities, that shareholder would not be able to beneficially own securities of the Company. Shareholders may also be required to provide information that is requested by licensing authorities, and the Company has the right, under certain circumstances, to redeem a shareholder's securities. The Company may be forced to use its cash or incur debt to fund such redemption of its securities.

The Company is, subject to certain conditions, entitled to redeem its securities held by certain shareholders to permit the Company to comply with applicable licensing regulations. The purpose of the redemption right is to provide the Company with a means of protecting itself from having a shareholder (an "**Unsuitable Person**") with an ownership interest of 5% or more of the Company's issued and outstanding shares (calculated on an as converted to Subordinate Voting Shares basis):

(i) who a governmental authority granting licenses to the Company (including to any subsidiary) has determined to be unsuitable to own shares, or

(ii) whose ownership of the Company's securities may result in the loss, suspension or revocation (or similar action) with respect to any licenses relating to the conduct of the Company's business relating to the cultivation, processing or dispensing of cannabis or cannabis-derived products in the United States or in the Company being unable to obtain any new licenses in the course of its business, in each case including, but not limited to, as a result of such person's failure to apply for a suitability review from or to otherwise fail to comply with the requirements of a governmental authority, as determined by the Company's board of directors in its sole discretion after consultation with legal counsel and, if a license application has been filed, after consultation with the applicable governmental authority.

In the event a shareholder's background or status jeopardizes the Company's current or proposed licensure, Verano may be required to redeem such shareholder's securities in order to continue its operations or obtain licenses in the future. This redemption may divert the Company's cash resources from other productive uses and require it to obtain additional financing which, if in the form of equity financing, would be dilutive to the Company's shareholders. Further, any debt financing may involve additional restrictive covenants and further leveraging of the Company's assets. The inability to obtain additional financing to redeem an Unsuitable Person's securities may result in the loss of a current or potential license.

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

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

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

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the United States limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased prices for its products, the Company's sales and operating results could be adversely affected.

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

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

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

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

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government de-schedules cannabis or reclassifies cannabis to a Schedule II controlled substance, it is possible that the FDA would regulate it under the FDCA. The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements and cosmetics, among other products, through its enforcement authority pursuant to the FDCA. The FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of food, drugs and cosmetics sold in interstate commerce. .

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

Because cannabis is illegal at a federal level in the U.S., the Company may be unable to enforce its contracts, which could negatively impact its business, financial condition or results of operations.

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

Because states may not allow for the pledge of cannabis assets as collateral, the Company may not be able to obtain financing or obtain better terms of financing or enforce any liens it may be granted on the inventory or licenses of third parties that secure its right to payment or other contractual rights.

In general, the laws of the various states that have legalized the sale and cultivation of cannabis do not expressly or impliedly allow for the pledge of inventory containing cannabis as collateral for the benefit of third parties, such as the Company or a lender, that do not possess the requisite licenses and entitlements to cultivate, sell or possess cannabis pursuant to the applicable state law. Likewise, the laws of those states generally do not allow for transfer of the licenses and entitlements to sell or produce cannabis to third parties that have not been granted such licenses and entitlements by the applicable state agency. The inability to enforce liens on cannabis inventory and licenses that secure the payment of debt and other contractual rights increases the risk of loss resulting from breaches of the applicable agreements by the contracting parties, which, in turn, could have a material adverse effect on the Company's ability to obtain financing, or obtain better terms on financing, or secure any loans or advances the Company makes to third parties in the cannabis industry.

Because cannabis is illegal under U.S. federal law, the Company lacks access to U.S. bankruptcy protections, which could negatively impact its business, financial condition or results of operations.

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

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

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

Risks Related to the Company's Business and Operations - Information Technology, Cybersecurity and Intellectual Property

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

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

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

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

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

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

In connection with the Company's products and services, Verano may receive, process, store and transmit sensitive business information and, in certain circumstances, personal medical information. To the extent that any disruption or security breach were to result in a loss of, or damage to, the Company's data, including any personal medical information, the Company could incur liability and reputational damage and could be subject to civil fines and penalties, including under the Health Insurance Portability and Accountability Act of 1966 (HIPAA), and other relevant state and federal privacy laws in the U.S.

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

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

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

The Company's success depends upon the skills, knowledge, and experience of its scientific and technical personnel, its consultants and advisors, as well as its licensees and contractors. Because the Company operates in a highly competitive industry, the Company relies in part on trade secrets to protect its proprietary technology and processes. However, trade secrets are difficult to protect. The Company enters into business protection, confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third parties confidential information developed by the receiving party or made known to the receiving party by it during the course of the receiving party's relationship with it. These agreements also generally provide those inventions conceived by the receiving party in the course of rendering services to it will be its exclusive property, and the Company enters into assignment agreements to perfect its rights.

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

The Company may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to the Company, could subject the Company to significant liabilities and other costs, negatively impacting its business, financial condition or results of operations.

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

Strong brand identities are important to the Company's success and the Company may have to incur significant expenses to maintain its brand identities, which could negatively affect its business, financial condition or results of operations.

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

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

Despite the Company's quality control procedures, cultivators, manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Company, or any of the products that will be purchased by the Company from a third party licensed producer, are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall, and may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. A recall for any of the foregoing reasons could lead to a deterioration in the Company's brand identity, decreased demand for products produced by the Company or purchased from a third-party producer and could have a material adverse effect on the business, financial condition or results of operations of the Company.

Risks Related to the Company's Securities

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

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

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

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

Additional issuances of Subordinate Voting Shares and Proportionate Voting Shares, or securities convertible into such classes of shares, will result in dilution to the Company's investors.

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

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

Sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time either by existing holders of Subordinate Voting Shares or by holders of Proportionate Voting Shares, which are convertible into Subordinate Voting Shares on the satisfaction of certain conditions. These sales, or the market perception that the holders of many Subordinate Voting Shares or Proportionate Voting Shares intend to sell Subordinate Voting Shares, could reduce the market price of the shares. If this occurs and continues, it could impair the Company's ability to issue Subordinate Voting Shares as consideration in its acquisitions or raise additional capital through the sale of securities should it desire to do so.

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

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

The Subordinate Voting Shares are subject to price volatility.

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

- actual or anticipated fluctuations in the Company's annual and quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the cannabis industry;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Subordinate Voting Shares;
- sales or perceived sales of additional Subordinate Voting Shares;

- operating and financial performance that varies from the expectations of management, securities analysts and investors;
- regulatory changes affecting the cannabis industry generally and the Company’s business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as inflation, interest rates and product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- dual class share structure of the Company;
- public announcements by the Company; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the cannabis industry or the Company’s target markets.

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

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

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

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

The trading market for the Subordinate Voting Shares may be influenced by the research and reports that securities or industry analysts publish about the Company, its business, market, or competitors. If no or few securities or industry analysts cover the Company, the trading price and volume of the Subordinate Voting Shares would likely be negatively impacted. If one or more of the analysts who covers the Company downgrades the Subordinate Voting Shares or publishes inaccurate or unfavorable research about the Company's business, or provides more favorable relative recommendations about competitors, the price of the Subordinate Voting Shares would likely decline. If one or more of these analysts ceases coverage of the Company or fails to publish reports on the Company regularly, demand for the Subordinate Voting Shares could decrease, which could cause the share price or trading volume to decline.

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

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

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

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

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

The Company does not expect to declare or pay dividends.

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

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

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

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

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

Additional issuances of Subordinate Voting Shares and Proportionate Voting Shares, or securities convertible into such classes of shares, will result in dilution to the Company's investors.

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

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

Sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time either by existing holders of Subordinate Voting Shares or by holders of Proportionate Voting Shares, which are convertible into Subordinate Voting Shares on the satisfaction of certain conditions. These sales, or the market perception that the holders of a large number of Subordinate Voting Shares or Proportionate Voting

Shares intend to sell Subordinate Voting Shares, could reduce the market price of the shares. If this occurs and continues, it could impair the Company's ability to issue Subordinate Voting Shares as consideration in its acquisitions or raise additional capital through the sale of securities should it desire to do so.

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

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

The Subordinate Voting Shares are subject to price volatility.

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

- actual or anticipated fluctuations in the Company's annual and quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the cannabis industry;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Subordinate Voting Shares;
- sales or perceived sales of additional Subordinate Voting Shares;
- operating and financial performance that varies from the expectations of management, securities analysts and investors;
- regulatory changes affecting the cannabis industry generally and the Company's business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as inflation, interest rates and product price volatility;

- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- dual class share structure of the Company;
- public announcements by the Company; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the cannabis industry or the Company's target markets.

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

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

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

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

The trading market for the Subordinate Voting Shares may be influenced by the research and reports that securities or industry analysts publish about the Company, its business, market, or competitors. If no or few securities or industry analysts cover the Company, the trading price and volume of the Subordinate Voting Shares would likely be negatively impacted. If one or more of the analysts who covers the Company downgrades the Subordinate Voting Shares or publishes inaccurate or unfavorable research about the Company's business, or provides more favorable relative recommendations about competitors, the price of the Subordinate Voting Shares would likely decline. If one or more of these analysts ceases coverage of the Company or fails to publish reports on the Company regularly, demand for the Subordinate Voting Shares could decrease, which could cause the Company's share price or trading volume to decline.

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

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

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

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

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

The Company does not expect to declare or pay dividends.

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

The Company's election to delay adoption of new or revised accounting standards applicable to U.S. public companies may result in the Company's financial statements not being comparable to those of some other U.S. public companies. As a result of this and other reduced disclosure requirements applicable to the Company, the Subordinate Voting Shares may be less attractive to investors.

The Company may take advantage of certain reduced disclosures and may elect to delay adopting new or revised accounting standards until such time as those standards apply to private companies, which may result in the Company's financial statements not being comparable to those of some U.S. public companies.

The Company may take advantage of exemptions from various reporting requirements that are applicable to U.S. public companies that are not emerging growth companies, including (a) not being required to comply with the auditor attestation requirements, (b) reduced disclosure obligations regarding executive compensation, and (c) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. The Company cannot predict if investors will find the Subordinate Voting Shares less attractive because the Company may rely on these exemptions. If some investors find the Subordinate Voting Shares less attractive as a result, there may be a less active trading market for the Subordinate Voting Shares, and the share price may be more volatile.

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

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

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

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

Additional issuances of Subordinate Voting Shares and Proportionate Voting Shares, or securities convertible into such classes of shares, will result in dilution to the Company's investors.

The Company plans to issue additional securities in the future in connection with its planned acquisitions, equity incentive plan, securities offerings and financing transactions (including through the sale of securities convertible into or exchangeable or exercisable for shares of its capital stock), which will dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Subordinate Voting Shares and Proportionate Voting Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The board of directors of the Company has discretion to determine the price and the terms of further issuances, and such terms could include rights, preferences, and privileges superior to those existing holders of the Company's securities. The Company cannot predict the size or nature of future issuances or the effect that future issuances and sales of its securities will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional securities of the Company, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of the

Company's securities, investors will suffer dilution to their voting power and the Company may experience dilution in its revenue per share.

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

Sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time either by existing holders of Subordinate Voting Shares or by holders of Proportionate Voting Shares, which are convertible into Subordinate Voting Shares on the satisfaction of certain conditions. These sales, or the market perception that the holders of a large number of Subordinate Voting Shares or Proportionate Voting Shares intend to sell Subordinate Voting Shares, could reduce the market price of the shares. If this occurs and continues, it could impair the Company's ability to issue Subordinate Voting Shares as consideration in its acquisitions or raise additional capital through the sale of securities should it desire to do so.

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

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

The Subordinate Voting Shares are subject to price volatility.

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

- actual or anticipated fluctuations in the Company's annual and quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the cannabis industry;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Subordinate Voting Shares;
- sales or perceived sales of additional Subordinate Voting Shares;
- operating and financial performance that varies from the expectations of management, securities analysts and investors;

- regulatory changes affecting the cannabis industry generally and the Company's business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as inflation, interest rates and product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- dual class share structure of the Company;
- public announcements by the Company; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the cannabis industry or the Company's target markets.

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

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

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

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

The trading market for the Subordinate Voting Shares may be influenced by the research and reports that securities or industry analysts publish about the Company, its business, market, or competitors. If no or few securities or industry analysts cover the Company, the trading price and volume of the Subordinate Voting

Shares would likely be negatively impacted. If one or more of the analysts who covers the Company downgrades the Subordinate Voting Shares or publishes inaccurate or unfavorable research about the Company's business, or provides more favorable relative recommendations about competitors, the price of the Subordinate Voting Shares would likely decline. If one or more of these analysts ceases coverage of the Company or fails to publish reports on the Company regularly, demand for the Subordinate Voting Shares could decrease, which could cause the Company's share price or trading volume to decline.

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

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

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

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

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

The Company does not expect to declare or pay dividends.

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

Risks Related to Taxation

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

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

Notwithstanding that the Company is deemed to be a resident of Canada for Canadian federal income tax purposes, the Company is treated as a United States corporation for United States federal income tax purposes, pursuant to Section 7874(b) of the Code, and is subject to United States federal income tax on its worldwide income. As a result, the Company will be subject to taxation both in Canada and the United States, which could have a material adverse effect on the business, financial condition or results of operations of the Company. Accordingly, all prospective investors and shareholders of the Company should consult with their own tax advisors in this regard.

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

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

If the Company's tax positions were to be challenged by federal, state, local or foreign tax jurisdictions, the Company may not be wholly successful in defending its tax filing positions. The Company's records reserves for unrecognized tax benefits based on its assessment of the probability of successfully sustaining tax filing positions. Management exercises significant judgment when assessing the probability of successfully sustaining the Company's tax filing positions, and in determining whether a contingent tax liability should be recorded and, if so, estimating the amount. If the Company's tax filing positions are successfully challenged, payments could be required that are in excess of reserved amounts, or the Company may be required to reduce the carrying amount of its net deferred tax asset, either of which could be significant to the Company's financial condition or results of operations.

Dividends, if ever paid, on the Subordinate Voting Shares or Proportionate Voting Shares are subject to withholding tax.

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

To the extent dividends are paid on the Subordinate Voting Shares, dividends received by shareholders who are not U.S. Holders (as defined below) ("**Non-U.S. Holders**") who are residents of Canada for purposes of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the U.S.-Canada income tax treaty ("**U.S.-Canada Treaty**"). In addition, a Canadian foreign tax credit or a deduction in respect of such U.S. withholding taxes paid may not be available.

Dividends received by shareholders who are residents of the United States ("**U.S. Holders**") will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the U.S.-Canada Treaty. For U.S. federal income tax purposes, a U.S. Holder may elect for any taxable year to receive either a credit or a deduction for all foreign income taxes paid by the holder during the year. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. Holders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax. Subject to certain limitations, a U.S. Holder should be able to take a deduction for the U.S. Holder's Canadian tax paid, provided that the U.S. Holder has not elected to credit other foreign taxes during the same taxable year.

Dividends received by Non-U.S. Holders who are not residents of Canada for purposes of the Tax Act will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty. These dividends may, however, qualify for a reduced rate of Canadian withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty. Each shareholder should seek tax advice, based on such shareholder's particular facts and circumstances, from an independent tax advisor.

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

Because the Subordinate Voting Shares will be treated as shares of a U.S. domestic corporation, the U.S. estate and generation-skipping transfer tax rules generally may apply to a Non-U.S. Holder of the Subordinate Voting Shares. Each shareholder should seek tax advice, based on such shareholder's particular facts and circumstances, from an independent tax advisor.

The Company may be classified as a USRPHC.

The Company is treated as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code. As a result, the taxation of the Company's Non-U.S. Holders upon a disposition of Subordinate Voting Shares or Proportionate Voting Shares generally depends on whether the Company is classified as a United States real property holding corporation (a "**USRPHC**") under the Code. The Company does not believe that it is or has been and does not anticipate becoming a USRPHC. However, the Company is not expected to seek formal confirmation of its status as a non-USRPHC from the U.S. Internal Revenue Service. If the Company were to be considered a USRPHC, Non-U.S. Holders may be subject to U.S. federal income tax on any gain associated with the disposition of Subordinate Voting Shares or Proportionate Voting Shares, as applicable.

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

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

REQUIRED DISCLOSURE PURSUANT TO CSA STAFF NOTICE 51-352

In accordance with the Staff Notice 51-352 – *Issuers with U.S. Marijuana-Related Activities,* below is a table of concordance that is intended to assist readers in identifying those parts of this AIF that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	AIF Section Cross Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	*Verano Holdings Corp. (page 9)* and *Description of the Company's Business (page 29)*
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	*Cover Page (disclosure in bold typeface),* *Regulatory Overview of the U.S. Cannabis Industry (page 17)* and *Risk Factors (page 41)*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	*Cover Page (disclosure in bold typeface),* *Regulatory Overview of the U.S. Cannabis Industry (page 17)* and *Risk Factors (page 41)*
	Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	*Risk Factors (page 41)*
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	*Regulatory Overview of the U.S. Cannabis Industry (page 17)* and *Risk Factors (page 41)*
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	*Verano Holdings Corp. (page 9)*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	AIF Section Cross Reference
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable State regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	In the ordinary course of its business Verano obtains legal advice from internal and external U.S. legal counsel regarding (a) compliance with applicable U.S. state regulatory frameworks in the states in which Verano operates or is considering operating, and (b) Verano's potential exposure and implications arising from U.S. federal law. The Company also from time to time engages with outside counsel as part of its overall regulatory compliance program. See *"Description of the Company's Business – Regulatory Compliance Program"*.
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. States in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. State.	*Regulatory Overview of the U.S. Cannabis Industry (page 17)* and *Description of the Company's Business (page 29)*
	Discuss the issuer's program for monitoring compliance with U.S. State law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. State law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's licences, business activities or operations.	*Description of the Company's Business (page 29)* and *Risk Factors (page 41)*
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. States in which the issuer's investee(s) operate.	*Description of the Company's Business (page 29)*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	AIF Section Cross Reference
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. State. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's licence, business activities or operations.	*Verano Holdings Corp. (page 9)* and *Description of the Company's Business (page 29)*
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. State.	*Cover Page (disclosure in bold typeface),* *Regulatory Overview of the U.S. Cannabis Industry (page 17)* and *Risk Factors (page 41)*

DIVIDENDS

As of the date hereof, there are no restrictions in the Company's articles or other governance documents that prevent Verano from paying dividends. The covenants in the Credit Agreement restrict or otherwise limit the Company's ability to pay dividends to its shareholders. All Subordinate Voting Shares and Proportionate Voting Shares (on an as converted basis to Subordinate Voting Shares) are entitled to an equal share in any dividends declared and paid. To date, no dividends have been declared, nor have dividends been contemplated to be paid, to the Company's shareholders as all available funds are being invested to finance the growth of the Company's business. Verano currently intends to retain future earnings, if any, to fund the development and growth of its business and does not intend to pay any cash dividends on the Subordinate Voting Shares or the Proportionate Voting Shares for the foreseeable future.

Any decision to pay dividends on the Subordinate Voting Shares or the Proportionate Voting Shares in the future will be made by the Company's board of directors (the "**Board**") on the basis of earnings, financial requirements, the terms and restrictions thereon in the Credit Agreement and other conditions and considerations deemed relevant to the Board at the time.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Proportionate Voting Shares. As of April 30, 2022, there were 305,037,009 Subordinate Voting Shares and 228,313.8954 Proportionate Voting Shares issued and outstanding. The following is a summary of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares and the Proportionate Voting Shares.

Subordinate Voting Shares

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

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

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

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

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

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

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Subordinate Voting Shares, be entitled to participate rateably along with all the holders of Proportionate Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to the amount of such distribution per Proportionate Voting Share divided by 100. Each fraction of a Subordinate Voting Share will be entitled to the amount calculated by multiplying such fraction by the amount payable per whole Subordinate Voting Share.

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

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

The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Subordinate Voting Share Conversion Right is exercised, the Company will procure that the transfer agent for the Subordinate Voting Shares will deposit under such Offer the Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

If Proportionate Voting Shares issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such Proportionate Voting Shares, such Proportionate Voting Shares and any fractions thereof issued will automatically, without further action on the part of the holder thereof, be reconverted into Subordinate Voting Shares on the basis of one Proportionate Voting Share for 100 Subordinate Voting Shares, and the Company will procure that the transfer agent for the Subordinate Voting Shares will send to such holder a direct registration statements or certificates representing the Subordinate Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for the Proportionate Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right, the Company will procure that the transfer agent for the Subordinate Voting Shares will deliver to the holders of such Proportionate Voting Shares the consideration paid for such Proportionate Voting Shares by such offeror.

Subject to approval by the Board, each Subordinate Voting Share may be converted at the option of the holder into such number of Proportionate Voting Shares as is determined by dividing the number of Subordinate Voting Shares being converted by 100, provided the Board has approved such conversion.

Proportionate Voting Shares

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

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

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

The Board may declare a stock dividend payable in Proportionate Voting Shares on the Proportionate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in (i) Proportionate

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

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Proportionate Voting Shares will be entitled to participate rateably along with the holders of Subordinate Voting Shares, with the amount of such distribution per Proportionate Voting Share equal to the amount of such distribution per Subordinate Voting Share multiplied by 100; and each fraction of a Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Proportionate Voting Share.

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

Each Proportionate Voting Share shall be convertible, at the option of the holder thereof, into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the share conversion right is exercised by 100.

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of the directors and executive officers of the Company, the only person or company who beneficially owns, or controls or directs, directly or directly, more than 10% of the voting rights attached to all outstanding Subordinate Voting Shares and Proportionate Voting Shares (on an as converted to Subordinate Voting Shares basis) is as follows:

Name	Number of Company Shares Beneficially Owned or Controlled or Directed	Percentage of Outstanding Company Shares
George Archos	57,370,246(1)	17.5%(2)

Notes:

(1) As of April 30, 2022 and includes (i) 464,066 Subordinate Voting Shares; (ii) 15,205,752 Subordinate Voting Shares held by 3PLGK, LLC; (iii) 4,420,790 Subordinate Voting Shares held by Archos Capital Group, LLC; (iv) 22,225,852 Subordinate Voting Shares held by Copperstone Trust; (v) 10,154,606 Subordinate Voting Shares held by GP Management Group, LLC and (vi) 4,899,180 Subordinate Voting Shares held by The George P. Archos Irrevocable Trust. Mr. Archos holds sole voting and dispositive power over the Subordinate

Voting Shares held by each of the foregoing entities, except for the Subordinate Voting Shares held by 3PLGK, LLC, over which he has shared voting and dispositive power.

(2) Based on 305,037,009 Subordinate Voting Shares and 228,313.8954 Proportionate Voting Shares outstanding as of April 30, 2022. The Proportionate Voting Shares are deemed converted to Subordinate Voting Shares on the basis of 100 Subordinate Voting Shares for one Proportionate Voting Share.

TRADING PRICE AND VOLUME

As of February 17, 2021, the Subordinate Voting Shares became listed and posted for trading on the CSE under the symbol “VRNO”. As of April 15, 2021, the Subordinate Voting Shares began being quoted for trading on the OTCQX under the symbol “VRNOF”.

The following table sets forth the reported intraday high and low prices and monthly aggregate trading volumes of the Subordinate Voting Shares for the Company’s 2021 completed financial year (Source: CSE Market Summary):

Period	High Trading Price	Low Trading Price	Volume
December 2021	C$15.99	C$12.64	7,773,847
November 2021	C$18.78	C$12.30	12,928,276
October 2021	C$14.49	C$12.75	6,069,106
September 2021	C$16.30	C$13.90	6,232,284
August 2021	C$20.96	C$13.89	7,753,398
July 2021	C$20.80	C$17.29	3,299,189
June 2021	C$24.29	C$20.13	2,291,340
May 2021	C$25.52	C$20.80	2,297,984
April 2021	C$26.00	C$20.32	2,436,734
March 2021	C$31.05	C$20.65	4,952,652
February 2021(1)	C$33.00	C$26.66	4,193,335
January 2021	N/A	N/A	N/A

Note:

(1) Partial month of February 17-28, 2021.

PRIOR SALES

Since the completion of the RTO on February 11, 2021, the Company has issued the following securities that are not listed or quoted on a marketplace:

Date of Issuance	Type of Security	Issue / Exercise Price	Number of Securities
February 11, 2021	Convertible Notes(1)	C$18,850,206.98	N/A
February 11, 2021	Proportionate Voting Shares	C$12.69	1,643,366.1833
February 18, 2021	Stock Options(2)	C$3,060	516.21
February 18, 2021	Restricted Share Units(3)	N/A	13,886
February 18, 2021	Restricted Share Units(3)	N/A	19,536

Date of Issuance	Type of Security	Issue / Exercise Price	Number of Securities
February 19, 2021	Restricted Share Units(3)	N/A	195
March 4, 2021	Proportionate Voting Shares	C$2,765	730.91
March 9, 2021	Proportionate Voting Shares	C$2,616	6,665.86
March 11, 2021	Special Warrants for Subordinate Voting Shares	C$28.50	3,510,000
March 22, 2021	Proportionate Voting Shares	C$2,462	9,624.61
April 8, 2021	Proportionate Voting Shares	C$3,018	30,199.13
April 13, 2021	Restricted Share Units (3)	N/A	1,562.46
May 13, 2021	Proportionate Voting Shares	C$2,616	15,067.4997
May 21, 2021	Proportionate Voting Shares	C$2,009	1,037.7532
May 21, 2021	Proportionate Voting Shares	C$2,128	25,743.7545
May 25, 2021	Restricted Share Units (3)	N/A	198.81
May 25, 2021	Stock Options(2)	C$2,400	53.70
June 23, 2021	Proportionate Voting Shares	N/A(5)	142,265.4503
July 2, 2021	Proportionate Voting Shares	$1,998.9729	310
July 9, 2021	Restricted Share Units (3)	N/A	200
August 16, 2021	Proportionate Voting Shares	N/A(5)	145,584.1270
September 20, 2021	Proportionate Voting Shares	$1,520.16	376.56
October 28, 2021	Proportionate Voting Shares	C$1,387.00	1,855.1763
February 16, 2022	Restricted Share Units (3)	N/A	253,177

Notes:

(1) Upon the closing of the RTO, convertible notes in the principal amount of US$15,000,000 (less certain withholding obligations) (the "**Convertible Notes**") were issued to certain former holders of units of AltMed. The Convertible Notes are unsecured, interest free and convertible into Subordinate Voting Shares and Proportionate Voting Shares at the option of the holder if all or any portion of the principal amount thereof that is due on a payment date thereunder is not timely paid. The principal amount will likely be satisfied as a ratio of 25% Subordinate Voting Shares to 75% Proportionate Voting Shares if the conversion option is exercised. However, if no Proportionate Voting Shares are issued and outstanding at the time of any such conversion, 100% of the principal amount will be converted into Subordinate Voting Shares. The number of Subordinate Voting Shares and Proportionate Voting Shares issuable upon conversion of the Convertible Notes shall be based on the closing price of the Subordinate Voting Shares at the close of trading on the CSE on the trading day immediately preceding the date of the share issuances. The figure above has been exchanged into Canadian dollars based on the Bank of Canada exchange rate on February 11, 2021.

(2) Each exercisable for Proportionate Voting Shares.

(3) Each vest into Proportionate Voting Shares on a one-to-one basis.

(4) Each vests into Subordinate Voting Shares on a one-for-one basis.

(5) Issued upon conversion of Subordinate Voting Shares.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following table sets forth the number of Subordinate Voting Shares and Proportionate Voting Shares that were held in escrow or that were subject to contractual restrictions on transfer as of April 30, 2022. Any such escrow arrangement and contractual restrictions are reflected in the stock register of the Company.

Designation of class	Number of securities held in escrow or that are subject to contractual restrictions on transfer	Percentage of issued and outstanding per class
Subordinate Voting Shares	20,440,710.43	6.7%
Proportionate Voting Shares	4,840.2299	2.1%

Generally, a portion of the Company Shares issued as consideration to sellers in acquisitions completed by the Company (collectively the "**Locked-Up Shares**") are subject to contractual restrictions on transfer. These contractual restrictions restrict the sale and transfer of the Locked-Up Shares, including prohibiting deemed sales or transfers such as pledging, granting an option to purchase or entering into a swap or other arrangement to transfer the economic benefits of the Locked-Up Shares. The Locked-Up Shares are released from such contractual restrictions in periodic installments and are typically released in full from such contractual restrictions within one year from the date of issuance. Notwithstanding the scheduled periodic releases, in the event specified acts or events occur, then all of the Locked-up Shares will be fully released and no longer subject to such contractual restrictions.

At the time the Company entered into the Goodness Growth Agreement, the Chief Executive Officer of Goodness Growth entered into a lock-up agreement with the Company pursuant to which he agreed that 80% of the Subordinate Voting Shares issued to him in the transaction would be Locked-Up Shares. These Locked-Up Shares would be released from the trading restrictions in 20% increments every three months over a 12- month period after issuance.

DIRECTORS AND OFFICERS

The following table sets forth the name, province and country of residence, position or offices held with the Company, date appointed and principal occupation for the past five years of each person who is a member of the Board (each, a "**Director**") or an executive officer, or both, of the Company as of the date of this AIF.

	Principal Occupation for Past Five Years	**Office or Position with the Company & Year First Elected/Appointed**
Name, State and Country of Residence	Chairman and CEO of the Company since February 11, 2021 Co-Founder, Chairman and CEO of Verano Holdings, LLC from September 2017 until completion of the RTO in February 2021 and President and Owner of eight restaurants in Illinois	Chairman and CEO since completion of the RTO on February 11, 2021
Darren Weiss Maryland, USA	COO, GC and CLO of the Company since the completion of the RTO in February 2021, and also Secretary of the Company since January 1, 2022 General Counsel of Verano Holdings, LLC from September 2017 to the completion of the RTO in February 2021 and Principal at Offit Kurman, P.A. from March 2015 to September 2017	Chief Operating Officer, General Counsel & Chief Legal Officer since completion of the RTO on February 11, 2021, and Secretary since January 1, 2022
Brett Summerer Illinois, USA	Chief Financial Officer of the Company since January 1, 2022 Chief Financial Officer of the U.S. operations of The Kraft Heinz Company from 2019 to December 2021, and Head of Finance and head of Financial Planning and Analysis and Supply Chain for Corning Incorporated from 2016	Chief Financial Officer as of January 1, 2022

	Principal Occupation for Past Five Years	**Office or Position with the Company & Year First Elected/Appointed**
John Tipton Florida, USA	President of the Company since completion of the Go Public Transactions in February 2021 Founder and CEO of Plants of Ruskin and CEO of Artesian Farms and Dickman Investments from 1997 until completion of the Go Public Transactions in February 2021	President since completion of the RTO on February 11, 2021
R. Michael Smullen Florida, USA	Executive Director of MÜV Enterprises since the completion of the Go Public Transaction in February 2021 Co-Founder, Chairman & CEO of AltMed from October 2014 until completion of the Go Public Transactions in February 2021	Director and Executive Director of MÜV Enterprises since completion of the RTO on February 11, 2021, and Secretary from February 11, 2021 to December 31, 2021
Cristina Nuñez(1),(2) Florida, USA	Co-Founder & Partner of True Beauty Ventures LP since April 2020, COO and General Manager of Clark's Botanicals from May 2017 to April 2019 and leadership and operating roles at Laura Geller Beauty from October 2014 to May 2017	Director since completion of the RTO on February 11, 2021
Edward Brown(1),(2) Florida, USA	Chairman and CEO of Clear Sports since January 2020 and CEO of The Patron Spirit's Company AG from June 2000 to December 2019	Director since completion of the RTO on February 11, 2021
Aaron Miles Illinois, USA	Chief Investment Officer of the Company since June 2021 and Head of Investor Relations of the Company since the completion of the RTO in February 2021 Head of Investor Relations of Verano LLC from September 2020 until the completion of the RTO in February 2021, Cresco Labs from September 2018 to May 2019 and December 2019 to September 2020, the New York Stock Exchange from May 2019 to December 2019, Tribune Publishing from June 2017 to August 2019 and Navigant Consulting from December 2014 to June 2017	Chief Investment Officer since June 2021 and Head of Investor Relations from the completion of the RTO in February 2021 to June 2021
Destiny Thompson Illinois, USA	Chief People Officer of the Company since October 2021 Chief Human Resource Officer at Stout from April 2020 to October 2021 and various positions at Huron Consulting Group for 15 years prior to joining Stout	Chief People Officer since October 2021

Notes:

(1) Member of the audit committee of the Board (the "**Audit Committee**").
(2) Member of the compensation committee of the Board (the "**Compensation Committee**")

Board of Directors

The Company is managed by the Board which is currently comprised of four persons, those being Mr. Archos, Mr. Smullen, Mr. Brown and Ms. Nuñez. The current members of the Board have served as Directors since the completion of the RTO that resulted in the Company on February 11, 2021. Each Director's term of office will expire at the next annual meeting of shareholders of the Company to be held in 2022 or when his or her successor is duly elected or appointed, unless his or her office is vacated earlier in accordance with the articles of the Company, or he or she becomes disqualified to act as a Director.

Upon their appointment to the Board in February 2021, the Board determined Ms. Nuñez and Mr. Brown were "independent" Directors within the meaning of that term as defined in sections 1.4 and 1.5 of Canadian National Instrument 52-110- *Audit Committees* ("**NI 52-110**"). The independent directors have no other role with the Company other than sitting on the Board and acting as committee members. Such independent directors are expected to devote sufficient time to the Company's business in order to carry out their duties as Directors of the Company; however, being a Director is not the primary occupation of either of the independent directors. The principal occupation of Ms. Nuñez is Co-Founder & Partner of True Beauty Ventures, LP, an emerging growth venture capital fund focused on identifying, partnering with, and scaling beauty, wellness and personal care companies. The principal occupation of Mr. Brown is Chairman and CEO of Clear Sports, an innovative sports equipment company.

Executive officers serve at the discretion of the Board. Each executive officer works full time for the Company.

As of March 25, 2022, the Directors and executive officers of the Company, as a group (representing nine individuals), beneficially owned, directly or indirectly, or exercise control or direction over 63,345,802 Subordinate Voting Shares, representing 20.8% of the issued and outstanding Subordinate Voting Shares on such date. In addition, such group of nine individuals hold in the aggregate stock options ("**Options**") to purchase 251.8500 Proportionate Voting Shares and restricted stock units ("**RSUs**") which represent 18,386.0000 Proportionate Voting Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no Director or executive officer of the Company is, or within ten years prior to the date of this AIF, has been, a director, chief executive officer or chief financial officer of any company (including the Company) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the Director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the Director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in their capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Company, no Director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to materially affect control of the Company, is, or within ten years prior to the date of this AIF has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Company, no Director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect control of the Company, has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Director, executive officer or shareholder.

To the knowledge of the Company, no Director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The Directors are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any Director in a conflict is required to disclose his or her interest and abstain from voting on such matter.

Other than as disclosed herein, to the Company's knowledge, there are no known existing or potential conflicts of interest among the Company, any Directors, any executive officers of the Company or other members of management of the Company or of any proposed Director, executive officer or other member of management of the Company as a result of their outside business interests, except that certain of these persons also serve as directors, officers and other members of management of other companies and organizations and, therefore, it is possible that a conflict may arise between their duties to the Company and their duties as a director, officer or other member of management of such other companies or organizations.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

There is no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or any of its subsidiaries which is owing to the Company or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual is, or at any time during the 2021 financial year of the Company was, a Director or executive officer of the Company, and no proposed nominee for election as a Director, or any associate of any such Director, executive officer or proposed nominee: (a) is or at any time since the beginning of the 2021 financial year of the Company has been, indebted to the Company or any of its subsidiaries; or (b) whose indebtedness to another entity is, or at any time since the beginning of the 2021 financial year of the Company has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company's 2021 Stock and Incentive Plan (the "**Equity Incentive Plan**") was approved by the Majesta Minerals shareholders on January 27, 2021 and was adopted and approved by the Board on February 11, 20211 upon the consummation of the RTO and in accordance with the Plan of Arrangement.

The following table provides certain information as of December 31, 2021, the end of the Company's most recently completed fiscal year, with respect to compensation plans (including any individual compensation arrangements, of which there are none), under which the Company's equity securities are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan
Equity compensation plans approved by security holders: the Equity Incentive Plan	2,706,200 Subordinate Voting Shares (1)	$2,370.10 (2)	28,676,556 Subordinate Voting Shares (3)
Equity compensation plans not approved by security holders: None	N/A	N/A	N/A
Total	2,706,200 Subordinate Voting Shares (1)	$2,370.10 (2)	28,676,556 Subordinate Voting Shares (3)

Notes:

(1) Represents 26,492 RSUs and 570 Options. Each RSU vests into Proportionate Voting Shares on a one-to-one basis, and the vested potion of each Option is exercisable for an equal number of Proportionate Voting Shares. Proportionate Voting Shares are represented as converted to Subordinate Voting Shares on basis of 100 Subordinate Voting Shares for one Proportionate Voting Share.

(2) The exercise price of the Options has been converted from Canadian dollars to U.S. dollars based on the exchange rate published by the Bank of Canada on the day before the grant date of the applicable Option.

(3) The aggregate maximum number of Company Shares that may be issued under the Equity Incentive Plan is equal to 10% of the Company Shares outstanding as of the date of determination. Such maximum number of Company Shares is determined on an as converted to Subordinate Voting Shares basis with each one Proportionate Voting Share being deemed to be converted into 100 Subordinate Voting Shares.

STATEMENT OF EXECUTIVE COMPENSATION

*The Company's Statement of Executive Compensation, in accordance with the requirements of Form 51-102F6V – Statement of Executive Compensation – Venture Issuers, is set forth below, which contains information about the compensation paid to, or earned by, the Company's Chief Executive Officer, Chief Financial Officer and the next most highly compensated executive officer of the Company whose total compensation was more than C$150,000 for the financial year ended December 31, 2021 (the "**Named Executive Officers**" or "**NEOs**").*

The Company's NEOs (as defined under Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) are:

1. George Archos, Chief Executive Officer, Chairman and Director;

2. Darren Weiss, Chief Operating Officer, Chief Legal Officer and General Counsel and Secretary; and

3. Brian Ward, who served as the Company's Chief Financial Officer during 2021 until his resignation effective as of January 1, 2022.

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long-term compensation for services paid to or earned by each NEO, former and current Directors of the Company, for each of the two most recently completed financial years ended December 31, 2020 and 2021.

Table of Compensation Excluding Compensation Securities

Name and position	Year	Salary, consulting fee, retainer or commission	Bonus	Board committee or meeting fees	Value of perquisites	Value of all other compensation (excluding securities)	Total compensation (excluding securities)
George Archos Chairman and Chief Executive Officer	2021 2020	$367,694 N/A	$200,000 N/A	$0 N/A	$14 N/A	$0 N/A	$567,708 N/A
Brian Ward(1) Former Chief Financial Officer	2021 2020	$350,000 N/A	$150,000 N/A	N/A N/A	$14 N/A	N/A N/A	$500,014 N/A
Darren Weiss Chief Operating Officer, Chief Legal Officer, General Counsel & Secretary	2021 2020	$336,664 N/A	$150,000 N/A	N/A N/A	$14 N/A	N/A N/A	$486,678 N/A
R. Michael Smullen Director and Executive Director of MÜV Enterprises	2021 2020	$145,000 N/A	$3,000,000 N/A	N/A N/A	N/A N/A	$1,000,000 N/A	$4,145,000 N/A
Cristina Nuñez Director	2021 2020	$45,000 N/A	N/A N/A	$0 N/A	N/A N/A	N/A N/A	$45,000 N/A
Edward Brown Director	2021 2020	$45,000 N/A	N/A N/A	$0 N/A	N/A N/A	N/A N/A	$45,000 N/A
Michael Stein Former Chief Executive Officer & Former Director	2021 2020	N/A $65,188(2)	N/A $0	N/A $0	N/A $0	N/A $0	N/A $83,000(2)

Notes:

(1) Brian Ward resigned as Chief Financial Officer of the Company on January 1, 2022. Brett Summerer was appointed as the Chief Financial Officer on January 1, 2022.

(2) These consulting and administrative fees were paid to a company controlled by Mr. Stein called WFE Investments Corp. The amounts reflected have been exchanged into U.S. dollars based on the Bank of Canada exchange rate as of December 31, 2020.

Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued to each NEO, former and current Director of the Company or one of its subsidiaries in the financial year ended December 31, 2021 for services provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation Securities

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class (1)(2)	Date of issue or grant	Issue, conversion or exercise price (3)	Closing price of security or underlying security on date of grant (3)	Closing price of security or underlying security at year end (3)	Expiry Date
George Archos Chairman and Chief Executive Officer	RSUs Options	620,400 (0.19%) 8,843 (0%)	Feb. 18, 2021 Feb. 18, 2021	$24.10 $24.10	$24.10 $24.10	$12.61 $12.61	Feb. 18, 2026 Feb. 18, 2026
Brian Ward Former Chief Financial Officer	RSUs Options	209,100 (0.06%) 8,200 (0%)	Feb. 18, 2021 Feb. 18, 2021	$24.10 $24.10	$24.10 $24.10	$12.61 $12.61	Feb. 18, 2031 Feb. 18, 2031
Darren Weiss Chief Operating Officer, Chief Legal Officer, General Counsel & Secretary	RSUs Options	559,100 (0.17%) 8,171 (0%)	Feb. 18, 2021 Feb. 18, 2021	$24.10 $24.10	$24.10 $24.10	$12.61 $12.61	Feb. 18, 2031 Feb. 18, 2031
R. Michael Smullen Director and Executive Director of MÜV Enterprises	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cristina Nuñez Director	RSUs	50,000 (0.02%)	Feb. 18, 2021	$24.10	$24.10	$12.61	Feb. 18, 2031
Edward Brown Director	RSUs	50,000 (0.02%)	Feb. 18, 2021	$24.10	$24.10	$12.61	Feb. 18, 2031
Michael Stein Former Chief Executive Officer & Former Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) The percentage of class is shown on a partially diluted basis, calculated based on the total number of Proportionate Voting Shares and Subordinate Voting Shares outstanding on December 31, 2021, being equal to 293,209,166 Subordinate Voting Shares and 311,034 Proportionate Voting Shares, for a total of 324,312,566 Subordinate Voting Shares on an as converted basis, issued and outstanding.

(2) Proportionate Voting Shares underly RSUs and Options. Proportionate Voting Shares are convertible into Subordinate Voting Shares on the basis of 100 Subordinate Voting Shares for one Proportionate Voting Share. The number securities shown in the column are denominated solely in Subordinate Voting Shares.

(3) Reflects the applicable closing price of Subordinate Voting Shares on the CSE of C$30.60 on February 18, 2021 and C$15.99 on December 31, 2021 as converted to U.S. dollars applying the Bank of Canada exchange rate on such date.

Exercise of Compensation Securities by Directors and NEOs

All compensation securities issued by the Company have been comprised of either Options or RSUs. During the financial year ended December 31, 2021, the following chart details the RSUs that vested and the Options exercised by a Director or NEO.

Name and position	Type of compensation security	Number of underlying securities exercised or vested (1)	Exercise price per security ($)	Date of exercise or vesting	Closing price per security on date of exercise or vesting (1) ($)	Difference between exercise price and closing price on date of exercise ($)	Total value on exercise or vesting date (2) ($)
George Archos Chairman and Chief Executive Officer	RSUs	384,226 Subordinate Voting Shares	N/A	August 26, 2021	$11.43	N/A	$4,391,703
Brian Ward Former Chief Financial Officer	RSUs	50,000 Subordinate Voting Shares	N/A	August 26, 2021	$11.43	N/A	$571,500
Darren Weiss Chief Operating Officer, Chief Legal Officer, General Counsel & Secretary	RSUs	166,667 Subordinate Voting Shares	N/A	August 26, 2021	$11.43	N/A	$1,905,004
Cristina Nuñez Director	RSUs	16,667 Subordinate Voting Shares	N/A	August 26, 2021	$11.43	N/A	$190,504
Edward Brown Director	RSUs	16,667 Subordinate Voting Shares	N/A	August 26, 2021	$11.43	N/A	$190,504

Notes:

(1) Underlying Proportionate Voting Shares converted to Subordinate Voting Shares based on 100 Subordinate Voting Shares per one Proportionate Voting Share.

(2) The closing price of C$14.50 converted to U.S. dollars based on the Bank of Canada's exchange rate on such date.

Stock Option Plans and Other Incentive Plans

The Equity Incentive Plan was approved by the Majesta Minerals shareholders on January 27, 2021, and was adopted and approved by the Board on February 11, 2021 upon the consummation of the RTO and in accordance with the Plan of Arrangement.

Purpose

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

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

Eligibility

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

The maximum number of Company Shares that may be issued under the Equity Incentive Plan shall be determined by the Board from time to time, but in no case shall exceed, in the aggregate, 10% of the number of Company Shares then outstanding (whereby the Proportionate Voting Shares are calculated on an as-converted to Subordinate Voting Share on a 100 to one basis). Any Company Shares subject to an Award under the Equity Incentive Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant shall again be available for Awards under the Equity Incentive Plan. Other than an Award made pursuant to any election by a Director to receive an award in lieu of all or a portion of annual and committee retainers and meeting fees, no non-employee Director may be granted any Award or Awards denominated in Company Shares that exceed in the aggregate $1,000,000 in any calendar year. If, and so long as, the Company is listed on the CSE, the aggregate number of Company Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within any 12-month period, shall not exceed 1% of the total number of Subordinate Voting Shares then outstanding.

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

Awards

<u>Options</u>

The Compensation Committee is authorized to grant Options to purchase Company Shares that are either Company ISOs, meaning they are intended to satisfy the requirements of Section 422 of the Code, or Company NQSOs, meaning they are not intended to satisfy the requirements of Section 422 of the Code.

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

Restricted Stock

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

RSUs

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

Stock Appreciation Rights

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

Other Stock-Based Awards

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

General

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

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

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

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

- termination of the Award, whether or not vested, in exchange for cash and or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights,

- the replacement of the Award with other rights or property selected by the Compensation Committee or the Board, in its sole discretion,

- assumption of the Award by the successor or survivor Company, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor Company, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices,

- that the Award shall be exercisable or payable or fully vested with respect to all Subordinate Voting Shares covered thereby, notwithstanding anything to the contrary in the applicable award agreement, or
- that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

Tax Withholding

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

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

Employment, Consulting and Management Agreements

During the financial year ended December 31, 2021, the Company paid compensation to the NEOs in accordance with the employment agreements described below.

George Archos, Chairman and Chief Executive Officer

On February 18, 2021, the Company entered into an employment agreement (the "**Archos Employment Agreement**") with George Archos in his capacity as Chief Executive Officer of the Company for a period of three years, which was subsequently amended effective January 1, 2022, to increase the base salary payable to Mr. Archos thereunder. The Archos Employment Agreement automatically renews following the initial three-year term for one-year terms unless either party gives the other party at least 30 days' notice of its election not to renew, or until Mr. Archos' employment is terminated.

Mr. Archos was initially entitled to a base annual salary of $375,000, which amount was increased to $475,000 effective January 1, 2022. Mr. Archos is also entitled to a cash bonus at the end of each calendar year in a targeted amount of no less than $200,000 that is based upon the Company's and the executive's performance. Mr. Archos is also eligible to receive Awards granted pursuant to the Equity Incentive Plan.

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

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

Darren Weiss, Chief Operating Officer, Chief Legal Officer, General Counsel and Secretary

On February 18, 2021, the Company entered into an employment agreement with Darren Weiss in his capacity as Chief Legal Officer and General Counsel of the Company, for a period of three years, which was subsequently amended effective January 1, 2022, to add his capacity as Chief Operating Officer and Secretary of the Company and to increase the base salary payable to Mr. Weiss thereunder (as amended, the "**Weiss Employment Agreement**"). The Weiss Employment Agreement automatically renews following the initial three-year term for successive one-year terms unless either party gives the other party at least 30 days' notice of its election not to renew.

Mr. Weiss was initially entitled to a base annual salary of no less than $350,000, which amount was increased to $450,000 effective January 1, 2022. Mr. Weiss is entitled to a cash bonus at the end of each calendar year in a targeted amount of $150,000 that is based upon the Company's and the executive's performance, and he is also eligible to receive awards of equity incentives granted pursuant to the Equity Incentive Plan.

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

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

Brian Ward, Former Chief Financial Officer

On February 18, 2021, the Company entered into an employment agreement (the "**Ward Employment Agreement**") with Brian Ward in his capacity as Chief Financial Officer of the Company for a period of three years. The agreement thereafter was to automatically renew for one-year terms unless either party gave the other party at least 30 days' notice of its election not to renew, or until Mr. Ward's employment is terminated. Mr. Ward resigned from his employment and the Ward Employment Agreement was terminated on January 1, 2022.

During the term of Mr. Ward's employment, Mr. Ward was entitled to a base annual salary of $350,000. Mr. Ward was also entitled to a cash bonus at the end of each calendar year in the targeted amount of $150,000 that was based upon the Company's and the executive's performance. Mr. Ward was also eligible to receive Awards granted pursuant to the Company's Equity Incentive Plan.

The Ward Employment Agreement was to terminate upon Mr. Ward's death or permanent disability or incapacity or could be terminated by the Company at any time with or without Cause (as defined in the Ward Employment Agreement). If the Ward Employment Agreement was terminated either by the Company for Cause or by Mr. Ward during the employment period, then Mr. Ward was entitled to receive his accrued obligations up to the termination date and was not entitled to any other compensation. If the

Ward Employment Agreement was terminated without Cause by the Company, then Mr. Ward was to receive, for a period of ten consecutive months, (i) his base salary (prorated monthly), and (ii) an amount equal to the monthly premiums or cost of coverage under COBRA for the executive applicable to the Company's group health plans. If the Ward Employment Agreement was terminated as a result of Mr. Ward's death, permanent disability or incapacity during the employment period, Mr. Ward's representatives or beneficiaries were entitled to receive the accrued obligations. Mr. Ward or his estate, was also to be entitled to receive any performance bonuses that were earned after the employment termination date if unpaid as of the employment termination date.

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

On December 21, 2021, Mr. Ward and the Company entered into a Separation and Release Agreement which provided for a lump sum payment of $150,000, paid in respect of Mr. Ward's 2021 cash bonus provided for in the Ward Employment Agreement, and a lump sum cash severance payment of $291,670, which was equal to ten months of Mr. Ward's base salary as provided for in the Ward Employment Agreement. In addition, all unvested Awards held by Mr. Ward as of his termination date were fully vested and accelerated. In exchange for these severance payments and benefits, Mr. Ward executed a general release of claims in favor of the Company.

Oversight and Description of Director and Named Executive Officer Compensation

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

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

Benchmarking

The executive team is establishing an appropriate comparator group for purposes of setting the compensation of the NEOs and other executive officers of the Company.

Elements of Compensation

The compensation of the Company's executive officers is comprised of the following major elements: (i) base salary; (ii) an annual cash bonus; and (iii) Awards granted under the Equity Incentive Plan and any other equity plan that may be approved by the Board from time to time. These principal elements of compensation are described below, and are subject to any employment agreements the Company may have entered into with a particular executive officer of the Company.

Base Salary

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

Annual Cash Bonus

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

Equity-Based Compensation

The Board will grant Awards pursuant to the Equity Incentive Plan at least on an annual basis and typically in connection with the initial hiring of an executive officer. For further details in respect of the Equity Incentive Plan, please see the section in this AIF titled "*Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans*".

Compensation of Directors

The Company pays compensation to Directors, which is comprised of cash (including annual fees for attending meetings of the Board and may include additional compensation for acting as chairs of committees and attending meetings of committees of the Board) and Awards granted in accordance with the terms of the Equity Incentive Plan and the CSE Policies. The directors are also reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Board, committees of the Board or meetings of the shareholders of the Company.

For their service as Directors in 2021, Cristina Nuñez, Edward Brown and Mike Smullen each received an annual cash fee of $45,000 that was paid in four equal quarterly installments. Ms. Nuñez and Mr. Brown were also each granted 500 RSUs on February 18, 2021, entitling the holder to an equivalent number of Proportionate Voting Share (or 50,000 Subordinate Voting Shares on an as-converted basis). The RSUs vest equally over an 18-month period such that 1/3 of the RSUs vested six months following the date of grant (August 2021), 1/3 of the RSUs vested 12 months following the date of grant (February 2022) and 1/3 of the RSUs vest 18 months following the date of grant.

D&O Insurance

The Company obtained directors and officers insurance ("**D&O Insurance**") for the benefit of the Directors and its officers and the Company intends to maintain D&O Insurance. D&O Insurance is insurance coverage intended to protect individuals from personal losses if they are sued as a result of serving as a director or an officer of a business or other type of organization. It can also cover the legal fees and other costs the organization may incur as a result of such a suit.

Pension Disclosure

For the year ended December 31, 2021, the Company did not maintain any pension or retirement benefits plan that provided for payments of benefits to its directors and NEOs at, following or in connection with retirement.

In 2022, the Company implemented a U.S. 401(k) plan which is an employer-sponsored defined contribution pension account as provided in subsection 401(k) of the Code. The 401(k) plan is a tax-advantaged retirement account offered to the Company's eligible employees. No other pension or retirement benefits plans are proposed at this time.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Neither the Company nor any of its subsidiaries is a party to any legal proceedings which, individually or in the aggregate, would be expected to have a material effect on its business, financial condition, results of operations, or financial statements of the Company, taken as a whole, if determined adversely to the Company or any such subsidiary.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, since January 1, 2019, no director, executive officer or person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of outstanding voting securities of the Company, or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Company is Odyssey Trust Company at its principal office in Calgary, Alberta, Canada.

MATERIAL CONTRACTS

Other than those noted below, there are no material contracts entered into by the Company since January 1, 2022, or before such time that are still in effect.

(a) the Goodness Growth Agreement between the Company and Goodness Growth, dated January 31, 2022;

(b) the Voting Support Agreements dated January 31, 2022 between the Company and certain directors and officers of Goodness Growth;

(c) the Lock-Up Agreement dated January 31, 2022 between the Company and the Chief Executive Officer of Goodness Growth;

(d) the Arrangement Agreement between Verano Holdings LLC, Majesta Minerals Inc., 1276268 B.C. Ltd., 1277233 B.C. Ltd. and 1278655 B.C. Ltd. dated December 14, 2020, as amended on January 26, 2021;

(e) the AME Merger Agreement between Verano, AME, POR GPS, RVC 360 and the member representative named therein, dated November 6, 2020, as amended on December 14, 2020 and February 5, 2021; and

(f) the Amended and Restated Credit Agreement by and among between the Company and certain of its subsidiaries, Chicago Atlantic and the lenders party thereto, dated May 10, 2021, as further amended on October 20, 2021 and March 1, 2022.

INTERESTS OF EXPERTS

Baker Tilly U.S., LLP ("**Baker Tilly**") is the current auditor of the Company. Baker Tilly has reported that they are independent of the Company and the auditor has complied with the U.S. auditing standard rules on auditor independence. Baker Tilly was appointed as auditor of the Company on June 25, 2021.

AUDIT COMMITTEE

Audit Committee Charter

The role of the Audit Committee is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations. A copy of the charter of the Audit Committee is attached as Exhibit B.

Composition of the Audit Committee

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

Relevant Education and Experience

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

Cristina Nuñez, Audit Committee member

Ms. Nuñez is a brand investor and leader with a passion for turning entrepreneurial businesses into enduring brands. Ms. Nuñez has over 13 years of investing, operating, and advising experience within the consumer products and retail industry, with a focus on beauty and wellness. Ms. Nuñez brings financial and investment acumen combined with first-hand brand management and operating experience. She is currently Co-Founder & Partner of True Beauty Ventures, an emerging growth venture capital fund focused on identifying, partnering with, and scaling brands in beauty, wellness, and personal care. Prior to launching True Beauty Ventures in 2020, Ms. Nuñez spent half of her career as an operator in beauty and wellness. From May 2017 through April 2019, she was the General Manager and Chief Operating Officer of Clark's Botanicals, a clean, botanical skincare brand with international ecommerce and prestige wholesale distribution. During that time, Ms. Nuñez led all brand strategy, sales, and marketing efforts, as well as the financial management and day-to-day operations of the business. Prior to Clark's Botanicals, from October

2014 and May 2017, Ms. Nuñez held various executive leadership and operating roles at Laura Geller Beauty, a global, prestige makeup brand with distribution in Ulta, QVC, and ecommerce. Prior to Laura Geller Beauty, in 2013 she developed new business development and strategic growth opportunities for Equinox, a luxury fitness and lifestyle brand. Prior to her operating roles, from September 2013 through October 2014, Ms. Nuñez was a senior associate at private equity firm Tengram Capital Partners, where she focused on investments in middle market consumer and retail brands. Prior to Tengram Capital Partners, from July 2010 through July 2012 she was an associate at L Catterton, the largest consumer focused private equity fund. She began her finance career as an analyst in the Consumer & Retail Investment Banking group at UBS in July 2007. Ms. Nuñez graduated *magna cum laude* from Duke University in May 2007 and holds a Bachelor of Arts with Highest Distinction in Public Policy Studies and Political Science.

Edward Brown, Audit Committee member

Mr. Brown began his career at Seagram's in 1990, one of the top liquor companies in the world, where he held many executive positions over his ten-year career. Following Seagram's, beginning in June of 2000, Mr. Brown served as the CEO of The Patron Spirit's Company AG for 19 years, until December of 2019. Over the course of those 19 years, Mr. Brown grew the Patron brand into one of the largest ultra-premium tequila in the world. In 2018, Mr. Brown completed the sale of the Patron brand to Bacardi for $5,100,000,000. Mr. Brown currently serves as the Chairman and CEO of Clear Sports, a position he began in January of 2020. Mr. Brown graduated from the University of Texas in 1985 and holds a Bachelor of Business Administration in Marketing.

Audit Committee Oversight

Since January 1, 2021, there has not been any recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board.

Reliance on Certain Exemptions

The Company has not relied on any exemptions under section 2.4 *De Minimis Non-Audit Services* of NI 52-110, in whole or in part, or under Part 8 of NI 52-110, since January 1, 2021.

Pre-Approval Policies and Procedures

The Audit Committee's policies and procedures for the engagement of external auditors for non-audit services require that such services are pre-approved by the Audit Committee.

External Auditor Service Fees (By Category)

The following table sets forth the "audit fees", "audit-related fees", "tax fees" and "other fees" billed by the Company's external auditors for services performed for the last two fully completed financial years of the Company, including its predecessors.

For the financial year ended December 31, 2021, the Company transitioned its accounting principles to U.S. GAAP and its audit for the 2021 annual financial statements was performed by Baker Tilly in accordance with U.S. auditing standards. In connection therewith, the Company also prepared financial statements for its financial year ended December 31, 2020 in accordance with U.S. GAAP and the Company's previous auditor, Macias Gini & O'Connell LLP ("**MGO**"), performed an audit of such 2020 annual financial statements concurrently with Baker Tilly's audit of the 2021 annual financial statements.

	Audit Fees	Audit-Related Fees	Tax Fees(1)	All Other Fees(2)
For the Year ended December 31, 2021	$2,107,307	$67,440	$314,104	$0
For the Year ended December 31, 2020	$1,464,901	$0	$44,600	$0

Notes:

(1) The term "Tax Fees" means the aggregate fees billed for professional services rendered by the Company's external auditor for tax compliance, tax advice, and tax planning for the subject year.

(2) The term "All Other Fees" means the aggregate fees billed for products and services provided by the Company's external auditor for the subject year, other than the services reported under the categories of "Audit-Related Fees", "Tax Fees" and "All Other Fees".

Exemption

The Company is relying on the exemption from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) as set out in section 6.1 of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2021 filed on SEDAR.

EXHIBIT "A" – SUBSIDIARIES AND CONTROLLED ENTITIES

Subsidiaries

Entity Name	Jurisdiction	Percentage Interest
1090 Longwood, LLC	Florida	100%
1200 Sharon, LLC	Massachusetts	100%
12395 North Miami, LLC	Florida	100%
130 Monroeville, LLC	Pennsylvania	100%
1325 Coolidge, LLC	Arizona	100%
16 Magothy Road Beach, LLC	Maryland	100%
1728 & 52 Old York Road, LLC	Pennsylvania	100%
1851 Canton, LLC	Ohio	100%
2000-2015 W. 3rd Street, LLC	Arizona	100%
2030 Highland Park, LLC	Illinois	100%
257 Wynnewood, LLC	Pennsylvania	100%
270 Cranberry, LLC	Pennsylvania	100%
2711 Tallahassee, LLC	Florida	100%
42 Capital Management, LLC	Illinois	100%
420 Capital Management, LLC	Illinois	100%
4450 New Haven, LLC	Florida	100%
4674 JAX, LLC	Florida	100%
5409 S. Power Road, LLC	Arizona	100%
6944 Apollo Beach, LLC	Florida	100%
7221 Jessup, LLC	Maryland	100%
7220 Palatka, LLC	Florida	100%
783 Butterfield Road, LLC	Illinois	100%
799 Washington, LLC	Pennsylvania	100%
A&T SPV II LLC	Texas	100%
AGG Wellness, LLC	Maryland	100%
AGOZ Redevelopment, LP	Pennsylvania	100%
Agri-Kind, LLC	Pennsylvania	100%
Agronomed Biologics Holdings Inc.	Pennsylvania	100%
Agronomed Biologics LLC	Pennsylvania	100%
Agronomed Holdings, Inc.	Pennsylvania	100%
Agronomed IP LLC	Pennsylvania	15%
Agronomy Holdings, LLC	Florida	100%
Agronomy Innovations LLC	Arizona	100%
Albion MM, LLC	Illinois	100%
Alternative Medical Enterprises LLC	Delaware	100%
AltMed, LLC	Florida	100%
Ataraxia, LLC	Illinois	100%
AZ MM Logistics, LLC	Arizona	100%
BISHCO LLC	Arizona	100%
Branchburg Rte. 22, LLC	New Jersey	100%

Entity Name	Jurisdiction	Percentage Interest
Caring Nature, LLC	Connecticut	100%
Cave Creek RE, LLC	Arizona	100%
Chicago Natural Treatment Solutions, LLC	Delaware	100%
Connecticut Pharmaceutical Solutions, Inc.	Delaware	100%
Connecticut Pharmaceutical Solutions, LLC	Connecticut	100%
CTPharma Newington, LLC	Delaware	100%
CTPharma Norwich, LLC	Delaware	100%
CTPharma Real Estate Inc.	Connecticut	100%
CTPharma Research Solutions, LLC	Delaware	10%
Cultivation Corner, LLC	Arizona	100%
Cultivation Real Estate Holdings, LLC	Delaware	100%
DGV Group, LLC	Delaware	62.50%
FGM Processing, LLC	Maryland	100%
Four Daughters Compassionate Care, Inc.	Massachusetts	100%
Freestate Wellness, LLC	Maryland	100%
Glass City Alternatives, LLC	Ohio	100%
GLD Holdings, LLC	Delaware	100%
Green RX, LLC	Ohio	100%
Healthway Services of Illinois, LLC	Illinois	100%
ILMM Logistics, LLC	Illinois	100%
Local Dispensaries, LLC	Pennsylvania	100%
MA MM Logistics, LLC	Illinois	100%
Mad River Remedies, LLC	Ohio	100%
Maryland Natural Treatment Solutions, LLC	Maryland	100%
MD MM Logistics, LLC	Maryland	100%
MDCult, LLC	Maryland	100%
MME Aurora Retail, LLC	Illinois	100%
MME Evanston Retail, LLC	Illinois	100%
MME IL Holdings, LLC	Illinois	100%
Mother Grows Best, LLC	Ohio	100%
Mother Know's Best, LLC	Ohio	100%
NJ MM Logistics, LLC	New Jersey	100%
NSE Pennsylvania LLC	Pennsylvania	100%
NuTrae, LLC	Florida	100%
Nuuvn Holdings, LLC	Delaware	100%
NV MM Logistics, LLC	Nevada	100%
OH MM Logistics, LLC	Ohio	100%
Ohio Natural Treatment Solutions, LLC	Delaware	100%
PA MM Logistics, LLC	Pennsylvania	100%
Plants of Ruskin GPS, LLC	Delaware	100%
Plants of Ruskin, LLC	Florida	100%
Prospect Heights RE, LLC	Illinois	100%
Redfish Holdings, Inc.	Maryland	100%
RedMed Holdings, LLC	Delaware	100%

Entity Name	Jurisdiction	Percentage Interest
RedMed, LLC	Delaware	100%
Retail and Office Real Estate Holdings, LLC	Delaware	100%
RVC 360, LLC	Delaware	100%
Saint Chicago Holdings, LLC	Delaware	100%
SG1 LLC	Delaware	100%
SW Merger Sub, Inc.	Nevada	100%
TerraVida Holistic Centers LLC	Pennsylvania	100%
The Healing Center LLC	Pennsylvania	100%
Vehicle and Logistics Holdings, LLC	Delaware	100%
Verano Arizona Holdings, LLC	Delaware	100%
Verano Arizona II, LLC	Delaware	100%
Verano Arizona, LLC	Delaware	100%
Verano Connecticut, LLC	Delaware	100%
Verano El Dorado, LLC	Arkansas	100%
Verano Evanston, LLC	Illinois	100%
Verano Four Daughters Holdings, LLC	Delaware	100%
Verano Highland Park, LLC	Illinois	100%
Verano Holdings, LLC	Delaware	100%
Verano Holdings USA Corp.	Delaware	100%
Verano Illinois, LLC	Illinois	100%
Verano IP, LLC	Delaware	100%
Verano Maryland, LLC	Delaware	100%
Verano Michigan, LLC	Delaware	100%
Verano NJ Holdings, LLC	Delaware	100%
Verano Ohio, LLC	Delaware	100%
Verano Oklahoma, LLC	Delaware	100%
Verano Pennsylvania, LLC	Delaware	100%
Verano THC Holdings, LLC	Delaware	100%
VHGG Holdings, LLC	Delaware	100%
VHMD Processor, LLC	Delaware	100%
VZL Staffing Services, LLC	Illinois	100%
Willow Brook Wellness, LLC	Connecticut	100%
Zen Leaf Retail, LLC	Maryland	100%
Zen Leaf Technologies, LLC	Delaware	100%
ZenNorth, LLC	Delaware	100%
ZNN Holdings, LLC	Delaware	100%

Controlled Entities

Entity Name	Jurisdiction of Organization
2900 Lone Mountain, LLC	Nevada
4444 W. Craig Road, LLC	Nevada
AZGM 3, Inc.	Arizona
Buchanan Development, LLC	Michigan
ChiVegas Real Estate, LLC	Nevada
EIJNO, LP	Illinois
Elevele LLC	Illinois
Fort Consulting, LLC	Arizona
Healthway Services of West Illinois, LLC	Illinois
Lone Mountain Partners, LLC	Nevada
Mikran, LLC	Maryland
Natural Treatment Solutions, LLC	Nevada
NatureX, LLC	Nevada
Nevada Natural Treatment Solutions, LLC	Nevada
Noah's Ark, LLC	Arkansas
Patient Alternative Relief Center	Arizona
Perpetual Healthcare, Inc.	Arizona
Saint Chicago, LLC	Illinois
SPSLE Corp.	Illinois
The Herbal Care Center, Inc.	Illinois
The Medicine Room, LLC	Arizona
Vending Logistics LLC	Arizona
Verano MI2, LLC	Michigan
Verano MO Holdings, LLC	Delaware
Verano MO, LLC	Missouri
Verano NJ LLC	New Jersey
Verano WV, LLC	West Virginia
VMO Processing, LLC	Missouri
VMO Retail, LLC	Missouri
West Capital, LLC	Illinois

EXHIBIT "B" - AUDIT COMMITTEE CHARTER

1. PURPOSE & OBJECTIVES OF THE COMMITTEE

- The Audit Committee ("**Committee**") is a committee of the Board of Directors (the "**Board**") of Verano Holdings Corp. ("**Verano**").
- The main objective and role of the Committee is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to Verano and its subsidiaries in relation to:
  - ➢ Financial Reporting
    - Application of accounting policies;
    - Management reports;
    - Quarterly, semi-annual and annual reports;
    - Financial management;
  - ➢ Audit Functions and Coverage
    - Internal (including internally sourced and outsourced); and
    - External.

2. MEMBERSHIP OF THE COMMITTEE

- The Committee shall be comprised of a minimum of three Directors, appointed by the Board, a majority of which shall be independent under applicable securities legislation.
- All members of the Committee shall be "financially literate" within the meaning of National Instrument 52-110 - *Audit Committees*.
- The Board shall appoint a chair of the Committee ("**Chair**") from the independent members of the Committee.

3. MEETINGS OF THE COMMITTEE

- Meetings of the Committee shall be held not less than four times a year, having regard to Verano's quarterly and annual reporting and audit cycle including timing of Board meetings.
- Any member of the Committee, the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**") or the external auditors may request a meeting at any time they consider it necessary.
- A quorum for a meeting of the Committee shall be three members. Each member of the Committee will have one vote and decisions of the Committee will be made by an

affirmative vote of the majority. Powers of the Committee may also be exercised by written resolutions signed by all members.

- The Committee may have in attendance such members of management, including the CFO, and such other persons, including the internal and external auditors, as it considers necessary to provide appropriate information and explanations.

- All Directors who are not members of the Committee shall be entitled to attend meetings of the Committee only at the invitation of the Committee.

- The CEO shall not attend those meetings which the Committee chooses to hold without any of the executives present.

- Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee, all other members of the Board, the CEO the CFO and the internal and external auditors.

- Minutes of all meetings shall be kept by the Board secretary.

4. RESPONSIBILITIES OF THE COMMITTEE

The Committee has oversight responsibility in two areas:

- Financial Reporting

- Audit Functions and Coverage

4.1 Financial Reporting

The Committee has responsibility for:

- Ensuring that Verano retains accurate financial and accounting records.

- Obtaining from the CEO and the CFO a formal statement that Verano’s financial reports present a true and fair view, in all material respects, and Verano’s financial condition and operational results are in accordance with applicable accounting standards.

- Reviewing the interim and annual financial statements and reports.

- Oversight of compliance and statutory responsibilities relating to financial regulations and guidelines and rules of the Canadian Securities Exchange, or such other stock exchange Verano’s shares principally trade on.

- Reviewing financial information prior to its public dissemination.

- Reviewing Verano’s accounting policies and reporting requirements to ensure accuracy and timeliness and the inclusion of appropriate disclosures.

- Considering matters which might be raised by shareholders at Verano’s annual meeting of shareholders.

4.2 Audit Functions and Coverage

The Committee has responsibility for:

- Recommending the appointment and removal of the internal and the external auditors, their fees, qualifications, independence and the terms of their engagement.

- Direct communication with and unrestricted access to the external and internal auditors and accountants.

- Review of the annual audit plans and fees with the internal and the external auditors ensuring coordination and appropriate reliance placed by the external auditors on the work undertaken by internal audit.

- Monitoring and reviewing the external and internal auditing practices.

- With respect to services provided by the external auditor:

  - ➢ Considering the rotation of the external auditor or lead audit partner and peer review partner with suitable succession planning.

  - ➢ The external auditors are authorised to provide services with respect to statutory and other audits

  - ➢ The external auditors will not provide the following types of services:

    - Management consultancy and, in particular, the selection and implementation of technology solutions integrated with the financial information systems.

    - Information and other business risk assurance, including forensic.

    - Outsourcing of internal audit.

    - Purchase and vendor due diligence in M&A, including advice on tax deal structures.

    - Valuation which will then be subject of their audit.

    - Book-keeping services (excluding advice on the statutory accounts).

    - Tax compliance and advisory.

  - ➢ Any other advisory services unrelated to the statutory audit required from the Company's external auditors must be first approved by the CFO before being approved by the Committee

  - ➢ Total non-audit fees to be regularly monitored by the Board.

- With respect to the internal audit function and coverage:

  - This will be determined by management based on the risk management framework as modified from time to time.
  - Management will determine and report on the resources to be deployed from internal and external sources.
  - Obtaining confirmation as to the adequacy of the internal controls.
  - Receiving reports from completed audits and ensuring that recommendations are agreed, including actions and timelines, with management.
  - Reviewing annually the effectiveness of the internal audit function.
- Approving the annual internal audit plan, as needed
- Monitoring the implementation of recommendations made by external and internal auditors' actions agreed to be implemented by management.
- Ensuring that reports issued by auditors to management are tabled at Board meetings together with management's response.

4.3 Internal Controls

The Committee has responsibility for:

- Reviewing whether management's approach to maintaining an effective internal control framework is sound and effective.
- Ensuring that the external auditors discuss with the Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.
- Reviewing whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated.
- Obtaining from the CEO and the CFO a written statement that:
  - The statement given to the Audit Committee in respect of Verano's financial reports presenting a true and fair view, in all material respects, and Verano's financial condition and operational results are in accordance with applicable accounting standards (by the CEO and the CFO) is founded on a sound system of internal compliance and control which implements the policies adopted by the Board; and
  - Verano's internal compliance and control systems are operating efficiently and effectively in all material respects.
- Ensuring that Verano maintains appropriate business continuity, material damage and liability insurance covers to ensure that the earnings of the business are well protected from adverse circumstances.

- Reviewing Verano's Code of Business Conduct and Ethics, if any, and policies and compliance with the law with respect to financial matters under applicable corporate and securities law.

- Insider trading and restricted persons review; ensuring establishment and maintenance of Whistleblower Hotline

- Review and approve all related-party transactions and prepare reports for the Board on such related-party transactions.

- Review of the frequency and significance of all transactions between Verano and related parties and assessment of their propriety.

5. ACCESS AND AUTHORITY

- The Committee is authorised by the Board to investigate any activity within its terms of reference as set out in Section 4 of this Charter.

- The Committee is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.

- The Committee is authorised to access all books, records and facilities of Verano.

- The Committee is authorised by the Board to obtain, at the expense of Verano, such outside legal or other independent professional advice, and to arrange for the attendance at meetings, at the expense of Verano, of outside parties with relevant experience and expertise, as it considers necessary to carry out its responsibilities.

6. ACCOUNTABILITY AND REPORTING

- The Committee shall ensure that processes are in place and that those processes are monitored so that the Board is properly and regularly informed and updated on corporate financial matters.

- The Committee shall maintain direct lines of communication with the external auditors, the CEO, the CFO, and the internal auditors and with management generally.

- Management are required to immediately notify the Committee of any material breakdown in internal controls and any event of fraud or malpractice. Should a material breakdown in internal control be uncovered by the internal auditor or external auditor, management and the internal auditor or external auditor are immediately required to inform the Committee.

- Any reporting of a material breakdown in internal control and any event of fraud or malpractice must also be accompanied with management's proposed corrective actions.

- The Committee shall be provided with copies of all letters between the internal and external auditors and management.

- After each Committee meeting, the Chair shall report the Committee's findings and recommendations to the Board.

- The minutes of all Committee meetings shall be circulated to members and the Board, the CFO and the external auditors.

- The Chair shall present an annual report to the Board summarizing the Committee's activities during the year and any related significant results and findings.

REVIEW OF THE COMMITTEE AND CHARTER

At least once a year the Committee will undertake a self-review and report on the effectiveness of the Audit Committee to the full Board. The Board will review both this Charter and the Committee's performance against this Charter annually.

Membership of the Committee will be reviewed each year after the annual meeting and at other times as necessary.