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

# FORM 10

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

# GREEN THUMB INDUSTRIES INC.
**(Exact name of registrant as specified in its charter)**

| **British Columbia** | **98-1437430** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. employer identification no.)** |

**325 West Huron Street, Suite 412**
**Chicago, Illinois 60654**
**(Address of principal executive offices and zip code)**

**(312) 471-6720**
**(Registrant's telephone number, including area code)**

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

**Securities to be registered pursuant to Section 12(g) of the Act:**
**Subordinate Voting Shares**
**Multiple Voting Shares**
**Super Voting Shares**

**(Title of class)**

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☒ |

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

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## IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

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

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

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

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

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

**Use of Names**

In this registration statement on Form 10, unless the context otherwise requires, the terms "**we**," "**us**," "**our**," "**Company**," "**Corporation**" or "**GTI**" refer to Green Thumb Industries Inc. together with its wholly-owned subsidiaries. References to "**Bayswater**" refer to the Corporation prior to completion of the Transaction (as hereinafter defined).

**Currency**

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

**Disclosure Regarding Forward-Looking Statements**

*This registration statement on Form 10 contains statements that we believe are, or may be considered to be, "forward-looking statements." All statements other than statements of historical fact included in this registration statement regarding the prospects of our industry or our prospects, plans, financial position or business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "may," "will," "expect," "intend," "estimate," "foresee," "project," "anticipate," "believe," "plan," "forecast," "continue" or "could" or the negative of these terms or variations of them or similar terms. Furthermore, forward-looking statements may be included in various filings that we make with the Securities and Exchange Commission (the "**SEC**") or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements contained in this registration statement, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this registration statement.*

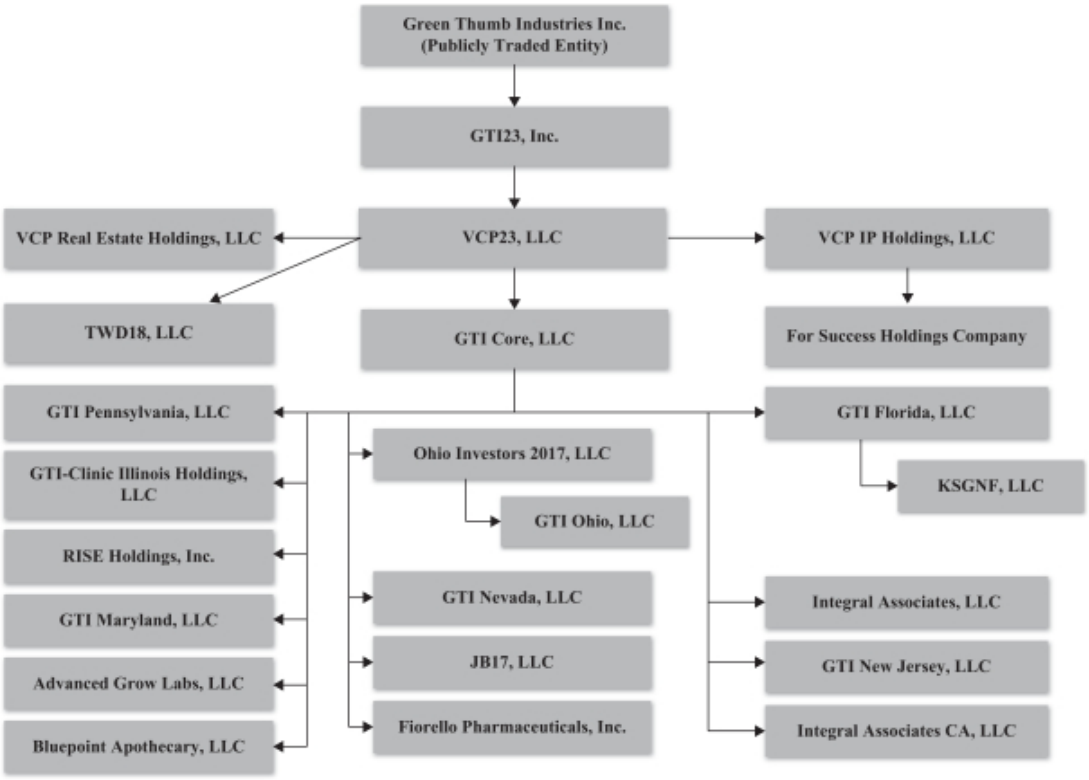
## ITEM 1. BUSINESS

**Background**

Green Thumb Industries Inc. is a reporting issuer in Canada listed for trading on the Canadian Securities Exchange ("**CSE**") under the symbol "GTII." The Corporation's Subordinate Voting Shares (as hereinafter defined) are also traded in the United States on the OTCQX Best Market (the "**OTCQX**") under the symbol "GTBIF."

GTI owns, manufactures, and distributes a portfolio of cannabis consumer packaged goods brands, including Beboe, Dogwalkers, Dr. Solomon's, incredibles, Rythm and The Feel Collection, primarily to third-party licensed retail cannabis stores across the United States as well as to GTI-owned retail stores. The Corporation also owns and operates two rapidly growing national chains of retail cannabis stores called Rise and Essence.

The Corporation, through its subsidiaries, owns interests in several state-licensed medical and/or adult use marijuana businesses in Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio and Pennsylvania. The Corporation also licenses its intellectual property and certain brands to licensees in California and Colorado. The following organizational chart describes the organizational structure of the Corporation as of November 30, 2019. See Exhibit 21.1 to this registration statement for a list of subsidiaries of the Corporation. All lines represent 100% ownership of outstanding securities of the applicable subsidiary unless otherwise noted in Exhibit 21.1.




The registered office of the Corporation is located at 250 Howe Street, 20th Floor, Vancouver, British Columbia V6C 3R8. The head office is located at 325 W. Huron Street, Suite 412, Chicago, Illinois 60654.

**History of the Corporation**

The Corporation was incorporated under the *Company Act* (British Columbia) on June 26, 1979 under the name "Dalmatian Resources Ltd." On February 18, 2002, the Corporation changed its name to "Enwest Ventures Corp." Further, on February 25, 2003, the Corporation changed its name to "Bayswater Ventures Corp." In August 2006, the Corporation changed its name from Bayswater Ventures Corp. to "Bayswater Uranium Corporation" following a Canadian amalgamation transaction with Pathfinder Resources Ltd.

On July 18, 2007, under a plan of arrangement, the Corporation amalgamated with Kilgore Minerals Ltd., a company incorporated under the *Canada Business Corporations Act* (the "**CBCA**") on June 21, 2002 and continued into the Province of British Columbia under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") on December 7, 2006. Following the plan of arrangement, Kilgore Minerals Ltd. changed its name to "Bayswater Uranium Corporation" on July 24, 2007.

Subsequent to the Corporation's financial year ended February 28, 2018, the Corporation completed the Transaction (as hereinafter defined), filed Articles of Amendment in the Province of British Columbia to effect the name change from "Bayswater Uranium Corporation" to "Green Thumb Industries Inc." and continued the business of VCP23, LLC ("**VCP**"). VCP was formed in the State of Delaware on November 27, 2017. The entity had no activity or financials in 2017.

**General Development of the Business**

***The Transaction***

On January 1, 2018, RCP23, LLC, which had operations in Maryland, Massachusetts, Nevada and Pennsylvania, and GTI-Clinic Illinois Holdings, LLC, which had operations in Illinois, restructured and each entity contributed certain assets and real estate to VCP or its subsidiaries. Simultaneously, GTI-Clinic Illinois Holdings, LLC transferred its membership interests in the Illinois licensed medical businesses to GTI Core, LLC. Prior to the closing of the Transaction, VCP was acquired by GTI23, Inc. ("**GTI23**") and the members of VCP exchanged their membership interests in VCP in exchange for shares of GTI23.

On June 12, 2018, the Corporation, 1165318 B.C. Ltd. (a wholly-owned subsidiary of Bayswater) ("**Subco**"), VCP, GTI23 and GTI Finco Inc. ("**GTI Finco**") entered into a Business Combination Agreement whereby the Corporation, Subco, VCP, GTI23 and GTI Finco combined their respective businesses (the "**Transaction**"). The Transaction was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps. The Corporation (formerly Bayswater) had no active business operations leading up to completion of the Transaction.

In connection with the Transaction, the Corporation disposed of its uranium-based assets, changed its name from "Bayswater Uranium Corporation" to "Green Thumb Industries Inc." and consolidated its existing common shares on the basis of one Subordinate Voting Share for each 368 existing common shares of the Corporation.

At a meeting of the Corporation's shareholders on June 11, 2018, the shareholders approved a resolution to restructure the Corporation's share capital to, among other things, re-designate its existing common shares as subordinate voting shares ("**Subordinate Voting Shares**") and create a class of multiple voting shares ("**Multiple Voting Shares**") and super voting shares ("**Super Voting Shares**").

The Corporation, Subco and GTI Finco were parties to a Canadian three-cornered amalgamation (the "**Amalgamation**") whereby:

(i) GTI Finco shareholders received Subordinate Voting Shares of the Corporation on a one-for-one basis;

(ii) members of VCP contributed their membership interests to GTI23 for shares of GTI23; and

(iii) members of VCP then contributed their shares of GTI23 to GTI in exchange for Super Voting Shares and Multiple Voting Shares of GTI.

***The SR Offering***

Prior to the Transaction, GTI Finco (a special purpose corporation wholly-owned by VCP), completed a brokered and a non-brokered subscription receipt financing at a price of C$7.75 per subscription receipt for aggregate gross proceeds of approximately $64.1 million (C$87 million) (the "**SR Offering**"). As part of closing the Transaction, the investors in the SR Offering received Subordinate Voting Shares of GTI on an economically equivalent basis. The brokered portion of the SR Offering was co-led by GMP Securities L.P. and Canaccord Genuity Corp., with a syndicate that included Beacon Securities Limited, Echelon Wealth Partners Inc. and Eight Capital Corp. In connection with the Transaction and pursuant to the SR Offering, a total of 11,245,434 Subordinate Voting Shares were issued and outstanding after completion of the Transaction, including Subordinate Voting Shares issued to former holders of GTI Finco subscription receipts issued in the SR Offering.

The Subordinate Voting Shares began trading on the CSE on June 13, 2018 under the symbol "GTII."

**Financing Activities**

On November 12, 2019, the Corporation closed on a sale and leaseback transaction to sell its Danville, Pennsylvania cultivation and processing facility to Innovative Industrial Properties ("**IIP**"). Under a long-term agreement, the Corporation will lease back the facility and continue to operate and manage it. The purchase price for the property was $20.3 million, excluding transaction costs. The Corporation is also expected to make certain improvements to the property that will significantly enhance production capacity, for which IIP has agreed to provide reimbursement of up to $19.3 million. Assuming full reimbursement for such improvements, IIP's total investment in the property will be $39.6 million.

On May 22, 2019, the Corporation closed a $105 million senior secured non-brokered private placement financing through the issuance of three-year senior secured notes (the "**Notes**") pursuant to the Note Purchase Agreement (the "**Note Purchase Agreement**"). The financing generated funds for general working capital purposes and various growth initiatives and to retire the Corporation's existing debt, including the Bridge Notes (as hereinafter defined). The Notes have a maturity date of May 22, 2022 and will bear interest from the date of issue at 12% per annum, payable quarterly, with an option, at the discretion of the Corporation, to extend an additional 12 months. Upon the execution of the Note Purchase Agreement, the Purchasers of the Notes received warrants to purchase 1,822,771 Subordinate Voting Shares at an exercise price of C$19.39 per share, which can be exercised for 60 months from the date of issuance. The Corporation entered into the First Amendment to the Note Purchase Agreement (the "**Note Purchase Agreement Amendment**") on November 9, 2019. The Note Purchase Agreement Amendment reduced the borrowing capacity from $150 million to $130 million, which allows the Corporation to borrow an additional $24.5 million over a period of 12 months from the closing date of the Note Purchase Agreement. Upon the execution of the Note Purchase Agreement Amendment, the Purchasers of the Notes received warrants to purchase 365,076 Subordinate Voting Shares at an exercise price of C$12.04 per share, which can be exercised for 60 months from the date of issuance.

On April 12, 2019, the Corporation closed on a private placement of $12.5 million in six-month senior secured promissory notes (the "**Bridge Notes**"). The Bridge Notes accrue interest at an annual rate of 10.5% payable on a monthly basis, commencing June 1, 2019. The Bridge Notes included warrants to purchase 218,964 Subordinate Voting Shares at an exercise price of C$22.90 per share, which can be exercised for 42 months from the closing date of the transaction. On May 22, 2019, the Corporation repaid the full principal amount and accrued interest for the Bridge Notes.

On October 17, 2018, the Corporation closed a $78.6 million (C$101.7 million) bought deal financing, which included proceeds from the sale of Subordinate Voting Shares following the full exercise by the underwriters, namely GMP Securities L.P. (as lead underwriter and sole bookrunner), Beacon Securities Limited, Cormark Securities Inc., Echelon Wealth Partners Inc. and Eight Capital Corp., of an over-allotment option. The financing generated funds for the Corporation's continued growth, including wholesale capacity, strategic initiatives and general corporate purposes.

On August 2, 2018, the Corporation closed a $61.7 million (C$80.3 million) bought deal financing, co-led by Canaccord Genuity Corp. and GMP Securities L.P., and including Beacon Securities Limited, Echelon Wealth Partners Inc. and Eight Capital Corp., to fund the Corporation's continued growth, including the acquisition of one of ten licenses in the regulated New York cannabis market and the buildout of five dispensaries in Ohio pursuant to licenses awarded by the Ohio State Board of Pharmacy in June 2018, and for working capital purposes.

On June 12, 2018, GTI Finco completed the SR Offering, a brokered and a non-brokered subscription receipt financing at a price of C$7.75 per subscription receipt for aggregate gross proceeds of approximately $64.1 million (C$87 million). The investors received 11,245,434 Subordinate Voting Shares on an economically

equivalent basis. The brokered portion of the financing was co-led by GMP Securities L.P. and Canaccord Genuity Corp., with a syndicate that included Beacon Securities Limited, Echelon Wealth Partners Inc. and Eight Capital Corp.

On April 30, 2018, the Corporation closed a private placement offering to sell $45 million in a convertible promissory note ("**Convertible Promissory Note**") to VCP Convert, LLC, a Delaware limited liability company owned by accredited investors. The Convertible Promissory Note was converted into common units of VCP immediately prior to the Transaction.

On December 31, 2017, RCP23, LLC, closed a $67 million private placement offering to sell investor member units ("**RCP Investor Member Units**") in RCP23, LLC to fund growth opportunities and working capital of the Corporation.

**Certain Recent Developments**

On August 23, 2019, the Corporation closed on its acquisition of Fiorello Pharmaceuticals, Inc. ("**Fiorello**"). Fiorello is one of only ten companies in New York licensed to grow, process and dispense medical cannabis. Fiorello has one cultivation/processing facility and four dispensing locations, with three of such dispensing locations currently operating.

On June 5, 2019, the Corporation closed on its acquisition of Integral Associates, LLC ("**Integral Nevada**"), a leading cannabis operator in Nevada, and Integral Associates CA, LLC ("**Integral California**," together with Integral Nevada, "**Integral Associates**"). In addition to the initial consideration paid at closing, the membership interest purchase agreement (the "**Membership Interest Purchase Agreement**") provides for the payment by the Corporation of additional consideration upon the achievement of certain performance targets (including a potential EBITDA earn-out payment) and regulatory license awards. Milestone payments for each license won are 50% payable at the initial license award, and the remaining 50% will be paid at a later date. The total consideration paid as of November 30, 2019 is approximately $326 million, including $52 million in cash and 24.7 million Subordinate Voting Shares. The acquisition includes: (i) Integral Associates' three high-traffic Essence retail stores located across the Las Vegas, Nevada area; (ii) eight additional adult use retail licenses in Nevada, five in the Las Vegas area and three in Northern Nevada; (iii) West Hollywood, California retail license, one of only five with a consumption lounge and delivery service; (iv) Pasadena, California and Culver City, California retail licenses; (v) Desert Grown Farms, a 54,000 square foot state-of-the-art cultivation and processing facility with an award-winning genetics library of 100+ strains; and (vi) Cannabiotix NV, a 41,000 square foot cultivation and processing facility which has been a recognized *High Times* Cannabis Cup award winner.

On February 21, 2019, the Corporation closed on its acquisition of For Success Holdings Company, the Los Angeles-based creator of the lifestyle suite of Beboe branded cannabis products. Beboe is best known for, among other things, the thoughtfully designed aesthetic of its iconic rose gold vaporizing pens and edible pastilles, with each product curated using a unique blend of socially dosed THC (as hereinafter defined) and CBD (as hereinafter defined). The acquisition was an all-stock transaction, and consideration was satisfied through the issuance of Subordinate Voting Shares. The purchase agreement also includes additional consideration based on future performance targets.

On February 12, 2019, the Corporation closed on its acquisition of Connecticut-based Advanced Grow Labs LLC ("**AGL**"). AGL is one of four companies in Connecticut licensed to grow and process cannabis. AGL operates a 41,000 square foot manufacturing facility in West Haven, Connecticut, with expansion potential. AGL also has an ownership stake in a dispensary that is located in Westport, Connecticut. AGL produces and distributes a wide range of cannabis products to the operating stores in the state. The transaction consideration was approximately $80 million, including $15 million in cash and approximately 7 million Subordinate Voting Shares. The purchase agreement also includes additional consideration based on future performance targets.

On November 8, 2018, the Corporation acquired KSGNF, LLC, the holder of a license to operate a vertically-integrated medical marijuana treatment center in Florida, in exchange for approximately $48.6 million in cash and Subordinate Voting shares valued at approximately $49.6 million. KSGNF, LLC operates a cultivation/processing facility in Homestead, Florida with six open and operating dispensaries across the state.

**Description of the Business**

***Overview of the Corporation***

Established in 2014 and headquartered in Chicago, Illinois, GTI is promoting well-being through the power of cannabis, while being committed to community and sustainable profitable growth. As of November 30, 2019, GTI has operations across 12 U.S. markets, employs approximately 1,400 people and serves hundreds of thousands of patients and customers annually.

GTI's core business is manufacturing, distributing and marketing a portfolio of owned cannabis consumer packaged goods brands, including Beboe, Dogwalkers, Dr. Solomon's, incredibles, Rythm and The Feel Collection, primarily to third-party licensed retail cannabis stores across the United States as well as to GTI-owned retail stores.

The Corporation's consumer products portfolio is produced in 13 owned and operated manufacturing facilities and consists of stock keeping units ("**SKUs**") across a range of product categories, including flower, pre-rolls, concentrates, vape, capsules, tinctures, edibles, topicals and other cannabis-related products.

GTI also owns and operates two national cannabis retail chains called Rise and Essence, which are relationship-centric retail experiences aimed to deliver a superior level of customer service through high-engagement consumer interaction, a consultative, transparent and education-forward selling approach and a consistently available assortment of cannabis products. As of December 17, 2019, the Company had 36 open and operating retail locations, with the ability to open a total of 96 stores.

***Financial Highlights and Revenue Streams***

The Corporation has consolidated financial statements across its operating businesses with revenue from the manufacture, sale and distribution of branded cannabis products to third-party licensed retail customers as well as the sale of finished products to consumers in its retail stores.

The percentage of total revenue contributed by consumer products operations was 48%, 40% and 33% for the years ended December 31, 2016, 2017 and 2018, respectively. The percentage of total revenue contributed by retail operations was 52%, 60% and 67% for the years ended December 31, 2016, 2017 and 2018, respectively. See Item 2—"Financial Information" for details on key financial highlights.

As of the nine months ended September 30, 2019, GTI has operating revenue in 11 of its 12 markets (California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New York, Ohio and Pennsylvania) and ramp up expenses related to the build out of New Jersey as a new market in preparation for revenue generation over the next three months.

***Geographic Information***

GTI operates in 12 U.S. states: California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio and Pennsylvania.

**OUR NATIONAL FOOTPRINT**
**12 Markets**

***Product Research, Design and Development***

The Corporation's branded products portfolio includes SKUs across a range of product categories, including flower, pre-rolls, concentrates, vape, capsules, tinctures, edibles, topicals and other cannabis-related products.

GTI engages in research and development activities focused on developing new extracted or infused cannabis consumer packaged products.

***Manufacturing***

Our branded products are produced in manufacturing facilities across 12 U.S. states in which the primary activity is the cultivation, processing and manufacture of cannabis consumer packaged goods.

The majority of our finished goods production is manufactured by our owned production facilities. However, we also have entered into manufacturing agreements with third parties, primarily for our cannabidiol ("**CBD**") business lines, none of which account for more than 1% of finished goods production.

We aim to maintain strict brand and quality assurance standards and have implemented standard operating procedures across all production facilities to ensure continuity of product and consistent consumer experience across all operating markets.

***Sources and Availability of Materials***

Almost all of the raw material input, except packaging materials, used by the Corporation to produce finished cannabis consumer packaged goods are cultivated or processed internally for further use in the manufacturing process.

***Significant Customers***

Customers of our consumer packaged goods business include legal state-licensed cannabis dispensaries within each U.S. state in which we operate, as well as national retail channels, including department stores and specialty boutiques. The majority of our branded consumer packaged goods are distributed to unrelated third-party licensed retail cannabis stores. GTI is not dependent upon a single customer, or a few customers, the loss of any one or more of which would have a material adverse effect on the business. No customer accounted for 10% or more of our consolidated net revenue during fiscal 2018.

***Merchandise***

To meet the array of unique customer needs, we offer a variety of cannabis products at each of our Rise and Essence stores, totaling thousands of SKUs in managed inventory, comprehensive of product categories including flower, concentrates, topicals (bath and beauty products) and edibles (confection, beverages, snacks).

We leverage our owned retail channel, Rise and Essence, to distribute our branded product portfolio, such as Beboe, Dogwalkers, Dr. Solomon's, incredibles, Rythm and The Feel Collection, among others.

All products sold have passed state-mandated third-party testing as required by applicable law to help assure that they do not contain impermissible levels of toxins, microbials and other harmful substances, are inventoried in comprehensive seed-to-sale tracking software to minimize product slippage and deviated inventory and meet the Corporation's vendor requirements for quality assurance and reliability.

***Omnichannel Distribution***

Products sold at Rise and Essence are delivered directly to our stores primarily by our manufacturing and distribution vendor partners.

Our primary retail presence is traditional brick and mortar. However, as regulations allow, we will continue to expand our e-commerce, in-store guest pick-up and direct to consumer delivery capabilities as part of our commitment to providing a consistent retail brand experience no matter where the consumer might be.

***Intellectual Property—Patents and Trademarks***

We believe that brand protection is critical to our business strategy. We own or have licenses under patents and registered trademarks, which are used in connection with our activity in all businesses. Our success depends upon other areas of our business such as product development and design, production and marketing and not exclusively upon patents and trade secrets.

From the time the Corporation became licensed to cultivate marijuana, we have developed proprietary cultivation techniques. The Corporation has also developed certain proprietary intellectual property for operating butane extraction, carbon dioxide extraction and ethanol extraction machinery, including production best practices, procedures and methods. This requires specialized skills in cultivation, extraction and refining.

The Corporation relies on non-disclosure/confidentiality agreements to protect its intellectual property rights. To the extent the Corporation describes or discloses its proprietary cultivation or extraction techniques in its applications for cultivation or processing licenses, the Corporation redacts or requests redaction of such information prior to public disclosure. GTI is in the process of applying for U.S. patents.

The Corporation owns several website domains, including www.gtigrows.com, numerous social media accounts across all major platforms and various phone and web application platforms.

GTI has successfully registered 20 trademarks across three countries and nine states for brands offered within those jurisdictions and has additional trademark applications pending. GTI is in the process of registering several brands for trademark protection at the Canadian federal level, U.S. federal level and/or in the states in which the brands are offered, including Beboe, Dogwalkers, Dr. Solomon's, incredibles, Rythm and The Feel Collection. GTI anticipates feedback on outstanding submitted applications on a rolling basis. As such, GTI will continue to rely on common law protection for these brands during the trademark registration process. Moreover, GTI will proactively seek intellectual property protection for brand expansions in current markets as well as any new market expansion. For additional details on the risks associated with the lack of trademark protection, see Item 1A—"Risk Factors" with respect to intellectual property.

For incredibles and Beboe branded cannabis products, the Corporation has entered into licensing and distribution contracts with third parties that hold licenses to engage in the sale of cannabis. Such third parties directly engage in or arrange for the sourcing, manufacturing, laboratory testing, quality assurance, storage, marketing, sales, distribution and delivery of products containing cannabis and remit licensing fees to the Corporation.

***Working Capital***

Effective inventory management is critical to the Corporation's ongoing success and the Corporation uses a variety of demand and supply forecasting, planning and replenishment techniques. The Corporation strives to maintain sufficient levels of inventory of core product categories, maintain positive vendor and customer relationships and carefully plan to minimize markdowns and inventory write-offs.

For additional details on liquidity and Capital Resources, see Item 2—"Management's Discussion and Analysis of Financial Condition and Results of Operations."

***Number of Employees***

As of November 30, 2019, GTI employs approximately 1,400 team members nationwide including corporate, retail, manufacturing and part-time employees, including but not limited to: finance and accounting, legal and compliance, supply chain and operations, sales and marketing, commercial and cannabis agriculture, chemists, customer service, construction and project management, real estate and human resources. We offer a comprehensive package of company-sponsored benefits to our team. Eligibility depends on the full-time or part-time status, location and other factors, and benefits include 401(k), medical and dental plans, disability insurance, employee assistance programs and life insurance. Additionally, we believe in aligned incentives and utilize employee stock and incentive plans for a competitive total rewards program.

***Environmental Compliance***

Expenditures for compliance with federal, state and local environmental laws and regulations are consistent from year to year and are not material to the Corporation's financials. The Corporation is compliant with all applicable regulations and does not use materials that would pose any known risk under normal conditions.

**Competitive Conditions and the Corporation's Position in the Industry**

***Competition***

The markets in which the Corporation's products are distributed and its retail stores are operated are highly competitive markets. The Corporation's operations exist in markets with relatively high barriers to entry given the licensed nature of the cannabis industry. The Corporation competes directly with cannabis producers and retailers within single-state operating markets, as well as those that operate across several U.S. markets. More broadly, GTI views manufacturers of other consumer products, such as those in the pharmaceuticals, alcohol,

tobacco, health and beauty and functional wellness industries, as potential competitors. Product quality, performance, new product innovation and development, packaging, customer experience and consumer price/value are important differentiating factors.

The Corporation faces intense competition from other companies that may have a longer operating history, a higher capitalization, additional financial resources, more manufacturing and marketing experience, greater access to public equity and debt markets and more experienced management than the Corporation. Increased competition by larger and better financed competitors could materially affect the business, financial condition and results of operations of the Corporation. The vast majority of both manufacturing and retail competitors in our markets consist of localized businesses (i.e. doing business in only a single state market). There are a few multistate operators with whom the Corporation competes directly in several of the Corporation's operating markets. Aside from this direct competition, out-of-state operators that are capitalized well enough to enter those markets through acquisitions are also part of the competitive landscape. Similarly, as the Corporation executes its national U.S. growth strategy, operators in our future state markets will inevitably become direct competitors.

Because of the early stage of the industry in which the Corporation operates, the Corporation faces additional competition from new entrants. If the number of consumers of medical and adult use cannabis in the states in which the Corporation operates its business increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Corporation will require a continued high level of investment in research and development, marketing, sales and client support. The Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of its operations.

See Item 1A—"Risk Factors" with respect to competition.

***Medical-Only Markets***

All of the medical-only markets that the Corporation does business in (Illinois until January 1, 2020, Connecticut, Florida, Maryland, New Jersey, New York, Ohio and Pennsylvania) have written regulations that impose limitations on the number of cannabis business licenses that can be awarded. In each of these markets, the Corporation has a proven track record of: (i) entering the market through state-granted awards based on the merit of its application and business plans; and/or (ii) expanding market reach through accretive mergers, acquisitions and partnership ventures.

***Adult Use Markets***

The adult use markets in which the Corporation operates in (Illinois as of January 1, 2020, California, Colorado, Massachusetts and Nevada) have fewer barriers to entry and more closely reflect free market dynamics typically seen in mature retail and manufacturing industries. The growth of these markets poses a risk of increased competition. However, given the Corporation's additional growth opportunities as an original operator in these states, which have historically been limited supply markets, management views the Corporation's market share as less at risk than operators without a current operating footprint.

**Overview of Government Regulation**

Below is a discussion of the federal and state-level regulatory regimes in those jurisdictions where the Corporation is currently directly involved through its subsidiaries. The Corporation's subsidiaries are directly engaged in the manufacture, possession, sale or distribution of cannabis in the adult use and/or medicinal cannabis marketplace in the states of California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio and Pennsylvania.

***Federal Regulation of Cannabis***

In 2005, the U.S. Supreme Court ruled that Congress has the power to regulate cannabis.

The U.S. federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the "**CSA**"), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I controlled substance. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse. The Department of Justice (the "**DOJ**") defines Schedule I drugs, substances or chemicals as "drugs with no currently accepted medical use and a high potential for abuse." However, the Food and Drug Administration (the "**FDA**") has approved Epidiolex, which contains a purified form of the drug CBD, a non-psychoactive ingredient in the cannabis plant, for the treatment of seizures associated with two epilepsy conditions. The FDA has not approved cannabis or cannabis compounds as a safe and effective drug for any other condition. Moreover, under the 2018 Farm Bill or Agriculture Improvement Act of 2018 (the "**Farm Bill**"), CBD remains a Schedule I controlled substance under the CSA, with a narrow exception for CBD derived from hemp with a tetrahydrocannabinol ("**THC**") concentration of less than 0.3%.

Marijuana is largely regulated at the state level.

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

As of November 30, 2019, 33 states, plus the District of Columbia (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands and the Northern Mariana Islands), have legalized the cultivation and sale of cannabis for medical purposes. In 11 states, the sale and possession of cannabis is legal for both medical and adult use, and the District of Columbia has legalized adult use but not commercial sale.

The risk of federal enforcement and other risks associated with the Corporation's business are described in Item 1A—"Risk Factors."

**Regulation of the Cannabis Market at State and Local Level**

Following the thesis that distributing brands at scale will win, the Corporation enters markets where it believes that it can profitably and sustainably operate and command significant market share, and thus maximize consumer and brand awareness. The regulatory frameworks installed by the states, which are similar to the limited and controlled issuance of gaming or alcohol distributorship licenses, provide macro-level indication of whether certain state markets will be sustainable and profitable.

Below is a summary overview of the regulatory and competitive frameworks in each of the Corporation's operating markets, as well as markets in which the Corporation intends to operate in the in the near future. See Appendix A to this Form 10 for a state-by-state list of the licenses and permits held by the Corporation.

California

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996. This legalized the use, possession and cultivation of medical marijuana by

patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine or any other illness for which marijuana provides relief. In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills collectively known as the Medical Cannabis Regulation and Safety Act ("**MCRSA**"). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. In November 2016, voters in California overwhelmingly passed Proposition 64, the Adult Use of Marijuana Act ("**AUMA**") creating an adult use marijuana program for adults 21 years of age or older. Some provisions of AUMA conflicted with MCRSA, so the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult Use Cannabis Regulation and Safety Act ("**MAUCRSA**") in June 2017, amalgamating MCRSA and AUMA to provide a single set of regulations to govern a medical and adult use licensing regime for cannabis businesses in the State of California. MAUCRSA went into effect on January 1, 2018.

The three agencies that regulate cannabis at the state level are: (a) the California Department of Food and Agriculture, via CalCannabis, which issues licenses to cannabis cultivators; (b) the California Department of Public Health, via the Manufactured Cannabis Safety Branch, which issues licenses to cannabis manufacturers; and (c) the California Department of Consumer Affairs, via the Bureau of Cannabis Control, which issues licenses to cannabis distributors, testing laboratories, retailers and micro-businesses.

On June 6, 2018, a proposal by the California Department of Consumer Affairs, the California Department of Public Health and the California Department of Food and Agriculture to re-adopt their emergency cannabis regulations went into effect. Among the changes, applicants may now complete one license application, allowing for both medical and adult use cannabis activity. On January 16, 2019, California's three state cannabis licensing authorities announced that the Office of Administrative Law officially approved state regulations for cannabis businesses. The final cannabis regulations took effect immediately and superseded the previous emergency regulations.

In order to legally operate a medical or adult use cannabis business in California, the operator must have both a local and state license. This requires license holders to operate in cities with 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.

*California License and Regulations*

There are three principal license categories in California: (1) cultivation, (2) processing and (3) retailer. A license holder that does not submit a completed license renewal application to the state within 30 calendar days after the expiration of a current license forfeits their eligibility to apply for a license renewal and, instead, would be required to submit a new license application.

Currently, the Corporation does not have any operational licenses in the State of California. GTI has been granted conditional licenses, permitting the Corporation to retail medical and adult use cannabis and cannabis related products. GTI has been awarded approval to proceed with the next steps in the application process for the entities listed on Appendix A to this Form 10.

Cultivation licenses permit commercial cannabis cultivation activity involving the planting, growing, harvesting, drying, curing, grading or trimming of cannabis. Such licenses further permit the production, labeling and packaging of a limited number of non-manufactured cannabis products and permit the licensee to sell cannabis to certain licensed entities (both medical and adult use licensees) within the State of California for resale or manufacturing purposes.

Processing licenses authorize manufacturers to process marijuana biomass into certain value-added products with the use of volatile or non-volatile solvents, depending on the license type.

Retailer licenses permit the sale of cannabis and cannabis products to both medical patients and adult use customers. Only certified physicians may provide medicinal marijuana recommendations. An adult use retailer license permits the sale of cannabis and cannabis products to any adult 21 years of age or older. It does not require the individual to possess a physician's recommendation. Under the terms of such licenses, the holder is permitted to sell adult use cannabis and cannabis products to any person, provided the local jurisdiction permits the sale of adult use cannabis and the person presents a valid government-issued photo identification demonstrating that they are 21 years of age or older.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in California.

*California Reporting Requirements*

The California Cannabis Track-and-Trace ("**CCTT**") system is the T&T system used statewide to record the inventory and movement of cannabis and cannabis products through the commercial cannabis supply chain from seed to sale. The CCTT system must be used by all annual and provisional cannabis licensees, including those with licenses for cannabis cultivation, manufacturing, retail, distribution, testing labs and microbusinesses. The state's contracted service provider for the CCTT system is METRC. Licensees are required to maintain records for at least seven years from the date a record is created.

Colorado

On November 7, 2000, Colorado voters approved Amendment 20, which amended the state constitution to allow the use of marijuana in the state by approved patients with written medical consent. Conditions recognized for medical marijuana in Colorado include: cancer, chronic pain, epilepsy, HIV/AIDS, multiple sclerosis and nausea.

Amendment 64 passed on November 6, 2012, which amended the state constitution to establish a cannabis program in Colorado and permit the commercial cultivation, manufacture and sale of marijuana to adults 21 years of age or older. The commercial sale of marijuana for adult use to the general public began on January 1, 2014 at cannabis businesses licensed under the regulatory framework.

In Colorado, cannabis businesses must comply with local licensing requirements in addition to state licensing requirements in order to operate. Colorado localities are allowed to limit or prohibit the operation of marijuana cultivation facilities, product manufacturing facilities or retail dispensary facilities.

*Colorado License and Regulations*

There are three principal license categories in Colorado: (1) cultivation, (2) product manufacturer and (3) medical center/retail store. Each facility is authorized to engage only in the type of activity for which it is licensed. A licensee must apply for renewal before the expiration date of a license.

The Corporation does not have any licenses in the State of Colorado. The Corporation has entered into licensing and distribution contracts with third parties that hold licenses to engage in the sale of cannabis in Colorado for incredibles and Beboe branded cannabis products. Such third parties directly engage in or arrange for the sourcing, manufacturing, laboratory testing, quality assurance, storage, marketing, sales, distribution and delivery of products containing cannabis and remit licensing fees to GTI. See Item 1—"Intellectual Property—Patents and Trademarks" for details on licenses with respect to operations in Colorado.

Regulations for the production and sale of marijuana in Colorado are published through the Marijuana Enforcement Division of the Department of Revenue (the "**MED**").

*Colorado Reporting Requirements*

Colorado uses METRC as the MED's marijuana inventory tracking system for all medical and adult use licensees. Marijuana is required to be tracked and reported with specific data points from seed to sale through METRC for compliance purposes under Colorado marijuana laws and regulations.

Connecticut

The State of Connecticut has authorized cultivation, possession and distribution of marijuana for medical purposes by certain licensed Connecticut marijuana businesses. The Medical Marijuana Program in Connecticut (the "**CT Program**") registers qualifying patients, primary caregivers, Dispensary Facilities ("**DFs**") and Dispensary Facility Employees ("**DFEs**"). The CT Program was established by Connecticut General Statutes §§ 21a-408–21a-429. DFs and production facilities are separately licensed.

Connecticut's medical cannabis program was introduced in May 2012 when the General Assembly passed legislation PA 12-55 "An Act Concerning the Palliative Use of Marijuana."

The program launched with six dispensary licensees and four producer licensees. The first dispensaries sold to patients in September 2014.

In January 2016, the Connecticut Department of Consumer Protection ("**CTDCP**"), the agency that oversees and administers the program, approved three additional dispensary licenses. In December 2018, the CTDCP issue nine additional dispensary licenses, bringing the total to 18 licensed dispensaries in the state. As of November 2019, 15 of these dispensaries were operational.

*Connecticut Licenses and Regulations*

There are two principal license categories in Connecticut: (1) cultivation/processing and (2) dispensary. The Corporation is licensed to operate one medical marijuana cultivation/processing facility and two medical marijuana dispensaries. All licenses are, as of the date hereof, active with the State of Connecticut. The licenses are independently issued for each approved activity for use at the Corporation's facilities in Connecticut.

The CTDCP has issued regulations regarding the CT Program. Patients with certain debilitating medical conditions qualify to participate in the CT Program. A physician or advanced practice registered nurse must issue a written certification for a CT Program patient, and the qualifying patient or caregiver must choose one designated DF where the patient's marijuana will be obtained. Under the CT Program, dispensary licenses are renewed annually. Renewal applications must be submitted 45 days prior to license expiration and any renewal submitted more than 30 days after expiration will not be renewed.

Medical marijuana cultivation/processing licenses permit the Corporation to operate a secure, indoor facility to cultivate and process medical marijuana and wholesale to dispensaries.

Medical marijuana dispensary facility licenses qualify a dispensary to purchase medical cannabis from licensed medical cannabis producers and to dispense cannabis to qualifying patients or primary caregivers that are registered under the CT Program. Dispensaries must have a pharmacist on staff.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in Connecticut.

*Connecticut Reporting Requirements*

Connecticut does not mandate the use of a particular unified T&T system by which all dispensary license holders submit data directly to the state. However, the CT Program does provide strict guidelines for reporting

via the license holder's T&T program. Every cannabis sale must be documented at the point of sale, including recording the date. At least once per day, all sales must be uploaded via the T&T system to the Connecticut Prescription Monitoring Program which accumulates and tracks medical cannabis purchases across all Connecticut dispensaries.

Florida

In 2014, the Florida Legislature passed the Compassionate Use Act, which was the first legal medical cannabis program in the state's history. The original Compassionate Use Act only allowed for low-THC cannabis to be dispensed and purchased by patients suffering from cancer and epilepsy. In 2016, the Legislature passed the Right To Try Act which allowed for full potency cannabis to be dispensed to patients suffering from a diagnosed terminal condition. Also in 2016, the Florida Medical Marijuana Legalization Initiative was introduced by citizen referendum and passed on November 8. This language, known as "Amendment 2," amended the state constitution and mandated an expansion of the state's medical cannabis program.

Amendment 2, and the resulting expansion of qualifying medical conditions, became effective on January 3, 2017. The Florida Department of Health, physicians, dispensing organizations and patients are bound by Article X Section 29 of the Florida Constitution and Florida Statutes Section 381.986. On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017.

The State of Florida Statutes Section 381.986(8)(a) provides a regulatory framework that requires licensed producers, which are statutorily defined as "Medical Marijuana Treatment Centers" (the "**MMTC**"), to cultivate, process and dispense medical cannabis in a vertically-integrated marketplace.

*Florida Licenses and Regulations*

There is one principal license category in Florida: vertically-integrated MMTC license. The Corporation is licensed to operate one medical cannabis cultivation/processing facility and up to 35 medical dispensaries. All licenses are, as of the date hereof, active with the State of Florida. The licenses are independently issued for each approved activity for use at the Corporation's facilities in Florida.

Licenses are issued by the Florida Department of Health and must be renewed biennially, provided the license meets the requirements under Florida law and the license holder pays a renewal fee. License holders can only own one license. Currently, the dispensaries can be in any geographic location within the state, provided that the local municipality's zoning regulations authorize such a use, the proposed site is zoned for a pharmacy and the site is not within 500 feet of a church or school.

The MMTC license permits the Corporation to sell medical cannabis to qualified patients to treat certain medical conditions in Florida, which are delineated in Florida Statutes Section 386.981. As the Corporation's operations in Florida are vertically-integrated, the Corporation is able to cultivate, harvest, process and sell/dispense/deliver its own medical cannabis products. Under the terms of its Florida license, the Corporation is permitted to sell medical cannabis only to qualified medical patients that are registered with the State. Only certified physicians who have successfully completed a medical cannabis educational program can register patients on the Florida Office of Compassionate Use Registry.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in Florida.

*Florida Reporting Requirements*

The Florida Department of Health requires that any licensee establish, maintain and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the

Florida Department of Health to this data. The tracking system must allow for integration of other seed-to-sale systems and, at minimum, include notification of when marijuana seeds are planted, when marijuana plants are harvested and destroyed and when cannabis is transported, sold, stolen, diverted or lost. Additionally, the Florida Department of Health maintains a patient and physician registry, and the Corporation must comply with all requirements and regulations related to providing required data or proof of key events to the tracking system.

Illinois

The *Compassionate Use of Medical Cannabis Program Act*, which allows individuals diagnosed with a debilitating medical condition access to medical marijuana, became effective January 1, 2014 and is now permanent. There are more than 40 qualifying conditions as part of the medical program, including chronic pain, migraines, epilepsy, traumatic brain injury and post-traumatic stress disorder ("**PTSD**"). Licenses were awarded based on merit in a highly competitive application process to applicants who demonstrated strong operational expertise and financial backing.

On May 31, 2019, Illinois lawmakers passed a bill legalizing adult use marijuana. The bill will permit adult use sales to adults 21 years of age or older beginning on January 1, 2020. Governor J.B. Pritzker signed the bill into law, making Illinois the 11th state to legalize the adult use and commercial sale of cannabis to adults.

*Illinois Licenses and Regulations*

There are two principal license categories in Illinois: (1) cultivation/processing and (2) dispensary. The Corporation is licensed to grow cannabis for medical and adult use sales at the Corporation's two cultivation/processing facilities. The Corporation has applied for and received state approval for its five existing medical dispensary retail locations in Illinois to also make sales to adult use customers, subject to local zoning approval. The Corporation can also apply for and receive five "secondary" adult use dispensary licenses, subject to local zoning approval, which by law will serve only adult use customers, not medical patients. That will bring the Corporation to a total of ten dispensary licenses in Illinois, which is the statutory cap. All licenses are, as of the date hereof, active with the State of Illinois. The licenses are independently issued for each approved activity for use at the Corporation's facilities in Illinois.

All cultivation/processing establishments must register with Illinois Department of Agriculture. All dispensaries must register with the Illinois Department of Financial and Professional Regulation. If applications contain all required information, establishments are issued a marijuana establishment registration certificate. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Pursuant to Illinois law, registration renewal applications must be received 45 days prior to expiration and may be denied if the license has a history of non-compliance and penalties.

The cultivation/processing licenses permit the Corporation to acquire, possess, cultivate, manufacture/process into edible marijuana products and/or marijuana-infused products, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to marijuana dispensaries.

The retail dispensary licenses permit the Corporation to purchase marijuana and marijuana products from cultivation/processing facilities, as well as allow the sale of marijuana and marijuana products.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in Illinois.

*Illinois Reporting Requirements*

The state of Illinois uses BioTrack as the state's computerized track-and-trace ("**T&T**") system for seed-to-sale reporting. Individual licensees, whether directly or through third-party integration systems, are required to push data to the state to meet all reporting requirements. The Corporation uses an in-house computerized seed-to-sale software, which integrates with the state's BioTrack program and captures the necessary data points as required in the Illinois Compassionate Use of Medical Cannabis Program Act.

Maryland

In 2012, a state law was enacted in Maryland to establish a state-regulated medical marijuana program. Legislation was signed in May 2013 and the program became operational on December 1, 2017. The Maryland Medical Cannabis Commission (the "**MMCC**") regulates the state program and awarded operational licenses in a highly competitive application process. 102 dispensary licenses were awarded out of a pool of over 800 applicants, while an original 15 cultivation licenses were awarded out of a pool of over 150 applicants. In April 2018, Maryland lawmakers agreed to expand the state's medical marijuana industry by authorizing an additional 20 licenses, seven for cultivation and 13 for processing. The state program was written to allow access to medical marijuana for patients with any condition that is considered "severe" for which other medical treatments have proven ineffective, including: chronic pain, nausea, seizures, glaucoma and PTSD.

*Maryland Licenses and Regulations*

There are three principal license categories in Maryland: (1) cultivation, (2) processing and (3) dispensary. The Corporation has control and/or ownership over one cultivation license, one processing license and three retail dispensaries. All licenses are, as of the date hereof, active with the State of Maryland. The licenses are independently issued for each approved activity for use at the Corporation's facilities in Maryland.

All cultivation, processing and dispensary establishments must register with the MMCC under the provisions of the Maryland Medical Cannabis Law, Section 13-3301 et seq. If applications contain all required information, establishments are issued a medical marijuana establishment registration certificate. Registration certificates are valid for a period of six years and are subject to annual renewals after required fees are paid and the business remains in good standing. After the first expiration of the approved license, the dispensary, cultivation and processing licensee is required to renew every two years. Licensees are required to submit a renewal application per the guidelines published by the MMCC. 90 days prior to the expiration of a license, the MMCC notifies the licensee of the date on which the license expires and provides the instructions and fee required to renew the license along with the consequences of failure to renew. At least 30 business days before a license expires, the licensee must submit the renewal application as provided by the MMCC.

The medical cultivation licenses permit the Corporation to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of medical marijuana products and/or medical marijuana-infused products or other medical marijuana cultivation facilities.

The medical processing license permits the Corporation to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell marijuana products or marijuana-infused products to other medical marijuana production facilities or medical marijuana dispensaries.

The retail dispensary licenses permit the Corporation to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other medical marijuana dispensaries, as well as allow the sale of marijuana and marijuana products.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in Maryland.

*Maryland Reporting Requirements*

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

Massachusetts

Massachusetts legalized medical marijuana when voters passed a ballot initiative in 2012. The Massachusetts Medical Use of Marijuana Program was formed pursuant to the Act for the Humanitarian Medical Use of Marijuana. Adult use marijuana became legal in Massachusetts as of December 15, 2016, following a ballot initiative in November 2016. Dispensaries for the adult use of cannabis in Massachusetts began operating in July 2018.

In Massachusetts, Registered Marijuana Dispensaries ("**RMDs**") are "vertically-integrated," which means RMDs grow, process and dispense their own marijuana. An RMD must have a retail facility, as well as cultivation and processing operations. Some RMDs elect to conduct cultivation, processing and retail operations all in one location, which is commonly referred to as a "co-located" operation. An RMD may also choose to have a retail dispensary in one location and grow marijuana at a remote cultivation location. An RMD may process marijuana at either a retail dispensary location or a remote cultivation location. The remote cultivation location need not be in the same municipality, or the same county, as the retail dispensary.

*Massachusetts Licenses and Regulations*

There is one principal license category in Massachusetts: vertically-integrated RMD license. The Corporation is licensed to operate one medical and adult use cultivation/processing facility and up to three medical and adult use retail dispensaries. All licenses are, as of the date hereof, active with the State of Massachusetts. The licenses are independently issued for each approved activity for use at the Corporation's facilities in Massachusetts.

The Massachusetts Department of Public Health was the regulatory body that oversaw the original Massachusetts medical program, including all cultivation, processing and dispensary facilities. The Cannabis Control Commission (the "**CCC**"), a regulatory body created in 2018, now oversees the medical and adult use programs, including licensing of cultivation, processing and dispensary facilities. Licensed medical dispensaries are given priority status in adult use licensing.

Each Massachusetts dispensary, cultivator and processor license is valid for one year and must be renewed no later than 60 calendar days prior to expiration. The CCC can deny or revoke licenses and renewals for multiple reasons, including (a) submission of materially inaccurate, incomplete or fraudulent information, (b) failure to comply with any applicable law or regulation, including laws relating to taxes, child support, workers compensation and insurance coverage, (c) failure to submit or implement a plan of correction, (d) attempting to assign registration to another entity, (e) insufficient financial resources, (f) committing, permitting, aiding or abetting of any illegal practices in the operation of the RMD, (g) failure to cooperate or give information to relevant law enforcement related to any matter arising out of conduct at an RMD and (h) lack of responsible RMD operations, as evidenced by negligence, disorderly or unsanitary facilities or permitting a person to use a registration card belonging to another person.

The RMD license permits the Corporation to cultivate, process and dispense medical and adult use cannabis.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in Massachusetts.

*Massachusetts Reporting Requirements*

The Commonwealth of Massachusetts uses the MMJ Online system through the Virtual Gateway portal as the state's computerized T&T system for seed-to-sale reporting. Individual licensees, whether directly or through third-party integration systems, are required to push data to the state to meet all reporting requirements. The Corporation uses an in-house computerized seed-to-sale software, which integrates with the state's program and captures the required data points for cultivation, manufacturing and retail as required in the Massachusetts marijuana laws and regulations.

Nevada

Nevada became a medical marijuana state in 2001. In 2013, the Nevada legislature passed SB374, providing for state licensing of medical marijuana establishments. On November 8, 2016, Nevada voters passed NRS 435D by ballot initiative allowing for the sale of marijuana for adult use starting on July 1, 2017. In 2018, the Nevada Department of Taxation (the "**DOT**") opened up applications for additional adult use marijuana dispensary licenses. Only those companies that held medical marijuana licenses in the state could apply. In December 2018, 61 additional marijuana dispensary licenses were issued by the DOT.

*Nevada Licenses and Regulations*

There are three principal license categories in Nevada: (1) cultivation, (2) processing and (3) dispensary. The Corporation is licensed to operate two medical and adult use cultivation facilities, three medical and adult use processing facilities, five medical dispensary licenses and up to 13 adult use retail locations. All licenses are, as of the date hereof, active with the State of Nevada. The licenses are independently issued for each approved activity for use at the Corporation's facilities in Nevada.

Under applicable laws, the licenses permit the Corporation to cultivate, manufacture, process, package, sell and purchase marijuana pursuant to the terms of the licenses, which are issued by the DOT under the provisions of Nevada Revised Statutes section 453A. If applications contain all required information, establishments are issued a marijuana establishment registration certificate. In a local governmental jurisdiction that issues business licenses, the issuance by DOT of a marijuana establishment registration certificate is considered provisional until the local government has issued a business license for operation and an establishment is in compliance with all applicable local governmental ordinances. Final registration certificates are valid for a period of one year and the Nevada DOT shall issue a renewal license within ten days after the receipt of a renewal application and applicable fee if the license is not then under suspension or has not been revoked.

The cultivation licenses permit the Corporation to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to marijuana dispensaries, facilities for the production of edible marijuana products and/or marijuana-infused products or other marijuana cultivation facilities.

The processing license permits the Corporation to acquire, possess, manufacture, deliver, transfer, transport, supply or sell edible marijuana products or marijuana-infused products to other marijuana production facilities or marijuana dispensaries.

The retail dispensary licenses permit the Corporation 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.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in Nevada.

*Nevada Reporting Requirements*

The state of Nevada uses Marijuana Enforcement Tracking Regulation and Compliance ("**METRC**") as the state's computerized T&T system for seed-to-sale reporting. Individual licensees, whether directly or through

third-party integration systems, are required to push data to the state to meet all reporting requirements. The Corporation has designated an in-house computerized seed-to-sale software that integrates with METRC via API, which captures the required data points for cultivation, manufacturing and retail as required in Nevada Revised Statutes section 453A.

New Jersey

On January 18, 2010, the governor of New Jersey signed into law S.119, the Compassionate Use Medical Marijuana Act (the "**NJ Act**"), permitting the use of medical cannabis for persons with certain debilitating conditions. The law permits the New Jersey Department of Health ("**NJDOH**") to create rules to add other illnesses to the permitted conditions. The NJ Act mandates that cannabis must be acquired through Alternative Treatment Centers (each an "**ATC**") licensed by the State.

A single ATC license allows for the cultivation, processing and dispensing of medical marijuana products. Originally, each ATC was permitted to open one dispensary. With the *Executive Order 6 Report*, each ATC can now open two additional satellite dispensaries within their NJDOH-designated region for a total of three dispensaries each, as well as satellite production facilities, subject to regulatory approval.

On March 27, 2018 through executive order No. 6 (2018), Governor Phil Murphy expanded the medical marijuana program, announcing the 20-plus recommendations presented by the NJDOH on March 23, 2018. The NJDOH's recommendations and next steps included certain measures that took effect immediately (e.g. the addition of debilitating conditions and the reduction of registration fees) and other recommendations (e.g. the home delivery model) that require further regulatory or statutory enactment.

On July 2, 2019, Governor Phil Murphy signed the Jake Honig Compassionate Use Medical Cannabis Act into law ("**CUMCA**"), which amended the NJ Act. Previously, New Jersey law only permitted applicants to apply for vertically-integrated licenses. Under CUMCA, the permit process includes three different permit types. The new permit types are medical cannabis cultivator, dispensary and manufacturer permits, which are to be applied for individually. The vertically-integrated ATC will continue to be able to cultivate, manufacture and dispense medical cannabis. These new permit types are still in the application stage and have not yet been awarded.

*New Jersey Licenses and Regulations*

There is currently one principal license category in New Jersey: vertically-integrated ATC license. The Corporation is licensed to operate one medical cultivation and processing facility and up to three retail medical cannabis dispensaries in the state of New Jersey. All licenses are, as of the date hereof, active with the State of New Jersey. The licenses are independently issued for each approved activity for use at the Corporation facilities in New Jersey.

The NJDOH is responsible for issuing permits and administering the NJ Act to ensure qualifying patients' access to safe cannabis for medical use in New Jersey.

ATC permits expire annually on December 31. A permit renewal application must be submitted at least 60 days prior to the expiration date. An ATC that seeks to renew its permit shall submit to the permitting authority an application for renewal with all required documentation and the required fees. Prior to the issuance of any permit, the Corporation must certify that it submits to the jurisdiction of the courts of the State of New Jersey and agrees to comply with all the requirements of the laws of New Jersey pertaining to New Jersey's Medicinal Marijuana Program.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in New Jersey.

*New Jersey Reporting Requirements*

New Jersey does not have a unified T&T system. All information is forwarded to the medical marijuana program through email. The ATC collects and submits to the NJDOH for each calendar year statistical data on (a) the number of registered qualified patients and registered primary caregivers, (b) the debilitating medical conditions of the qualified patients, (c) patient demographic data, (d) summary of the patient surveys and evaluation of services and (e) other information as the NJDOH may require. The ATC must retain records for at least two years. The Corporation also uses an in-house computerized seed-to-sale software, which captures the required data points for cultivation, manufacturing and retail as required in the New Jersey marijuana laws and regulations.

New York

In July 2014, the New York Legislature and Governor enacted the Compassionate Care Act (the "**CCA**") to provide a comprehensive, safe and effective medical marijuana program. The CCA provides access to the program for those who suffer from qualifying serious conditions including: cancer, HIV/AIDS, ALS and PTSD. The program allows ten "**Registered Organizations**" to hold vertically-integrated licenses and service qualified patients and caregivers. Each Registered Organization has one cultivation/processing license and four dispensary licenses.

Under the terms of licenses in the state of New York, licensees are permitted to sell medical marijuana manufactured products that are approved by the New York State Department of Health ("**NYSDOH**") to any qualified patient who possesses a physician's recommendation, provided that the patient presents a valid government-issued photo identification and NYSDOH-issued Registry Identification Card proving that the patient or designated caregiver meets the statutory conditions to be a qualified patient or designated caregiver. The card contains the recommendation from the physician and the limitation on form or dosage of medical marijuana.

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

*New York Licenses and Regulations*

There is one principal license category in New York: vertically-integrated license. The Corporation is licensed to operate one medical marijuana cultivation/manufacturing facility and up to four medical marijuana dispensaries. All licenses are, as of the date hereof, active with the State of New York. The licenses are independently issued for each approved activity for use at the Corporation's facilities in New York.

The NYSDOH is the regulatory agency that oversees the medical marijuana program in New York. New York is a vertically-integrated system; however, the state does allow Registered Organizations to wholesale manufactured products to one another. As such, the Corporation has the ability to be vertically-integrated and cultivate, harvest, process, transport, sell and dispense cannabis products. Delivery is allowed from dispensaries to patients, however the delivery plan must be pre-approved by the NYSDOH.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in New York.

*New York Reporting Requirements*

The State of New York has selected BioTrackTHC's system as the state's T&T system used to track commercial cannabis activity and seed-to-sale. The BioTrackTHC system must serve as all Registered

Organizations' patient verification system but is optional as Registered Organizations' tracking system. The Corporation currently uses BioTrackTHC as its seed-to-sale tracking system, but GTI also integrates its in-house seed-to-sale tracking system with BioTrackTHC.

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

Ohio

House Bill 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program allows people with certain medical conditions, upon the recommendation of an Ohio-licensed physician certified by the State Medical Board, to purchase and use medical marijuana. In November 2018, the state issued 12 'Level I' cultivation licenses, which permit up to 25,000 square feet of canopy, and 12 'Level II' cultivation licenses, which permit up to 3,000 square feet of canopy. In June 2018, the state issued 56 dispensary licenses. In August 2018, the state issued seven processing licenses and, over the next few months, issued seven additional processing licenses. In January 2019, the state issued an additional 26 processing licenses for a total of 40 across Ohio. On December 3, 2019, the State of Ohio Board of Pharmacy awarded one additional medical marijuana provisional dispensary license. The licenses were awarded after an extensive review of 376 submitted dispensary applications.

By rule, the State of Ohio Board of Pharmacy is currently limited to issuing up to 60 dispensary licenses across the state. Under the program rules, the Board will consider, on at least a biennial basis, 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.

*Ohio License and Regulations*

There are three principal license categories in Ohio: (1) cultivation, (2) processing and (3) dispensary. The Corporation is licensed to operate one medical marijuana cultivation facility, one medical marijuana processing facility and up to five retail medical marijuana dispensaries in the state of Ohio. All licenses are, as of the date hereof, active with the State of Ohio. The licenses are independently issued for each approved activity for use at the Corporation's facilities in Ohio.

The three following state government agencies are responsible for the operation of Ohio's Medical Marijuana Control Program: (1) the Ohio Department of Commerce oversees medical marijuana cultivators, processors and testing laboratories; (2) the State of Ohio Board of Pharmacy oversees medical marijuana retail dispensaries, the registration of medical marijuana patients and caregivers, the approval of new forms of medical marijuana and coordinating the Medical Marijuana Advisory Committee; and (3) the State Medical Board of Ohio certifies physicians to recommend medical marijuana and may add to the list of qualifying conditions for which medical marijuana can be recommended.

Certificates of operation for dispensaries carry two year terms, while certificates of operation for cultivators and processors must be renewed annually. A certificate of operation will expire on the date identified on the certificate. A dispensary licensee will receive written or electronic notice 90 days before the expiration of its certificate of operation. The dispensary licensee must submit the renewal information at least 45 days prior to the date the existing certificate expires. A processor or cultivator licensee must submit the renewal application at least 30 days prior to the expiration date of the certificate of operation. If a licensee's renewal application is not filed prior to the expiration date of the certificate of operation, the certificate of operation will be suspended for a maximum of 30 days. After 30 days, if the licensee has not successfully renewed the certificate of operation, including the payment of all applicable fees, the certificate of operations will be deemed expired.

The medical cultivation licenses permit the Corporation to acquire, possess, cultivate, manufacture/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 Corporation to manufacture and produce medical marijuana products.

The dispensary licenses will permit the Corporation to purchase marijuana and marijuana products from cultivation and/or processing facilities, as well as allow the sale of marijuana and marijuana products to registered patients.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in Ohio.

*Ohio Reporting Requirements*

Ohio uses METRC as its seed-to-sale tracking system. Licensees are required to use METRC in Ohio to push data to the state to meet all of the reporting requirements. The Corporation integrates its in-house seed-to-sale tracking system with METRC to capture the required data points as required in the Ohio medical marijuana laws and regulations.

Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 under Act 16 and provided access to state residents with one or more of 17 qualifying conditions, including: epilepsy, chronic pain and PTSD. The state originally awarded only 12 licenses to cultivate/process and 27 licenses to operate retail dispensaries (which entitled holders to up to three medical dispensary locations per retail license).

On March 22, 2018, it was announced that the final phase of the Pennsylvania medical marijuana program would initiate its rollout, which included 13 additional cultivation/processing licenses and 23 additional dispensary licenses. Additionally, the list of qualifying conditions was expanded from 17 to 21.

*Pennsylvania Licenses and Regulations*

There are two principal license categories in Pennsylvania: (1) cultivation/processing and (2) dispensary. The Corporation is licensed to operate one medical cultivation/processing facility and up to 18 medical retail locations. All licenses are, as of the date hereof, active with the Commonwealth of Pennsylvania. The licenses are independently issued for each approved activity for use at the Corporation’s facilities in Pennsylvania.

All cultivation/processing establishments and dispensaries must register with Pennsylvania Department of Health. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. The Pennsylvania Department of Health must renew a permit unless it determines the applicant is unlikely to maintain effective control against diversion of medical cannabis and the applicant is unlikely to comply with all laws as prescribed under the Pennsylvania medical marijuana program. Under applicable laws, the licenses permit the license holder to cultivate, manufacture, process, package, sell and purchase medical marijuana pursuant to the terms of the licenses, which are issued by the Pennsylvania Department of Health under the provisions of Medical Marijuana Act and Pennsylvania regulations.

The medical cultivation/processing licenses permit the Corporation to acquire, possess, cultivate, manufacture/process into medical marijuana products and/or medical marijuana-infused products, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries.

The retail dispensary licenses permit the Corporation to purchase marijuana and marijuana products from cultivation/processing facilities, as well as allow the sale of marijuana and marijuana products.

See Appendix A to this Form 10 for a list of the licenses issued to the Corporation with respect to its operations in Pennsylvania.

*Pennsylvania Reporting Requirements*

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

**Compliance with Applicable Federal Law**

The Corporation is in compliance with applicable cannabis licensing requirements and the regulatory framework enacted by each state in which it operates. The Corporation is not subject to any material citations or notices of violation of applicable licensing requirements or the regulatory framework enacted by each applicable state which may have an adverse impact on its licenses, business activities or operations.

The Corporation has in place a detailed compliance program and an internal legal and compliance department and is building out its operational compliance team across all states in which it operates. The Corporation also has external state and local regulatory/compliance counsel engaged in every jurisdiction in which it operates.

The Corporation provides training for all employees, including on the following topics:

- Compliance with state and local laws
- Safe cannabis use
- Dispensing procedures
- Security and safety policies and procedures
- Inventory control
- T&T training session
- Quality control
- Transportation procedures

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

The Corporation monitors all compliance notifications from the regulators and inspectors in each market and timely resolves any issues identified. The Corporation keeps records of all compliance notifications received from the state regulators or inspectors, as well as how and when an issue was resolved. Moreover, the Corporation monitors news sources for information regarding developments at the state and federal level relating to the regulation and criminalization of cannabis.

Further, the Corporation has created comprehensive standard operating procedures that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping and record

retention practices related to inventory. The Corporation also has comprehensive standard operating procedures in place for performing inventory reconciliation, and ensuring the accuracy of inventory tracking and recordkeeping. The Corporation maintains accurate records of its inventory at all licensed facilities. Adherence to the Corporation's standard operating procedures is mandatory and ensures that the Corporation's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements. The Corporation ensures adherence to standard operating procedures by regularly conducting internal inspections and ensures that any issues identified are resolved quickly and thoroughly.

***Federal Law***

The inconsistencies between federal and state regulation of cannabis were addressed in a memorandum which then-Deputy Attorney General James Cole sent to all U.S. District Attorneys in August 2013 (the "**Cole Memorandum**") outlining certain priorities for the DOJ relating to the prosecution of cannabis offenses. The Cole Memorandum acknowledged that, notwithstanding the designation of cannabis as a Schedule I controlled substance at the federal level, several states had enacted laws authorizing the use of cannabis for medical purposes. The Cole Memorandum noted that jurisdictions that have enacted laws legalizing cannabis in some form have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis. As such, conduct in compliance with those laws and regulations is less likely to implicate the Cole Memorandum's enforcement priorities. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis, such as distribution of cannabis from states where cannabis is legal to those where cannabis is illegal, the diversion of cannabis revenues to illicit drug cartels and sales of cannabis to minors.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a new memorandum (the "**Sessions Memorandum**"), which rescinded the Cole Memorandum. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime," and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress by following well-established principles when pursuing prosecutions related to cannabis activities. The Corporation is not aware of any prosecutions of investment companies doing routine business with licensed marijuana related businesses in light of the new DOJ position. However, there can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future. As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities, despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and thus it is uncertain how active U.S. federal prosecutors will be in relation to such activities.

While federal prosecutors appear to continue to use the Cole Memorandum's priorities as an enforcement guide, the Company believes it is too soon to determine what prosecutorial effects will be created by the rescission of the Cole Memorandum and the implementation of the Sessions Memorandum. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale federal enforcement operation would more than likely create unwanted political backlash for the DOJ and the current administration. It is also possible that the revocation of the Cole Memorandum could motivate Congress to reconcile federal and state laws. Indeed, the U.S. House Judiciary Committee approved a bill on November 20, 2019 that removes cannabis from Schedule I of the CSA. This legislation will next be voted upon by the U.S. House of Representatives. If the bill passes the House of Representatives, it will then advance to the U.S. Senate. While Congress is considering legislation that may address these issues, there can be no assurance that such legislation passes. Regardless, at this time, cannabis remains a Schedule I controlled substance at the federal level. The U.S. federal government has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult use cannabis, even if state law authorizes such sale and disbursement. It is unclear whether the risk of enforcement has been altered.

On June 7, 2018, the Strengthening the Tenth Amendment Through Entrusting States Act (the "**STATES Act**") was introduced in the Senate by Republican Senator Cory Gardner of Colorado and Democratic Senator Elizabeth Warren of Massachusetts. A companion bill was introduced in the House by Democratic representative Jared Polis of Colorado. The bill provides in relevant part that the provisions of the CSA, as applied to marijuana, "*shall not apply to any person acting in compliance with state law relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marihuana*." Even though marijuana will remain within Schedule I of the CSA under the STATES Act, the bill makes the CSA unenforceable to the extent it conflicts with state law. In essence, the bill extends the limitations afforded by the protection within the federal budget—which prevents the DOJ and the DEA from using funds to enforce federal law against state-legal medical cannabis commercial activity—to both medical and adult use cannabis activity in all states where it has been legalized. By allowing continued prohibition to be a choice by the individual states, the STATES Act does not fully legalize cannabis on a national level. In that respect, the bill emphasizes states' rights under the Tenth Amendment, which provides that "*the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."* Under the STATES Act companies operating legal cannabis businesses would no longer be considered "trafficking" under the CSA, and this would likely assist financial institutions in transacting with individuals and businesses in the cannabis industry without the threat of money laundering prosecution, civil forfeiture and other criminal violations that could lead to a charter revocation. The STATES Act was reintroduced on April 4, 2019 in both the House and the Senate. Since the STATES Act is currently draft legislation, there is no guarantee that the STATES Act will become law in its current form.

One legislative safeguard for the medical cannabis industry, appended to the federal budget bill, remains in place following the rescission of the Cole Memorandum. For fiscal years 2015, 2016, 2017 and 2018, Congress adopted a so-called "rider" provision to the Consolidated Appropriations Acts (formerly referred to as the Rohrabacher-Farr Amendment and currently referred to as the "**Rohrabacher-Blumenauer Amendment**") 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. The Rohrabacher-Blumenauer Amendment was included in the fiscal year 2018 budget passed on March 23, 2018. The Rohrabacher-Blumenauer Amendment was included in the consolidated appropriations bill signed into legislation by President Trump in February 2019. In signing the Rohrabacher-Blumenauer Amendment, President Trump issued a signing statement noting that the Rohrabacher-Blumenauer Amendment "provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories," and further stating "I will treat this provision consistent with the President's constitutional responsibility to faithfully execute the laws of the United States." On June 20, 2019, the House approved a broader amendment that, in addition to protecting state medical cannabis programs, would also protect state adult use programs. On September 26, 2019, the Senate Appropriations Committee declined to take up the broader amendment but did approve the Rohrabacher-Blumenauer Amendment for the fiscal year 2020 spending bill. On September 27, 2019, the Rohrabacher-Blumenauer Amendment was reviewed as part of a stopgap spending bill, in effect through November 21, 2019. The Rohrabacher-Blumenauer Amendment may or may not be renewed as part of a subsequent stopgap spending bill or omnibus appropriations package.

Despite the rescission of the Cole Memorandum, the DOJ appears to continue to adhere to the enforcement priorities set forth in the Core Memorandum. Accordingly, as an industry best practice, the Corporation continues to employ the following policies to ensure compliance with the guidance provided by the Cole Memorandum:

- the operations of the Corporation and its subsidiaries are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough and other political/administrative divisions; to this end, the Corporation retains appropriately experienced legal counsel to conduct the necessary due diligence to ensure compliance of such operations with all applicable state and local laws;
- the cannabis-related activities adhere to the scope of the licensing obtained—for example, in states where only medical cannabis is permitted, the products are only sold to patients who hold the necessary

documentation to permit the possession of the cannabis; in states where cannabis is permitted for adult use, the products are only sold to individuals who meet the requisite age requirements;

- the Corporation only works through licensed operators, which must pass a range of requirements, adhere to strict business practice standards and be subject to strict regulatory oversight to ensure that no revenue is distributed to criminal enterprises, gangs or cartels;
- the Corporation has implemented an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law or cross any state lines in general;
- the Corporation's state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, and the Corporation is not engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and
- the Corporation conducts reviews of products and product packaging to ensure that the products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

The Cole Memorandum and the Rohrabacher-Blumenauer Amendment gave licensed cannabis operators (particularly medical cannabis operators) and investors in states with legal regimes greater certainty regarding the DOJ's enforcement priorities and the risk of operating cannabis businesses. While the Sessions Memorandum has introduced some uncertainty regarding federal enforcement, the cannabis industry continues to experience growth in legal medical and adult use markets across the United States. U.S. Attorney General Jeff Sessions resigned on November 7, 2018. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. It is unclear what impact, if any, this development will have on U.S. federal government enforcement policy. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, U.S. Attorney General Barr stated: "I do not intend to go after parties who have complied with state law in reliance on the Cole Memo." With respect to the STATES Act, Mr. Barr stated: "Personally, I would still favor one uniform federal rule against marijuana but, if there is not sufficient consensus to obtain that, then I think the way to go is to permit a more federal approach so states can make their own decisions within the framework of the federal law and so we're not just ignoring the enforcement of federal law." Mr. Barr has also stated the need for more legal growers of marijuana for research and acknowledged that the Farm Bill has broad implications for the sale of cannabis products. Nonetheless, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will remain in place or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law criminalizing cannabis.

The Corporation will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating procedures. While the Corporation's operations are in full compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under federal law. For the reasons described above and the risks further described in Item 1A—"Risk Factors," there are significant risks associated with the business of the Corporation. Readers of this registration statement on Form 10 are strongly encouraged to carefully read all of the risk factors contained in Item 1A—"Risk Factors."

***Ability to Access Public and Private Capital***

Due to the present state of the laws and regulations governing financial institutions in the U.S., banks often refuse to provide banking services to businesses involved in the marijuana industry. Consequently, it may be difficult for the Corporation to obtain financing from large U.S. financial institutions.

The Corporation has historically, and continues to have, access to equity and debt financing from non-public (i.e., private placement) markets. The Corporation's executive team and board have extensive relationships with sources of capital (such as funds and high net worth individuals).

In addition to the Corporation's working capital, the Corporation continues to generate adequate cash to fund its operations from capital raising transactions, including:

- the Convertible Promissory Note;
- the SR Offering;
- the C$80.3 million bought deal financing in August 2018;
- the C$101.7 million bought deal financing in October 2018;
- the Bridge Notes;
- the Notes; and
- the $39.6 million sale and leaseback transaction with IIP for the Danville, Pennsylvania facility in November 2019.

The Corporation's business plan continues to include aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements. Accordingly, the Corporation expects to raise additional capital, both in the form of debt and new equity offerings during the next few years.

However, there can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable.

***Restricted Access to Banking and Other Financial Services***

The U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued a memorandum on February 14, 2014 (the "**FinCEN Memorandum**") with respect to financial institutions providing banking services to cannabis businesses. These include burdensome due diligence expectations and reporting requirements. The FinCEN Memorandum outlines the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and states that, in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("**SAR**") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories—cannabis limited, cannabis priority, and cannabis terminated—based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively.

Former U.S. Attorney General Sessions' revocation of the Cole Memorandum has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Shortly after the Sessions Memorandum was issued, FinCEN did state that it would review the FinCEN Memorandum, but FinCEN has not yet issued further guidance. The FinCEN Memorandum is a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance.

However, the FinCEN Memorandum does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks

and other financial institutions in the United States do not appear comfortable providing banking services to cannabis-related businesses or relying on this guidance, given that it has the potential to be amended or revoked by the current administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Corporation may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and regulations under the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the "**Bank Secrecy Act**"), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**USA Patriot Act**"), discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it operates in permits cannabis sales. The inability or limitation of the Corporation's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Corporation to operate and conduct its business as planned or to operate efficiently.

Banks and other depository institutions are currently hindered by federal law from providing financial services to marijuana businesses, even in states where those businesses are regulated. On March 7, 2019, Democratic representative Ed Perlmutter of Colorado introduced house bill H.R. 1595, known as the Secure and Fair Enforcement (SAFE) Banking Act of 2019 (the "**SAFE Banking Act**"), which would protect banks and their employees from punishment for providing services to cannabis businesses that are legal on a state level. The bill was advanced by the House Financial Services Committee on March 28, 2019 and passed with strong bipartisan support in the House of Representatives on September 25, 2019. Some industry observers anticipate that the bill will be signed into law within the next year, which would, as noted above, allow financial institutions to provide services to marijuana related businesses without risk of violating federal money laundering statutes.

***Newly Established Legal Regime***

The Corporation's business activities rely on newly established and/or developing laws and regulations in the states in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Corporation's profitability or cause it to cease operations entirely. The cannabis industry may come under further scrutiny by the FDA, the SEC, the DOJ, the Financial Industry Regulatory Advisory and other regulatory authorities that supervise or regulate the production, distribution, sale and use of cannabis for medical and nonmedical purposes in the United States. It is impossible to determine the extent of the impact of new laws, regulations or initiatives that may be proposed. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Corporation, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

**Available Information**

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

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

## ITEM 1A. RISK FACTORS

### Risks Related to Our Business

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

**Cannabis is illegal under U.S. federal law**. In those states in which the use of cannabis has been legalized, its use remains a violation of federal law pursuant to the CSA. The CSA classifies cannabis as a Schedule I controlled substance, and as such, medical and adult use cannabis use is illegal under U.S. federal law. Unless and until Congress amends the CSA with respect to cannabis (and the President approves such amendment), there is a risk that federal authorities may enforce current federal law. If that occurs, the Corporation may be deemed to be producing, cultivating or dispensing cannabis and drug paraphernalia in violation of federal law. Since federal law criminalizing the use of cannabis pre-empts state laws that legalize its use, **enforcement of federal law regarding cannabis is a significant risk** and would greatly harm the Corporation's business, prospects, revenue, results of operation and financial condition.

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

As of November 30, 2019, there are 33 states, plus the District of Columbia (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands and the Northern Mariana Islands), that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. In addition, Alaska, California, Colorado, Illinois (beginning on January 1, 2020), Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, Washington and the District of Columbia have legalized cannabis for adult use.

The Corporation's activities in the medical and adult use cannabis industry may be illegal under the applicable federal laws of the United States. There can be no assurances that the federal government of the United States will not seek to enforce the applicable laws against the Corporation. The consequences of such enforcement would be materially adverse to the Corporation and the Corporation's business, including its reputation, profitability and the market price of its publicly traded shares, and could result in the forfeiture or seizure of all or substantially all of the Corporation's assets.

Due to the conflicting views between state legislatures and the federal government regarding cannabis, cannabis businesses are subject to inconsistent laws and regulations. The prior U.S. administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum that Deputy Attorney General James Cole sent to all U.S. Attorneys in August 2013, which outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. The Cole Memorandum noted that, in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, conduct in compliance with such laws and regulations was not a priority for the DOJ. However, the DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum.

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

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

There can be no assurance that the federal government will not enforce federal laws relating to cannabis and seek to prosecute cases involving cannabis businesses that are otherwise compliant with state laws in the future. Jeff Sessions resigned as U.S. Attorney General on November 7, 2018. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy.

Additionally, the Rohrabacher-Blumenauer Amendment may or may not be renewed as part of a subsequent stopgap spending bill or omnibus appropriations package in order 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. If the Rohrabacher-Blumenauer Amendment is not renewed, potential proceedings could involve significant restrictions being imposed upon the Corporation or third parties and divert the attention of key executives. Such proceedings could also have a material adverse effect on the Corporation's business, prospects, revenue, results of operation and financial condition, as well as the Corporation's reputation, even if such proceedings were concluded successfully in favor of the Corporation. Further, there is no guarantee that draft legislation such as the STATES Act will become law in its current form.

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

***The Corporation may be subject to action by the U.S. federal government.***

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

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

(i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries;

(ii) the arrest of its employees, directors, officers, managers and investors; and

(iii) ancillary criminal violations of the CSA for aiding and abetting, and conspiracy to violate the CSA by providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors and/or retailers of cannabis.

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

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

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

***State regulation of cannabis is uncertain.***

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

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

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

Multiple states where medical and/or adult use cannabis is legal have or are considering special taxes or fees on businesses in the marijuana industry. It is uncertain at this time whether other states are in the process of

reviewing such additional taxes and fees. The implementation of special taxes or fees could have a material adverse effect upon the Corporation's business, prospects, revenue, results of operation and financial condition.

The Corporation currently operates in California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio and Pennsylvania and intends to operate in other states as deemed appropriate by management.

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

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

***The Corporation may be subject to heightened scrutiny by Canadian regulatory authorities.***

Currently, the Corporation is traded on the CSE and on over-the-counter markets in the United States. The business, operations and investments of the Corporation in the United States, and any future business, operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the United States. As a result, the Corporation may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Corporation's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

In 2017, there were concerns that the Canadian Depository for Securities Limited, through its subsidiary CDS Clearing and Depository Services Inc. ("**CDS**"), Canada's central securities depository (clearing and settling trades in the Canadian equity, fixed income and money markets), would refuse to settle trades for cannabis issuers that have investments in the United States. However, CDS has not implemented this policy.

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

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group, which is the owner and operator of CDS, announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange and the TSX Venture Exchange ("**TSXV**"). The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the Canadian securities exchanges to review the conduct of listed issuers. The MOU notes that securities regulation requires that the rules of each of the exchanges must not be contrary to the public interest and that the rules of each of the exchanges have been approved by the securities regulators. Pursuant to the MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the United States. Even though the MOU indicated that there are no plans to ban the settlement of securities through CDS, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were implemented at a time when

Subordinate Voting Shares are listed on a Canadian stock exchange, it would have a material adverse effect on the ability of holders of Subordinate Voting Shares to make and settle trades. In particular, the Subordinate Voting Shares would become highly illiquid until an alternative (if available) was implemented, and investors would have no ability to effect a trade of Subordinate Voting Shares through the facilities of the applicable Canadian stock exchange.

***The Corporation may face limitations on ownership of cannabis licenses.***

In certain states, the cannabis laws and regulations limit not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person or entity may own. Such limitations on the ownership of additional licenses within certain states may limit the Corporation's ability to grow in such states.

***The Corporation may become subject to FDA or ATF regulation.***

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies cannabis to a Schedule II controlled substance, it is possible that the FDA would seek to regulate cannabis under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations, including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify the efficacy and safety of cannabis. It is also possible that the FDA would require facilities where medical use cannabis is grown to register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact they would have on the cannabis industry is unknown, including the costs, requirements and possible prohibitions that may be enforced. If the Corporation is unable to comply with the potential regulations or registration requirements prescribed by the FDA, it may have an adverse effect on the Corporation's business, prospects, revenue, results of operation and financial condition.

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

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

The Corporation is subject to a variety of laws and regulations in the United States that involve money laundering, financial record-keeping and proceeds of crime, including the Bank Secrecy Act, as amended by Title III of the USA Patriot Act, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States. Accordingly, pursuant to the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

FinCEN issued the FinCEN Memorandum on February 14, 2014, outlining the pathways for financial institutions to bank cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. The FinCEN Memorandum refers to the Cole Memorandum's enforcement priorities.

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

Although the FinCEN Memorandum remains intact, it is unclear whether the current administration will continue to follow its guidelines. The DOJ continues to have the right and power to prosecute crimes committed

by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the prosecution of banks and financial institutions for crimes that were not previously prosecuted.

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

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

Banks and other depository institutions are currently hindered by federal law from providing financial services to marijuana businesses, even in states where those businesses are regulated. On March 7, 2019, Democratic representative Ed Perlmutter of Colorado introduced house bill H.R. 1595, known as the SAFE Banking Act, which would protect banks and their employees from punishment for providing services to cannabis businesses that are legal on a state level. The bill was advanced by the House Financial Services Committee on March 28, 2019 and passed with strong bipartisan support in the House of Representatives on September 25, 2019. Some industry observers anticipate that the bill will be signed into law within the next year, which would, as noted above, allow financial institutions to provide services to marijuana related businesses without risk of violating federal money laundering statutes.

***The Corporation may face difficulties acquiring additional financing.***

The Corporation may require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions and/or other business combination transactions. There can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable. The Corporation's inability to raise financing through traditional banking to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Corporation's business, prospects, revenue, results of operation and financial condition.

***The Corporation lacks access to U.S. bankruptcy protections.***

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

***We operate in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.***

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Our operations are subject to various laws, regulations and guidelines by state and local governmental authorities relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of cannabis and cannabis oil, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on our products and services. Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the manufacture, production, storage, transportation, sale, import and export, as applicable, of our products. The commercial cannabis industry is still a new industry at the state and local level. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, applicable regulatory approvals which may be required may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

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

***The Corporation may face difficulties in enforcing its contracts.***

Because the Corporation's contracts involve cannabis and other activities that are not legal under federal law and in some state jurisdictions, the Corporation may face difficulties in enforcing its contracts in federal courts and certain state courts. The Corporation cannot be assured that it will have a remedy for breach of contract, which could have a material adverse effect on the Corporation.

***The Corporation has limited trademark protection.***

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

***The Corporation may be subject to constraints on marketing its products.***

There may be restrictions on sales and marketing activities imposed by government regulatory bodies that can hinder the development of the Corporation's business and operating results. The regulatory environment in

the U.S. limits the Corporation's ability to compete for market share in a manner similar to other industries. If the Corporation is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Corporation's sales and operating results could be adversely affected.

***The Corporation faces risks related to the results of future clinical research.***

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Corporation believes that various articles, reports and studies 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. Given these risks, uncertainties and assumptions, prospective purchasers of Subordinate Voting Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this registration statement on Form 10 or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Corporation's products, with the potential to have a material adverse effect on the Corporation's business, prospects, revenue, results of operation and financial condition.

***The Corporation is subject to taxation in Canada and the United States.***

The Corporation is and will continue to be a Canadian corporation as of the date of this registration statement on Form 10. The Corporation is treated as a Canadian resident company (as defined in the Income Tax Act (Canada) (the "**ITA**")) subject to Canadian income taxes. The Corporation is also treated as a U.S. corporation subject to U.S. federal income tax pursuant to Section 7874 of the Internal Revenue Code ("**IRC**") and is subject to U.S. federal income tax on its worldwide income. As a result, the Corporation is subject to taxation both in Canada and the United States, which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Corporation will pay any dividends on the Subordinate Voting Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purposes of the ITA will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

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

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

Because the Subordinate Voting Shares are treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Subordinate Voting Shares.

Each shareholder should seek tax advice, based on such shareholder's particular circumstances, from an independent tax advisor.

***Cannabis businesses are subject to unfavorable tax treatment.***

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

***Cannabis businesses may be subject to civil asset forfeiture.***

Any property owned by participants in the cannabis industry used in the course of conducting such business, or that is the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture because of the illegality of the cannabis industry under federal law. Even if the owner of the property is never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

***The Corporation is subject to proceeds of crime statutes.***

The Corporation will be subject to a variety of laws that concern money laundering, financial recordkeeping and proceeds of crime. These include: the Bank Secrecy Act, as amended by Title III of the USA Patriot Act, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), the rules and regulations under the Criminal Code of Canada and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In the event that any of the Corporation's license agreements, or any proceeds thereof, in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above, or any other applicable legislation. This could have a material adverse effect on the Corporation and, among other things, could restrict or otherwise jeopardize the ability of the Corporation to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

***The Corporation faces security risks.***

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

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

***The Corporation faces exposure to fraudulent or illegal activity.***

The Corporation faces exposure to the risk that employees, independent contractors or consultants may engage in fraudulent or other illegal activities. Misconduct by these parties could be intentional, reckless and/or negligent conduct. There may be disclosure of unauthorized activities that violate government regulations, manufacturing standards, healthcare laws, abuse laws and other financial reporting laws. Further, it may not always be possible for the Corporation to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Corporation to detect and prevent these activities may not always be effective. As a result, the Corporation could face potential penalties and litigation.

***The Corporation is a holding company.***

The Corporation is a holding company and essentially all of its assets are the capital stock of its subsidiaries in 11 of its 12 markets, including California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio and Pennsylvania. As a result, investors in the Corporation are subject to the risks attributable to its subsidiaries. As a holding company, the Corporation conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Corporation's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Corporation. The ability of these entities to pay dividends and other distributions depends on their operating results and is subject to applicable laws and regulations, which require that solvency and capital standards be maintained by the subsidiaries and contractual restrictions are contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Corporation's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Corporation.

***Our internal controls over financial reporting may not be effective, and our independent auditors may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business.***

We are subject to various SEC reporting and other regulatory requirements. We have incurred and will continue to incur expenses and, to a lesser extent, diversion of our management's time in our efforts to comply with Section 404 of the Sarbanes-Oxley Act regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm when required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our Subordinate Voting Shares.

***Material acquisitions, dispositions and other strategic transactions involve a number of risks for the Corporation.***

Material acquisitions, dispositions and other strategic transactions involve a number of risks for the Corporation, including:

(i) potential disruption of its ongoing business;

(ii) distraction of management;

(iii) increased financial leverage;

(iv) the anticipated benefits and cost savings of those transactions may not be realized or may take longer to realize than anticipated;

(v) increased scope and complexity of the Corporation's operations; and

(vi) loss or reduction of control over certain of the Corporation's assets.

Additionally, the Corporation may issue additional Subordinate Voting Shares in connection with such transactions, which would dilute a shareholder's holdings in the Corporation.

The presence of one or more material liabilities of an acquired company that are known, but believed to be immaterial, or unknown to the Corporation at the time of acquisition could have a material adverse effect on the business, prospects, revenue, results of operation and financial condition of the Corporation. A strategic transaction may result in a significant change in the nature of the Corporation's business, operations and strategy. In addition, the Corporation may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Corporation's operations.

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

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

***Our use of joint ventures may expose us to risks associated with jointly owned investments.***

We currently operate parts of our business through joint ventures with other companies, and we may enter into additional joint ventures and strategic alliances in the future. Joint venture investments may involve risks not otherwise present in investments made solely by us, including: (i) we may not control the joint ventures; (ii) our joint venture partners may not agree to distributions that we believe are appropriate; (iii) where we do not have substantial decision-making authority, we may experience impasses or disputes with our joint venture partners on certain decisions, which could require us to expend additional resources to resolve such impasses or disputes, including litigation or arbitration; (iv) our joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or fail to fulfil their obligations as a joint venture partner; (v) the arrangements governing our joint ventures may contain certain conditions or milestone events that may never be satisfied or achieved; (vi) our joint venture partners may have business or economic interests that are inconsistent with ours and may take actions contrary to our interests; (vii) we may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments; and (viii) it may be difficult for us to exit a joint venture if an impasse arises or if we desire to sell our interest for any reason. Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations. In addition, we may, in certain circumstances, be liable for the actions of our joint venture partners.

***There can be no assurance that our current and future strategic alliances or expansions of scope of existing relationships will have a beneficial impact on our business, financial condition and results of operations.***

We currently have, and may in the future enter into, additional strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic

alliances could present unforeseen integration obstacles or costs, may not enhance our business and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, if at all. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

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

We compete for the acquisition of properties suitable for the cultivation, production and sale of medical and adult use cannabis with entities engaged in agriculture and real estate investment activities, including corporate agriculture companies, cultivators, producers and sellers of cannabis. These competitors may prevent us from acquiring and leasing desirable properties, may cause an increase in the price we must pay for properties or may result in us having to lease our properties on less favorable terms than we expect. Our competitors may have greater financial and operational resources than we do and may be willing to pay more for certain assets or may be willing to accept more risk than we believe can be prudently managed. In particular, larger companies may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Our competitors may also adopt transaction structures similar to ours, which would decrease our competitive advantage in offering flexible transaction terms. In addition, due to a number of factors, including but not limited to potential greater clarity of the laws and regulations governing medical use cannabis by state and federal governments, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If we pay higher prices for properties or enter into leases for such properties on less favorable terms than we expect, our profitability and ability to generate cash flow and make distributions to our stockholders may decrease. Increased competition for properties may also preclude us from acquiring those properties that would generate attractive returns to us.

***Our reputation and ability to do business may be negatively impacted by the improper conduct by our business partners, employees or agents.***

We depend on third-party suppliers to produce and timely ship our orders. Products purchased from our suppliers are resold to our customers. These suppliers could fail to produce products to our specifications or quality standards and may not deliver units on a timely basis. Any changes in our suppliers to resolve production issues could impact our ability to fulfill orders and could also disrupt our business due to delays in finding new suppliers.

Furthermore, we cannot provide assurance that our internal controls and compliance systems will protect us from acts committed by our employees, agents or business partners in violation of U.S. federal or state or local laws. Any improper acts or allegations could damage our reputation and subject us to civil or criminal investigations and related shareholder lawsuits, could lead to substantial civic and criminal monetary and non-monetary penalties and could cause us to incur significant legal and investigatory fees.

***The Corporation faces risks related to its products.***

As a relatively new industry, there are not many established players in the adult use cannabis industry whose business model the Corporation can follow or build on the success of. Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Corporation.

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

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

***The Corporation is dependent on the popularity of consumer acceptance of the Corporation's brand portfolio.***

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

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

The Corporation's business involves the growing of cannabis, an agricultural product. The Corporation's business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Corporation's cultivation is substantially completed indoors under climate control, some cultivation is completed outdoors, and there can be no assurance that natural elements will not have a material adverse effect on any future production.

***The Corporation may be adversely impacted by rising or volatile energy costs.***

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

***The Corporation may encounter unknown environmental risks.***

There can be no assurance that the Corporation will not encounter hazardous conditions, such as asbestos or lead, at the sites of the real estate used to operate its businesses, which may delay the development of its businesses. Upon encountering a hazardous condition, work at the facilities of the Corporation may be suspended. If the Corporation receives notice of a hazardous condition, it may be required to correct the condition prior to continuing construction. If additional hazardous conditions were present, it would likely delay construction and may require significant expenditure of the Corporation's resources to correct the conditions. Such conditions could have a material impact on the investment returns of the Corporation.

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

The Corporation's operations depend, in part, on how well the Corporation and its suppliers protect networks, equipment, information technology ("**IT**") systems and software against damage and threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Corporation's operations also depend on the timely maintenance and replacement of network equipment, IT systems and software, as well as pre-emptive expenses to mitigate associated risks. Given the nature of the Corporation's products and the lack of legal availability outside of channels approved by the federal government, as well as the concentration of inventory in its facilities, there remains a risk of shrinkages, as well as theft. If there was a breach in security and the Corporation fell victim to theft or robbery, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivations and processing equipment, or if there was a failure in information systems, it could adversely affect the Corporation's reputation and business continuity.

Additionally, the Corporation may store and collect personal information about customers and is responsible for protecting that information from privacy breaches that may occur through procedural or process failure, IT malfunction or deliberate unauthorized intrusions. Any such theft or privacy breach would have a material adverse effect on the Corporation's business, prospects, revenue, results of operation and financial condition.

We are subject to laws, rules and regulations in the United States (such as the California Consumer Privacy Act ("**CCPA**"), which will become effective on January 1, 2020) and other jurisdictions relating to the collection, processing, storage, transfer and use of personal data. Our ability to execute transactions and to possess and use personal information and data in conducting our business subjects us to legislative and regulatory burdens that may require us to notify regulators and customers, employees and other individuals of a data security breach. Evolving compliance and operational requirements under the CCPA and the privacy laws, rules and regulations of other jurisdictions in which we operate impose significant costs that are likely to increase over time. In addition, non-compliance could result in proceedings against us by governmental entities and/or significant fines, could negatively impact our reputation and may otherwise adversely impact our business, financial condition and operating results.

***The Corporation faces risks related to its insurance coverage and uninsurable risks.***

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

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

***The Corporation is dependent on key inputs, suppliers and skilled labor.***

The marijuana business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any

significant interruption or negative change in the availability or economics of the supply chain for key inputs, such as the raw material cost of cannabis, could materially impact the business, financial condition, results of operations or prospects of the Corporation. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Corporation might be unable to find a replacement for such source in a timely manner, or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Corporation in the future. Any inability to secure required supplies and services, or to do so on appropriate terms, could have a materially adverse impact on the business, prospects, revenue, results of operation and financial condition of the Corporation.

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

***The Corporation must attract and maintain key personnel or our business will fail.***

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

***The Corporation's sales are difficult to forecast.***

As a result of recent and ongoing regulatory and policy changes in the medical and adult use cannabis industries, the market data available is limited and unreliable. The Corporation 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 Corporation's business operates. Additionally, any market research and projections by the Corporation 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 its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

***The Corporation may be subject to growth-related risks.***

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

***The Corporation may be subject to litigation.***

The Corporation 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 Corporation becomes involved be determined against the Corporation, such a decision could adversely affect the Corporation's ability to continue operating and the market price for the Subordinate Voting Shares and could potentially use significant resources of the Corporation. Even if the Corporation is involved in litigation and wins, litigation can redirect significant resources of the Corporation and/or its subsidiaries.

***The Corporation faces an inherent risk of product liability claims.***

As a distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused

significant loss or injury. In addition, the sale of the Corporation's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Corporation's products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury, illness or death, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally and could have a material adverse effect on the business, results of operations and financial condition of the Corporation. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Corporation's potential products.

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

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

***The Corporation's products may be subject to product recalls.***

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

***The Corporation may face unfavorable publicity or consumer perception.***

Management believes the adult use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the adult use cannabis produced. Consumer perception of the Corporation's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of adult use cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the adult use cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that is perceived as less favorable than, or questions earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's products and the business, results of operations, financial condition and cash flows of the Corporation. The Corporation'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 Corporation, the demand for the Corporation's products and the business, results of operations, financial condition and cash flows of the Corporation. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of adult use cannabis in general, or the Corporation's products specifically, or associating the consumption of adult use cannabis with illness or other negative effects or events, could have such a material adverse effect. Adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

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

***The Corporation faces intense competition.***

The Corporation faces intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Because of the early stage of the industry in which the Corporation operates, the Corporation faces additional competition from new entrants. If the number of consumers of cannabis in the states in which the Corporation operates its business increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Corporation will require a continued high level of investment in research and development, marketing, sales and client support. The Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of its operations.

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

A prolonged decline in the price of the Subordinate Voting Shares could result in a reduction in the liquidity of the Subordinate Voting Shares and a reduction in its ability to raise capital. Because a significant portion of the Corporation's operations have been and will be financed through the sale of equity securities, a decline in the

price of its common stock could be especially detrimental to the Corporation's liquidity and its operations. Such reductions may force the Corporation to reallocate funds from other planned uses and may have a significant negative effect on the Corporation's business plan and operations, including its ability to develop new products and continue its current operations. If the Corporation's stock price declines, there can be no assurance that the Corporation will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Corporation is unable to raise sufficient capital in the future, the Corporation may not be able to have the resources to continue its normal operations.

***The Corporation may have increased labor costs based on union activity.***

Labor unions are working to organize workforces in the cannabis industry in general. Currently, there is no labor organization that has been recognized as a representative of GTI employees. However, it is possible that certain retail and/or manufacturing locations will be organized in the future, which could lead to work stoppages or increased labor costs and adversely affect our business. We cannot predict how stable our relationships with U.S. labor organizations would be or whether we would be able to meet any unions' requirements without impacting our financial condition. Labor unions may also limit our flexibility in dealing with our workforce. Work stoppages and instability in our union relationships could delay the production and sale of our products, which could strain relationships with customers and cause a loss of revenues which would adversely affect our operations.

***The Corporation is subject to general economic risks.***

The Corporation's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact the Corporation's sales and profitability.

***The Corporation may be negatively impacted by challenging global economic conditions.***

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

A global economic slowdown would cause disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy and declining consumer and business confidence, which can lead to decreased levels of consumer spending. These macroeconomic developments could negatively impact the Corporation's business, which depends on the general economic environment and levels of consumer spending. As a result, the Corporation may not be able to maintain its existing customers or attract new customers, or it may be forced to reduce the price of its products. The Corporation is unable to predict the likelihood of the occurrence, duration or severity of such disruptions in the credit and financial markets or adverse global economic conditions. Any general or market-specific economic downturn could have a material adverse effect on the business, financial condition, results of operations and cash flow of the Corporation.

Additionally, the U.S. has imposed and may impose additional quotas, duties, tariffs, retaliatory or trade protection measures or other restrictions or regulations and may adversely adjust prevailing quota, duty or tariff levels, which can affect both the materials that we use to package our products and the sale of finished products. For example, the tariffs imposed by the U.S. on materials from China are impacting materials that we import for use in packaging in the U.S. Measures to reduce the impact of tariff increases or trade restrictions, including geographical diversification of our sources of supply, adjustments in packaging design and fabrication or increased prices, could increase our costs, delay our time to market and/or decrease sales. Other governmental action related to tariffs or international trade agreements has the potential to adversely impact demand for our products and our costs, customers, suppliers and global economic conditions and cause higher volatility in financial markets. While we actively review existing and proposed measures to seek to assess the impact of them on our business, changes in tariff rates, import duties and other new or augmented trade restrictions could have a

number of negative impacts on our business, including higher consumer prices and reduced demand for our products and higher input costs.

**Risks Related to Our Securities**

***A return on the Corporation's securities is not guaranteed.***

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

***The Corporation may be affected by currency fluctuations.***

The Corporation faces exposure to significant currency fluctuations because of its present operations in the U.S. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Corporation's revenue is earned in U.S. dollars, but a portion of its operating expenses are incurred in Canadian dollars. The Corporation does not have currency hedging arrangements in place and there is no expectation that the Corporation will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Corporation's business, financial position or results of operations.

***The Corporation's voting control is concentrated.***

The Corporation's senior executives exercise a significant majority of the voting power with respect to the Corporation's outstanding shares because of the Super Voting Shares that they hold. These officials include Benjamin Kovler, the Corporation's Founder, Chairman and Chief Executive Officer, Andrew Grossman, the Corporation's Head of Capital Markets, and Anthony Georgiadis, the Corporation's Chief Financial Officer. Subordinate Voting Shares are entitled to one vote per share, Multiple Voting Shares are entitled to 100 votes per share, and Super Voting Shares are entitled to up to 1,000 votes per share. As a result, Mr. Kovler, Mr. Grossman and Mr. Georgiadis potentially have the ability to control the outcome of matters submitted to the Corporation's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Corporation.

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

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

Although other Canadian-based companies have dual class or multiple voting share structures, given the unique capital structure in respect of the Corporation and the concentration of voting control that is held by the holders of the Super Voting Shares, this structure and control could result in a lower trading price for or greater fluctuations in the trading price of the Corporation's Subordinate Voting Shares, adverse publicity to the Corporation or other adverse consequences.

***Sales of substantial amounts of Subordinate Voting Shares may have an adverse effect on the market price of the Subordinate Voting Shares.***

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

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

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

- actual or anticipated fluctuations in the Corporation's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Corporation operates;
- addition or departure of the Corporation'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 Corporation's industry generally and its business and operations both domestically and abroad;
- announcements of developments and other material events by the Corporation or its competitors;
- fluctuations in the costs of vital production materials and services;
- changes in global financial markets, global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Corporation or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets.

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

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

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

***The Corporation faces liquidity risks.***

The Corporation's Subordinate Voting Shares currently trade on the CSE and on over-the-counter markets in the U.S. The Corporation 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 Corporation's Subordinate Voting Shares do not currently trade on any U.S. securities exchange. In the event the Corporation's Subordinate Voting Shares do trade on any U.S. securities exchange, the Corporation cannot predict at what prices the Subordinate Voting Shares will trade and there is no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Corporation.

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

As a public company in Canada and the United States, the Corporation is subject to the reporting requirements, rules and regulations under the applicable Canadian and American securities laws and rules of stock exchanges on which the Corporation's securities may be listed. The requirements of existing and potential future rules and regulations will increase the Corporation's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition and results of operations.

***The Corporation faces costs of maintaining a public listing.***

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 the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Corporation may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

***We do not intend to pay dividends on our common shares and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common shares.***

We have never declared or paid any cash dividend on our Subordinate Voting Shares and do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings, if materialized, for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends in the foreseeable future. Therefore, the success of an investment in our common shares will depend upon any future appreciation in their value. There is no guarantee that our common shares will appreciate in value or even maintain the price at which you purchased them.

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

The Corporation is an "emerging growth company," as defined in the JOBS Act. For as long as the Corporation continues to be an emerging growth company, it may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, (2) reduced disclosure obligations regarding executive compensation in this registration statement on Form 10 and periodic reports and proxy statements, and (3) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. The Corporation could be an emerging growth company for up to five years, although circumstances could cause the Corporation to lose that status earlier, including if the market value of the Subordinate Voting Shares held by non-affiliates exceeds $700 million as of June 30, 2020, or if the Corporation has total annual gross revenue of $1.07 billion or more during any fiscal year before that time, in which case the Corporation would no longer be an emerging growth company as of the following December 31. Additionally, if the Corporation issues more than $1.0 billion in non-convertible debt during any three-year period before June 30, 2020, it would cease to be an emerging growth company immediately. The Corporation cannot predict if investors will find the Subordinate Voting Shares less attractive because the Corporation may rely on these exemptions. If some investors find the Subordinate Voting Shares less attractive as a result, there may be a less active trading market for the Subordinate Voting Shares, and the stock price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies.

## ITEM 2. FINANCIAL INFORMATION

### Selected Financial Data

The following table sets forth the Corporation's selected consolidated and combined financial data for the periods, and as of the dates, indicated. The (i) consolidated and combined statements of operations data for the years ended December 31, 2018, 2017 and 2016 and (ii) consolidated and combined balance sheet data as of December 31, 2018, 2017 and 2016 have been derived from the audited consolidated and combined financial statements of the Corporation and its subsidiaries, which are included elsewhere in this registration statement on Form 10. The selected consolidated financial data for the nine months ended September 30, 2019 and 2018 and as of September 30, 2019 has been derived from the unaudited interim condensed consolidated financial statements of the Corporation and its subsidiaries, which are included elsewhere in this registration statement on Form 10.

The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated and Combined Financial Statements and Unaudited Pro Forma Condensed Combined Financial Statements and accompanying notes presented in Item 13 of this registration statement. The Corporation's Consolidated and Combined Financial Statements and Unaudited Pro Forma Combined Consolidated Financial Statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("**GAAP**") and on a going-concern basis that contemplates continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business.

| *(in thousands)* | Nine Months Ended September 30, | | Years Ended December 31, | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| Total Revenues, net of discounts | $ 140,631 | $ 41,722 | $ 62,494 | $16,529 | $ 7,214 |
| Cost of Goods Sold | $ 74,197 | $ 21,953 | $ 34,177 | $ 9,808 | $ 5,549 |
| Gross Profit | $ 66,434 | $ 19,769 | $ 28,317 | $ 6,721 | $ 1,665 |
| Total Expenses | $ 88,014 | $ 29,316 | $ 54,657 | $11,491 | $ 4,664 |
| Other Income (Expense) | $ (18,431) | $ 43,091 | $ 56,091 | $ 112 | $ (534) |
| Net Income (Loss) Attributable to GTI | $ (45,046) | $ (1,940) | $ (5,244) | $ (4,250) | $ (3,533) |
| Earnings Per Share | $ (0.24) | $ (0.02) | $ (0.04) | $ (0.07) | $ (0.07) |
| Total Assets | $1,111,467 | $296,139 | $418,349 | $86,213 | $35,043 |
| Long-Term Liabilities | $ 191,266 | $ 11,664 | $ 28,590 | $ 7,508 | $ — |

**Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion should be read in conjunction with, and is qualified in its entirety by, the Consolidated Financial Statements, the Unaudited Pro Forma Condensed Consolidated Financial Statements and the accompanying notes presented in Item 13 of this registration statement. Except for historical information, the discussion in this section contains forward-looking statements that involve risks and uncertainties. Future results could differ materially from those discussed below for many reasons, including the risks described in "Disclosure Regarding Forward-Looking Statements," Item 1A—"Risk Factors" and elsewhere in this registration statement.*

**MD&A of Green Thumb Industries Inc.**

This management discussion and analysis ("**MD&A**") of the financial condition and results of operations of Green Thumb Industries Inc. (the "**Corporation**" or "**GTI**") is for the nine months ended September 30, 2019 and 2018 and for the years ended December 31, 2018, 2017 and 2016. It is supplemental to, and should be read in conjunction with, the Corporation's consolidated financial statements for the nine months ended September 30, 2019 and 2018 and the year ended December 31, 2018 and the combined financial statements for the years ended December 31, 2017 and 2016 and the accompanying notes for each respective periods. The Corporation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("**GAAP**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Note Regarding Forward-Looking Information," identified in the "Risks and Uncertainties" section of this MD&A. As a result of many factors, the Corporation's actual results may differ materially from those anticipated in these forward-looking statements and information.

**OVERVIEW OF THE CORPORATION**

Established in 2014 and headquartered in Chicago, Illinois, GTI is promoting well-being through the power of cannabis, while being committed to community and sustainable profitable growth. As of November 30, 2019,

GTI has operations across 12 U.S. markets, employs approximately 1,400 people and serves hundreds of thousands of patients and customers annually.

GTI's core business is manufacturing, distributing and marketing a portfolio of owned cannabis consumer packaged goods brands, including Beboe, Dogwalkers, Dr. Solomon's, incredibles, Rythm and The Feel Collection, primarily to third-party licensed retail cannabis stores across the United States as well as to GTI-owned retail stores.

The Corporation's consumer products portfolio is produced in 13 owned and operated manufacturing facilities and consists of stock keeping units ("**SKUs**") across a range of product categories, including flower, pre-rolls, concentrates, vape, capsules, tinctures, edibles, topicals and other cannabis-related products.

GTI also owns and operates two national cannabis retail chains called Rise and Essence, which are relationship-centric retail experiences aimed to deliver a superior level of customer service through high-engagement consumer interaction, a consultative, transparent and education-forward selling approach and a consistently available assortment of cannabis products. As of December 17, 2019, the Company had 36 open and operating retail locations, with the ability to open a total of 96 stores.

**Revenue Streams**

The Corporation has consolidated financial statements across its operating businesses with revenue from the manufacture, sale and distribution of branded cannabis products to third-party retail customers as well as the sale of finished products to consumers in its retail stores.

As of the nine months ended September 30, 2019, GTI has operating revenue in 11 of its 12 markets (California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New York, Ohio and Pennsylvania) and ramp up expenses related to the build out of New Jersey as a new market in preparation for revenue generation over the next three months.

**SELECTED FINANCIAL INFORMATION**

The following is selected financial data derived from the consolidated financial statements of the Corporation for the nine months ended September 30, 2019 and 2018 and for the years ended December 31, 2018, 2017 and 2016.

The selected consolidated financial information set out below may not be indicative of the Corporation's future performance:

| *(in thousands)* | Nine Months Ended September 30, | | Years Ended December 31, | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| Total Revenues, net of discounts | $ 140,631 | $ 41,722 | $ 62,494 | $16,529 | $ 7,214 |
| Cost of Goods Sold | $ 74,197 | $ 21,953 | $ 34,177 | $ 9,808 | $ 5,549 |
| Gross Profit | $ 66,434 | $ 19,769 | $ 28,317 | $ 6,721 | $ 1,665 |
| Total Expenses | $ 88,014 | $ 29,316 | $ 54,657 | $11,491 | $ 4,664 |
| Other Income (Expense) | $ (18,431) | $ 43,091 | $ 56,091 | $ 112 | $ (534) |
| Net Income (Loss) Attributable to GTI | $ (45,046) | $ (1,940) | $ (5,244) | $ (4,250) | $ (3,533) |
| Earnings Per Share | $ (0.24) | $ (0.02) | $ (0.04) | $ (0.07) | $ (0.07) |
| Total Assets | $1,111,467 | $296,139 | $418,349 | $86,213 | $35,043 |
| Long-Term Liabilities | $ 191,266 | $ 11,664 | $ 28,590 | $ 7,508 | $ — |

***Nine Months Ended September 30, 2019***

*Revenue*

Revenue for the nine months ended September 30, 2019 was $140,631 thousand, up 237% from $41,722 thousand for the nine months ended September 30, 2018 driven by contribution from both Consumer Packaged Goods and Retail sales across 11 of 12 markets (California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New York, Ohio and Pennsylvania). Key performance drivers are: distribution expansion of GTI's branded product portfolio primarily in Illinois, Massachusetts and Pennsylvania; new store openings and increased store traffic to GTI's 32 open and operating retail stores, particularly in Florida, Illinois, Massachusetts and Pennsylvania; and the addition of revenue from the acquisition of Connecticut-based AGL and Nevada-based Integral Associates.

*Cost of Goods Sold*

Cost of goods sold are derived from cost related to the internal cultivation and production of cannabis and from retail purchases made from other licensed producers operating within our state markets.

Cost of goods sold for nine months ended September 30, 2019 was $74,197 thousand, up 238% from $21,953 thousand for the nine months ended September 30, 2018, driven by growth from both Consumer Packaged Goods and Retail sales across 11 of 12 markets (California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New York, Ohio and Pennsylvania).

*Gross Profit*

Gross profit for the nine months ended September 30, 2019 was $66,434 thousand, representing a gross margin on the sale of finished cannabis consumer packaged goods of 47%. This is compared to gross profit for the nine months ended September 30, 2018 of $19,769 thousand or a 47% gross margin driven by increased harvested cannabis and wholesale shipments, along with incremental contribution from increased volume from Retail sales.

*Total Expenses*

Total expenses for the nine months ended September 30, 2019 were $88,014 thousand or 63% of Total Revenues, net of discounts, an increase of $58,698 thousand. Total expenses for the nine months ended September 30, 2018 were $29,316 thousand or 70% of Total Revenues, net of discounts.

Increase in total expenses was attributable to an increase in general and administrative expenses, mainly due to non-cash charges related to equity incentive compensation of $13,324 thousand, an increase of $9,644 thousand compared to the nine months ended September 30, 2018. Salaries and benefits also contributed to the increase as a result of new headcount from the Corporation's Retail facilities in Florida, Illinois, Nevada, Maryland, Massachusetts and Pennsylvania, along with corporate staff development.

Additionally, the Corporation had professional fees of $12,763 thousand which represented an increase of $6,250 thousand over the 2018 amount of $6,513 thousand, primarily driven by acquisition related support, and other regulatory and growth-related activities.

*Total Other Income (Expense)*

Total other expense for the nine months ended September 30, 2019 was ($18,431) thousand, compared to income of $43,091 thousand for the nine months ended September 30, 2018, mainly due to a favorable adjustment to the fair values of the Corporation's investments recorded in 2018, as further described in the Liquidity, Financing Activities During the Period, and Capital Resources section of this MD&A.

*Provision for Income Taxes*

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted at year-end. For the nine months ended September 30, 2019, Federal and State income tax expense totaled $4,706 thousand compared to $4,164 thousand for the nine months ended September 30, 2018. The net expense of $4,706 thousand for the nine months ended September 30, 2019 includes current tax expense of $10,418 thousand and deferred tax benefit of $5,712 thousand in the current period. The deferred tax benefit is driven by net operating losses and changes in the fair value of investments.

*Net Loss Attributable to GTI*

Net loss attributable to GTI for the nine months ended September 30, 2019 was $45,046 thousand, compared to $1,940 thousand for the nine months ended September 30, 2018. The increase in net operating loss attributable to GTI was driven by a reduction in the fair value of the iAnthus Warrants and an increase in equity incentive compensation.

As presented in the Non-GAAP section, after adjusting for non-cash equity incentive compensation of $13,324 thousand as described above, as well as other non-operating items, adjusted operating EBITDA was $14,314 thousand and $112 thousand for the nine months ended September 30, 2019 and 2018, respectively.

***Year Ended December 31, 2018***

*Revenue*

Revenue for the year ended December 31, 2018 was $62,494 thousand, up 278% from $16,529 thousand for the year ended December 31, 2017 due to revenue contribution from Consumer Products and Retail sales across Illinois, Maryland, Massachusetts, Nevada and Pennsylvania. Year over year consumer products growth is driven by expanded distribution to third-party retail customers of GTI's branded product portfolio, including Rythm, The Feel Collection and Dogwalkers, primarily across Illinois, Maryland and Pennsylvania. Retail sales growth is driven by increased foot traffic in Illinois retail stores, incremental revenue from two Illinois stores which were acquired in October 2017, new store openings of Rise (three in Maryland and four in Pennsylvania) and the commencement of adult use sales for both Nevada Rise stores as of January 1, 2018, all incremental compared to the year ending December 31, 2017.

*Cost of Goods Sold*

Cost of goods sold are derived from cost related to the internal cultivation and production of cannabis and from retail purchases made from other licensed producers operating within our state markets.

Year ended December 31, 2018 cost of goods sold of $34,177 thousand was up $24,369 thousand or 249% compared to year ended December 31, 2017, driven by expanded production of consumer products in new markets Maryland and Pennsylvania, as well as material increases from retail sales driven by new store openings and increases in daily transactions across Illinois, Maryland, Massachusetts, Nevada and Pennsylvania.

*Gross Profit*

Gross profit for the year ended December 31, 2018 was $28,316 thousand, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals and other cannabis products, of 45%. This is compared to gross profit for the year ended December 31, 2017 of $6,721 thousand or a 41% gross margin.

*Total Expenses*

Total expenses for year ended December 31, 2018 were $54,657 thousand, an increase of $43,166 thousand, compared to year ended December 31, 2017.

Increase in total expenses was attributable to an increase in general and administrative expenses, mainly due to non-cash charges related to equity incentive compensation of $12,148 thousand, which is all incremental compared to the prior year. Salaries and benefits also contributed to the increase as a result of new headcount from the Corporation's Retail facilities in Illinois, Nevada, Maryland and Pennsylvania along with corporate staff development.

Additionally, the Corporation had professional fees of $10,689 thousand which represented an increase of $7,171 thousand over the 2017 amount of $3,518 thousand due to the reverse takeover transaction, acquisition related support, and other regulatory and growth related activities.

*Total Other Income*

Total other income for year ended December 31, 2018 was $56,091 thousand, an increase of $55,979 thousand compared to 2017, due to the iAnthus Warrants and other investments recorded at fair value, as further described in the Liquidity, Financing Activities During the Period, and Capital Resources section of this MD&A.

*Provision for Income*

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted at year-end. For year ended December 31, 2018, Federal and State income tax expense totaled $7,184 thousand compared to $214 thousand provision for income taxes for the year ended December 31, 2017. Deferred tax expense of $4,061 thousand is included in the $7,184 thousand for the current period. This expense is driven by the fair value of Warrants and investments, partially offset by deferred tax benefit related to net operating losses and share-based compensation.

*Net Loss Attributable to GTI*

Net loss attributable to GTI for the year ended December 31, 2018 was $5,244 thousand, compared to $4,250 for the year ended December 31, 2017. The increase in net loss attributable to GTI was driven by start-up costs for upcoming new markets along with growth related professional fees.

As presented in the Non-GAAP section, after adjusting for non-cash equity incentive compensation of $12,148 thousand as described above, as well as other non-operating items, adjusted operating EBITDA was ($9,007) thousand and ($4,080) thousand for the years ended December 31, 2018 and 2017, respectively.

***Year Ended December 31, 2017***

*Revenue*

Revenue for the year ended December 31, 2017 was $16,529 thousand, up 129% from $7,214 thousand for the year ended December 31, 2016 due to revenue contribution from Consumer Products in Illinois and Retail sales across Illinois and Nevada. Year over year consumer products growth is driven by expanded distribution to third-party retail customers of GTI's branded product portfolio including Rythm, The Feel Collection and Dogwalkers. Retail sales growth is driven by increased foot traffic in Illinois and Nevada retail stores and incremental revenue from two Illinois stores which were acquired in October 2017.

*Cost of Goods Sold*

Cost of goods sold are derived from cost related to the internal cultivation and production of cannabis and from retail purchases made from other licensed producers operating within our state markets.

Year ended December 31, 2017 cost of goods sold of $9,808 thousand was up $4,259 thousand or 77% compared to year ended December 31, 2016, driven by expanded production of consumer products in Illinois, as well as increases from retail sales driven by increases in daily transactions in Illinois and Nevada.

*Gross Profit*

Gross profit for the year ended December 31, 2017 was $6,721 thousand, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals and other cannabis products, of 41%. This is compared to gross profit for the year ended December 31, 2016 of $1,664 thousand or a 23% gross margin.

*Total Expenses*

Total expenses for year ended December 31, 2017 were $11,491 thousand, an increase of $6,827 thousand, compared to year ended December 31, 2016.

Increase in total expenses was attributable to an increase in general and administrative expenses driven by salaries and benefits as a result of new headcount from the Corporation's Retail facilities in Illinois and Nevada, along with corporate staff development and professional fees related to growth related activities.

*Provision for Income Taxes*

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted at year-end. For year ended December 31, 2017, Federal and State income tax expense totaled $214 thousand compared to zero provision for income taxes for the year ended December 31, 2016.

*Net Loss Attributable to GTI*

Net loss attributable to GTI for the year ended December 31, 2017 was $4,250 thousand, compared to $3,533 for the year ended December 31, 2016. The increase in net loss attributable to GTI was driven by start-up costs for upcoming new markets along with growth related professional fees.

As presented in the Non-GAAP section, after adjusting for non-operating items, adjusted operating EBITDA was ($4,080) thousand and ($2,506) thousand for the years ended December 31, 2017 and 2016, respectively.

***Year Ended December 31, 2016***

*Revenue*

Revenue for the year ended December 31, 2016 was $7,214 thousand due to revenue contribution from Consumer Products in Illinois and Retail sales across Illinois and Nevada. Consumer products growth is driven by expanded distribution to third-party retail customers of GTI's branded product portfolio including Rythm, The Feel Collection and Dogwalkers. Retail sales growth is driven by increased foot traffic in Illinois and the opening of a Nevada retail store.

*Cost of Goods Sold*

Cost of goods sold are derived from cost related to the internal cultivation and production of cannabis and from retail purchases made from other licensed producers operating within our state markets.

Year ended December 31, 2016 cost of goods sold of $5,549 thousand was driven by expanded production of consumer products in Illinois, as well as increases from retail sales driven by increases in daily transactions in Illinois and the opening of a Nevada retail store.

*Gross Profit*

Gross profit for the year ended December 31, 2016 was $1,664 thousand, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals and other cannabis products, of 23%.

*Total Expenses*

Total expenses for year ended December 31, 2016 were $4,664 thousand. General and administrative expenses were driven by salaries and benefits as a result of new headcount from the Corporation's Retail facilities in Illinois and Nevada, along with professional fees related to growth related activities.

*Net Loss Attributable to GTI*

Net loss attributable to GTI for the year ended December 31, 2016 was $3,533 for the year ended December 31, 2016 driven by start-up costs for upcoming new markets along with expansion of existing operations.

**Drivers of Results of Operations**

*Revenue*

The Corporation derives its revenue from two revenue streams: a Consumer Packaged Good business in which it manufactures, sells and distributes its portfolio of finished consumer packaged goods, including brands Rythm, Dogwalkers, The Feel Collection and Beboe, among others, primarily to third-party retail customers; and a Retail business in which it sells finished goods sourced primarily from third-party cannabis manufacturers direct to the end consumer in its brick and mortar retail stores, as well as direct-to-consumer delivery where applicable by state law.

For the nine months ended September 30, 2019, revenue was contributed from consumer packaged goods and retail sales across California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New York, Ohio and Pennsylvania.

*Gross Profit*

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

Over the nine months ended September 30, 2019, the Corporation continued to be focused on executing sustainable, profitable growth of the Corporation's base business while pursuing national expansion. GTI expects to continue its growth strategy for the foreseeable future as the Corporation expands its consumer products and retail footprint within its current markets with acquisitions and partnerships, and scales resources into new markets.

*Total Expenses*

Total expenses other than the cost of goods sold consist of selling costs to support customer relationships and marketing and branding activities. It also includes a significant investment in the corporate infrastructure required to support ongoing business.

Selling costs generally correlate to revenue. As a percentage of sales, the Corporation expects selling costs to remain relatively flat in the more established operational markets (Connecticut, Illinois, Nevada, Maryland, Massachusetts and Pennsylvania) and increase in the up and coming markets as business continues to grow (Florida, New Jersey, New York and Ohio). The increase is expected to be driven primarily by the growth of our Retail channels and the ramp up from pre-revenue to sustainable market share.

General and administrative expenses also include costs incurred at the corporate offices, primarily related to personnel costs, including salaries, incentive compensation, benefits, share-based compensation and other professional service costs. The Corporation expects to continue to invest considerably in this area to support aggressive expansion plans and to support the business by attracting and retaining top-tier talent. Furthermore, the Corporation expects to continue to incur acquisition and transaction costs related to these expansion plans and anticipates an increase in stock compensation expenses related to recruiting and hiring talent, along with legal and professional fees associated with being a publicly traded company.

*Provision for Income Taxes*

The Corporation is subject to income taxes in the jurisdictions in which it operates and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Corporation operates in the legal cannabis industry, it is subject to the limitations of IRC Section 280E under which taxpayers are only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E and a higher effective tax rate than most industries. Therefore, the effective tax rate can be highly variable and may not necessarily correlate to pre-tax income or loss.

**Non-GAAP Measures**

EBITDA, Adjusted Operating EBITDA, and Adjusted EBITDA are non-GAAP measures and do not have standardized definitions under GAAP. The following information provides reconciliations of the supplemental non-GAAP financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with GAAP. The Company has provided the non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These supplemental non-GAAP financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the business. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented.

**Liquidity, Financing Activities During the Period, and Capital Resources**

**Adjusted EBITDA**
*(Amounts expressed in United States Dollars, in thousands)*

| | Nine Months Ended September 30, | | Years Ended December 31, | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| **Net (loss) income before noncontrolling interest (GAAP)** | $(44,717) | $ 29,380 | $ 22,568 | $ (4,872) | $(3,533) |
| Interest income | $ (1,300) | $ (1,409) | $ (1,953) | $ — | $ — |
| Interest expense | $ 11,762 | $ 1,138 | $ 2,279 | $ 432 | $ 225 |
| Income taxes | $ 4,706 | $ 4,164 | $ 7,184 | $ 214 | $ — |
| Depreciation and amortization | $ 17,529 | $ 1,714 | $ 5,184 | $ 690 | $ 493 |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-GAAP measure)** | **$(12,020)** | **$ 34,987** | **$ 35,262** | **$ (3,536)** | **$(2,815)** |
| **Other (expense) income** | $ 7,969 | $(42,820) | $(56,417) | $ (544) | $ 309 |
| Stock-based compensation, non-cash | $ 13,324 | $ 3,680 | $ 12,148 | $ — | $ — |
| Acquisition, transaction and other non-operating costs | $ 5,041 | $ 4,265 | $ — | $ — | $ — |
| **Adjusted Operating EBITDA (non-GAAP measure)** | **$ 14,314** | **$ 112** | **$ (9,007)** | **$(4,080)** | **$(2,506)** |

As of September 30, 2019, December 31, 2018, December 31, 2017 and December 31, 2016, the Corporation had total current liabilities of $105,571 thousand, $47,571 thousand, $14,281 thousand and $3,619 thousand, respectively, and cash and cash equivalents of $66,121 thousand, $145,986 thousand, $29,565 thousand and $12,956 thousand, respectively to meet its current obligations. As of September 30, 2019, the Corporation had working capital of $9,280 thousand, down $112,211 thousand as compared to December 31, 2018, driven primarily by liabilities arising from the completion of business acquisitions during the nine months ended September 30, 2019.

The Corporation is an early-stage growth company. It is generating cash from sales and is deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital reserves are being utilized for acquisitions in the medical and adult use cannabis markets, for capital expenditures and improvements in existing facilities, product development and marketing, as well as customer, supplier and investor and industry relations.

***Cash Flows***

*Cash Used in Operating Activities*

Net cash used in operating activities for the nine months ended September 30, 2019 and September 30, 2018, and for the years ended December 31, 2018, 2017 and 2016, were as follows:

| | Nine Months Ended September 30, | | Years Ended December 31, | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| Net Cash Used in Operating Activities | $(1,248) | $(13,223) | $(17,683) | $(4,289) | $(3,447) |

*Cash Flow from Investing Activities*

Net cash used in investing activities for the nine months ended September 30, 2019 and September 30, 2018, and for the years ended December 31, 2018, 2017 and 2016, were as follows:

| | Nine Months Ended September 30, | | Years Ended December 31, | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| Net Cash Used in Investing Activities | $(171,943) | $(37,188) | $(111,421) | $(26,025) | $(4,451) |

*Cash Flow from Financing Activities*

Net cash used in financing activities for the nine months ended September 30, 2019 and September 30, 2018, and for the years ended December 31, 2018, 2017 and 2016, were as follows:

| | Nine Months Ended September 30, | | Years Ended December 31, | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| Net Cash Provided by Financing Activities | $93,327 | $170,620 | $245,525 | $46,924 | $13,396 |

**Off-Balance Sheet Arrangements**

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

**Pending and Subsequent Transactions**

On November 12, 2019, the Corporation closed on a sale and leaseback transaction to sell its Danville, Pennsylvania cultivation and processing facility to an unrelated third party. GTI will lease back the facility via a long-term agreement and continue to operate and manage it.

The purchase price for the property was $20,300,000, excluding transaction costs. GTI is also expected to make certain improvements to the property that will significantly enhance production capacity, for which GTI will be reimbursed up to $19,300,000. Assuming full reimbursement for such improvements, the total investment in the property will be $39,600,000.

As part of this transaction, GTI entered into the First Amendment to the Note Purchase Agreement whereby, among other things, the amended agreement reduced the additional amount of funds available for borrowing from $44,533,571 to $24,533,571 and extended the time frame in which GTI may borrow these funds an additional 180 days to May 2020. As of September 30, 2019, GTI has not drawn any additional funds from the lenders.

**Changes in or Adoption of Accounting Practices**

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

In January 2017, the FASB issued Accounting Standards Update No. 2017-04 “Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment” (“**ASU 2017-04**”), which simplifies the accounting for goodwill impairment. ASU 2017-04 requires entities to record an impairment charge based on the excess of a reporting unit’s carrying amount over its fair value (Step 1 under the current impairment test). The standard eliminates Step 2 from the current goodwill impairment test, which included determining the implied fair value of goodwill and comparing it with the carrying amount of that goodwill. ASU 2017-04 must be applied prospectively and is effective in the first quarter of 2020. Early adoption is permitted.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 “Leases (Topic 842)” (“**ASU 2016-02**”), which requires lessees to record most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. For lessors, ASU 2016-02 also modifies the classification criteria and the accounting for sales-type and direct financing leases. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements and is effective in the first quarter of 2019.

Upon adoption of ASU 2016-02, the Corporation recorded right-of-use assets of $10,932,883 and corresponding lease liabilities of $11,984,980 with the difference of $1,052,097 recorded in opening retained earnings.

**CRITICAL ACCOUNTING ESTIMATES**

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

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

*Estimated Useful Lives and Amortization of Intangible Assets*

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired.

*Business Combinations*

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

*Inventories*

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

*Investments in Private Holdings*

Investments include private company investments which are carried at fair value based on the value of the Corporation’s interests in the private companies determined from financial information provided by management of the companies, which may include operating results, subsequent rounds of financing and other appropriate information. Any change in fair value is recognized on the consolidated statement of operations.

*Goodwill Impairment*

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

*Determination of Reporting Units*

The Corporation's assets are aggregated into two reportable segments (retail and wholesale). For the purposes of testing goodwill, GTI has identified 12 reporting units. The Corporation analyzed its reporting units by first reviewing the operating segments based on the geographic areas in which GTI conducts business (or each market). The markets were then further divided into reporting units based on the market operations (retail and wholesale) which were primarily determined based on the licenses each market holds. The following represent the markets in which GTI's operates as of December 31, 2018: Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, Ohio and Pennsylvania.

*Consolidation*

Judgment is applied in assessing whether the Corporation exercises control and has significant influence over entities in which the Corporation directly or indirectly owns an interest. The Corporation has control when it has the power over the subsidiary, has exposure or rights to variable returns and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Corporation is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained. See Note 14—Variable Interest Entities for further details.

*Allowance for Uncollectible Accounts*

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

*Share-Based Payments*

Valuation of stock-based compensation and warrants requires management to make estimates regarding the inputs for option pricing models, such as the expected life of the option, the volatility of the Corporation's stock price, the vesting period of the option and the risk-free interest rate are used. Actual results could differ from those estimates. The estimates are considered for each new grant of stock options or warrants.

*Fair Value of Financial Instruments*

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

**Financial Instruments and Financial Risk Management**

The Corporation's f financial instruments consist of cash and cash equivalents, accounts receivable, member contribution receivable, notes receivable, due from related parties, investments, accounts payable and accrued liabilities, notes payable, derivative liability, liability for acquisition of noncontrolling interest and contingent consideration payable.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2—Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3—Inputs for the asset or liability that are not based on observable market data.

**Financial Risk Management**

The Corporation is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Corporation's risk management processes.

Credit Risk

Credit risk is the risk of a potential loss to the Corporation if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2018 is the carrying amount of cash and cash equivalents. The Corporation does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions.

The Corporation provides credit to its customers in the normal course of business. The Corporation has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations associated with financial liabilities. The Corporation manages liquidity risk through the effective management of its capital structure. The Corporation's approach to managing liquidity is to ensure that it will have sufficient liquidity at all times to settle obligations and liabilities when due.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign exchange rates, raw material and other commodity prices.

*Currency Risk*. The operating results and financial position of the Corporation are reported in U.S. dollars. Some of the Corporation's financial transactions are denominated in currencies other than the U.S. dollar. The results of the Corporation's operations are subject to currency transaction risks. The Corporation has no hedging agreements in place with respect to foreign exchange rates. The Corporation has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

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

*Commodities Price Risk*. Price risk is the risk of variability in fair value due to movements in equity or market prices. The primary raw materials used by the Corporation aside from those cultivated internally are labels and packaging. Management believes a hypothetical 10% change in the price of these materials would not

have a significant effect on the Corporation's consolidated annual results of operations or cash flows, as these costs are generally passed through to its customers. However, such an increase could have an impact on our customers' demand for our products, and we are not able to quantify the impact of such potential change in demand on our combined annual results of operations or cash flows.

## ITEM 3. PROPERTIES

The following tables set forth the Corporation's principal physical properties.

**Corporate Properties**

| Type | Location | Leased / Owned |
|---|---|---|
| Headquarters | Chicago, IL | Leased |

**Production Properties**

| Type | Location | Leased / Owned |
|---|---|---|
| West Haven Facility | West Haven, CT | Leased |
| Homestead Facility | Homestead, FL | Owned |
| Oglesby Facility | Oglesby, IL | Owned |
| Rock Island Facility | Rock Island, IL | Owned |
| Centreville Facility | Centreville, MD | Leased |
| Holyoke Facility | Holyoke, MA | Leased |
| Carson City Facility | Carson City, NV | Leased |
| Las Vegas Facility 1 | Las Vegas, NV | Leased |
| Las Vegas Facility 2 | Las Vegas, NV | Leased |
| Paterson Facility | Paterson, NJ | Leased |
| Schenectady Facility | Glenville, NY | Leased |
| Toledo Facility | Toledo, OH | Owned |
| Danville Facility | Danville, PA | Leased |

**Retail Properties**

| Type | Location | Leased / Owned |
|---|---|---|
| Bluepoint Wellness Branford | Branford, CT | Leased |
| Rise Bonita Springs | Bonita Springs, FL | Leased |
| Rise Deerfield Beach | Deerfield Beach, FL | Leased |
| Rise Hallandale Beach | Hallandale Beach, FL | Leased |
| Rise Oviedo | Oviedo, FL | Leased |
| Rise Pinellas Park | Pinellas Park, FL | Leased |
| Rise West Palm Beach | West Palm Beach, FL | Leased |
| Rise Canton | Canton, IL | Leased |
| The Clinic Effingham | Effingham, IL | Leased |
| 3C Joliet | Joliet, IL | Leased |
| Rise Mundelein | Mundelein, IL | Owned |
| 3C Naperville | Naperville, IL | Leased |
| Rise Bethesda | Bethesda, MD | Leased |
| Rise Joppa | Joppa, MD | Owned |
| Rise Silver Spring | Silver Spring, MD | Leased |
| Rise Amherst | Amherst, MA | Leased |
| Rise Carson City | Carson City, NV | Leased |
| Essence Henderson | Henderson, NV | Leased |
| Essence The Strip | Las Vegas, NV | Leased |
| Essence Tropicana West | Las Vegas, NV | Leased |
| Rise Spanish Springs | Spanish Springs, NV | Leased |

| Retail Properties | | |
|---|---|---|
| **Type** | **Location** | **Leased / Owned** |
| Fp WELLNESS Halfmoon | Clifton Park, NY | Leased |
| Fp WELLNESS Manhattan | New York, NY | Leased |
| Fp WELLNESS Rochester | Rochester, NY | Leased |
| Rise Cleveland | Cleveland, OH | Leased |
| Rise Lorain | Lorain, OH | Owned |
| Rise Toledo | Toledo, OH | Owned |
| Rise Carlisle | Carlisle, PA | Leased |
| Rise Erie | Erie, PA | Owned |
| Rise Hermitage | Hermitage, PA | Leased |
| Rise King of Prussia | King of Prussia, PA | Leased |
| Rise Latrobe | Latrobe, PA | Leased |
| Rise Mechanicsburg | Mechanicsburg, PA | Leased |
| Rise New Castle | New Castle, PA | Leased |
| Rise Steelton | Steelton, PA | Leased |
| Rise York | York, PA | Leased |

*Properties Subject to an Encumbrance.* There are mortgages on three processing properties owned by the Corporation. Pursuant to the Note Purchase Agreement, the Corporation collateralized the facilities in (i) Rock Island, Illinois, (ii) Oglesby, Illinois and (iii) Homestead, Florida.

## ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the expected beneficial ownership of the Corporation's securities as of the Effective Date for (i) each member of the Board of Directors (the "**Board**"), (ii) each named executive officer (as defined below), (iii) each person known to the Corporation and expected to be the beneficial owner of more than 5% of the Corporation's securities and (iv) the members of the Board and the named executive officers of the Corporation as a group. Beneficial ownership is determined according to the rules of the SEC. Generally, a person has beneficial ownership of a security if the person possesses sole or shared voting or investment power of that security, including any securities that a person has the right to acquire beneficial ownership within 60 days. Information with respect to beneficial owners of more than 5% of the Corporation's securities is based on completed questionnaires and related information provided by such beneficial owners as of November 30, 2019. Except as indicated, all shares of the Corporation's securities will be owned directly, and the person or entity listed as the beneficial owner has sole voting and investment power. The address for each director and executive officer is c/o Green Thumb Industries Inc., 325 West Huron Street, Suite 412, Chicago, Illinois 60654.

| | Subordinate Voting Shares | | Multiple Voting Shares | | Super Voting Shares | | Total | | Voting(1) |
|---|---|---|---|---|---|---|---|---|---|
| Name, Position and Address of Beneficial Owner | Number Beneficially Owned | % of Total Subordinate Voting Shares | Number Beneficially Owned | % of Total Multiple Voting Shares | Number Beneficially Owned | % of Total Super Voting Shares | Total Number of Capital Stock Beneficially Owned | % of Total Capital Stock | % of Voting Capital Stock |
| Benjamin Kovler, *Chairman and Chief Executive Officer* | 51,629 | 0.04% | 235,056 | 62.96% | 303,324 | 75.40% | 53,889,629 | 26.14% | 57.53% |
| Anthony Georgiadis, *Director and Chief Financial Officer* | 35,679 | 0.03% | — | — | 35,593 | 8.85% | 3,594,979 | 1.74% | 6.27% |
| Wendy Berger, *Director* | 1,376,923 | 1.07% | — | — | — | — | 1,376,923 | 0.67% | 0.24% |
| Glen Senk, *Director* | 214,003 | 0.17% | — | — | — | — | 214,003 | 0.10% | 0.04% |
| Wes Moore, *Director* | 75,500 | 0.06% | — | — | — | — | 75,500 | 0.04% | 0.01% |
| William Gruver, *Director* | 16,715 | 0.01% | — | — | 1,171 | 0.29% | 133,815 | 0.06% | 0.21% |
| Alejandro Yemenidjian, *Director and Managing Director, Integral Associates* | 5,441,947 | 4.23% | — | — | — | — | 5,441,947 | 2.64% | 0.96% |
| Jennifer Dooley, *Chief Strategy Officer* | 189,489 | 0.15% | 453 | 0.12% | — | — | 234,789 | 0.11% | 0.04% |
| Peter Kadens, *Former Chief Executive Officer* | 224,909 | 0.17% | — | — | 43,560 | 10.83% | 4,580,909 | 2.22% | 7.71% |
| **All Board directors and named executive officers as a group** | 7,626,794 | 5.93% | 235,509 | 63.08% | 383,648 | 95.37% | 69,542,494 | 33.73% | 73.00% |
| GV Health Partners, LLC(2) | 9,322,628 | 7.25% | — | — | — | — | 9,322,628 | 4.52% | 1.64% |
| HMS Illinois, LLC(3) | — | — | 31,235 | 8.37% | — | — | 3,123,500 | 1.51% | 0.55% |
| BF REMS Holdings 2016, LLC(4) | — | — | 24,704 | 6.62% | — | — | 2,470,400 | 1.20% | 0.43% |

Notes:

(1) The voting percentages differ from the beneficial ownership percentages in the total capital stock because GTI's classes of securities have different voting rights. For further description of the different voting rights by different securities, see Item 11—"Description of the Registrant's Securities To Be Registered."

(2) Address: 2275 Corporate Circle, Suite 300, Henderson, Nevada 89074.

(3) Address: 12 North Broadway #220, Denver, Colorado 80203.

(4) Address: 300 East Lombard Street, Suite 2010, Baltimore, Maryland 22102.

## ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

The articles of the Corporation (the "**Articles**") provide that the number of directors should not be fewer than three directors. Each director shall hold office until the close of the next annual general meeting of the Corporation, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Corporation's Board currently consists of seven directors, of whom three are considered to be independent persons. See Item 7—"Director Independence" for details on the independence of the Corporation's directors.

The following table sets forth the individuals that we anticipate will be the directors and executive officers of the Corporation as of the Effective Date and their respective positions.

| Name | Age | Position |
|---|---|---|
| Wendy Berger | 53 | Director |
| William Gruver | 75 | Director |
| Wes Moore | 41 | Director |
| Glen Senk | 63 | Director |
| Alejandro Yemenidjian | 63 | Director and Managing Director, Integral Associates |
| Beth Burk | 56 | Interim Chief Legal and Compliance Officer |
| Jennifer Dooley | 33 | Chief Strategy Officer |
| Anthony Georgiadis | 41 | Director and Chief Financial Officer |
| Julie Knudson | 59 | Chief People Officer |
| Benjamin Kovler | 41 | Founder, Chairman of the Board and Chief Executive Officer |
| Armen Yemenidjian | 33 | President |

The Articles provide that the directors may, from time to time, appoint such officers as the directors determine. The directors may, at any time, terminate any such appointment. All members of management devote full time to the business of the Corporation and have entered into a non-competition or non-disclosure agreement with the Corporation.

### Director and Executive Officer Biographies

*Wendy Berger, Director.* Wendy Berger has served as a Director of the Board since February 2015. Wendy brings decades of experience in strategic planning, execution and exits for rapid growth start-ups, in addition to a tenured career in real estate planning, development and transactions. This unique combination makes her an incredible asset to GTI as Director and Real Estate Subject Matter Expert. Wendy co-founded and was COO of Neoglyphics Media Corporation, one of the country's first website development firms where she was integral in successfully scaling the organization from start-up to a high-performing corporation with more than 150 employees before it was sold in March 1998 for $65 million. Following, Wendy was employee number 11 at Orbitz (the Travel website founded in 2000 by American, Continental, Delta, Northwest and United Airlines), where she was Director of Strategic Enterprise Planning. Over the last 28 years, Wendy has been involved in the real estate business as a lender, property manager, broker and consultant, as well as an investor. She began her career at American National Bank and Trust Company of Chicago (a subsidiary of First Chicago, now JP Morgan Chase) in Commercial Lending and then spent several years as a principal with Berger Realty Group, an 80-year-old family owned Real Estate business where she focused on residential and industrial property management and development. Now, Wendy is a principal of WBS Equities, LLC, which specializes in ground-up construction, renovation, development, sale and leaseback transactions and acquisitions. Wendy earned her MBA in Finance and Real Estate from Northwestern University's Kellogg School of Business. She received a BS, *cum laude*, in Finance and Marketing from Syracuse University.

*William Gruver, Director*. William Gruver has served as a Director of the Board since April 2019. He spent 20 years at Goldman, Sachs & Co., the international investment banking firm. In the wake of the 1987 stock market crash, he was named Chief Administrative Officer of the firm's largest division—the equities division—

which, under his leadership, reorganized and redeployed its people and capital to become one of the firm's most profitable areas. Prior to his tenure with Goldman Sachs, he served as a qualified officer of the deck in the nuclear submarine force of the United States Navy where he was awarded several decorations. William currently serves on two additional audit committees – (1) Geisinger Health, a $7 billion integrated health care system in Pennsylvania and New Jersey, where he chairs the Audit Committee and (2) Private Client Bank, a multi-billion dollar Swiss institution. He was a member of the Audit Committee and served as chair of the Compensation Committee for TheStreet, Inc. (NASDAQ: TST), a leading financial news and information company, where he was a director from October 2003 to June 2013. He previously served as Audit Committee Chair for Berea College, the first interracial and coeducational college in the South, from 1996 to 2008. He is also a national arbitrator of the Financial Industry Regulatory Authority. William now holds the Howard I. Scott Chair in Global Commerce, Strategy and Leadership at Bucknell University. He has received the Lindback Award for distinguished teaching and the ECAC Award for his contributions to inter-collegiate athletics at Bucknell. His thinking and writing has been widely published in outlets such as the Financial Times, the Los Angeles Times, the New York Times, the New Republic, Finanz und Wirtschaft, Public Radio International, as well as several academic journals. William received his AB with distinction from Dartmouth College and his MBA from Columbia University.

*Wes Moore, Director*. Wes Moore has served as a Director of the Board since July 2018. Wes brings a lifetime's commitment to social impact and entrepreneurship to GTI. He is a bestselling author, decorated Army combat veteran, and Chief Executive Officer at Robin Hood, New York City's largest poverty-fighting organization. Wes previously served on Robin Hood's Veterans Advisory Board, which brought together leaders from the military, non-profits and government to connect veterans and their families living in poverty to housing, job training, education, counseling and health services. Before becoming CEO at Robin Hood, Wes was the founder and CEO at BridgeEdU, an innovative platform addressing the college completion and job placement crisis. Wes also hosts Oprah Winfrey Network's "Beyond Belief" and PBS's "American Graduate Day" and is the Executive Producer and host of PBS's "Coming Back with Wes Moore," focusing on the reintegration of Iraq and Afghanistan veterans. Wes is a New York Times and Wall Street Journal bestselling author of "The Other Wes Moore" and "The Work," which capture the fine line between success and failure in our communities. Wes graduated Phi Theta Kappa from Valley Forge Military College in 1998 and Phi Beta Kappa from Johns Hopkins University in 2001. While at Johns Hopkins, Wes founded STAND!, working with Baltimore youth involved in the criminal justice system. Wes earned a MLitt in International Relations from Oxford University as a Rhodes Scholar in 2004. He then served as a Captain and paratrooper with the U.S. Army's 82nd Airborne, including a combat deployment to Afghanistan. Later, Wes served as a White House Fellow to Secretary of State Condoleezza Rice. Wes has also served on the boards of Iraq Afghanistan Veterans of America and Johns Hopkins University.

*Glen Senk, Director*. Glen Senk has served as a Director of the Board since June 2018. Glen is a creative leader who has worked with several of the world's most iconic brands, beginning with Bloomingdale's in 1981, where in just seven years he rose to Senior Vice President and Managing Director of Bloomingdale's by Mail. In 1989, Glen became Chief Executive of the London-based Habitat International Merchandise and Marketing Group. Returning to the States in 1992, Glen joined Williams-Sonoma (NYSE: WSM) as a Senior Vice President and General Merchandise Manager, where he supervised Williams-Sonoma, Pottery Barn, Hold Everything, Chambers and Gardener's Eden and, most notably, set the strategy and groundwork for Pottery Barn's rapid expansion and sales growth. In 1994, Glen joined Urban Outfitters (NASDAQ: URBN) as President of Anthropologie, which was then a single-store prototype. During the course of growing Anthropologie into a billion-dollar brand, Glen was named Executive Vice President of URBN in 2002, elected to the company's board of directors in 2004, and named CEO of URBN in 2007. Glen also served as CEO for America's leading fine jewelry brand David Yurman from February 2012 to February 2014, and founded Front Row Partners in April 2014, where he currently serves as Chairman and CEO. Glen currently serves on the board of directors of Aritzia (TSE: ATZ), Boden, Kendra Scott and Opening Ceremony and has previously served on the boards of directors of Urban Outfitters (NASDAQ: URBN), Bare Escentuals (NASDAQ: BARE), Melissa & Doug, Tory Burch, David Yurman and Cooking.com. Glen holds a BA, *magna cum laude*, in psychology, computer science

and mathematics from New York University and an MBA in marketing and finance from the University of Chicago Booth School of Business. He is a member of Phi Beta Kappa and Psi Chi.

*Alejandro Yemenidjian, Director and Managing Director, Integral Associates.* Alejandro Yemenidjian has served as a Director of the Board since June 2019. He served as Chairman of the Board and Chief Executive Officer of Armenco Holdings, LLC, a private investment company, since January 2005, and co-founded Integral Associates, which was acquired by GTI. Alejandro served as Chairman of the Board and Chief Executive Officer of Tropicana Las Vegas Hotel & Casino, Inc. from July 2009 to September 2015. He also served as Chairman of the Board and Chief Executive Officer of Metro-Goldwyn-Mayer Inc. from April 1999 to April 2005 and was a director from November 1997 to April 2005. Alejandro was director of MGM Resorts International, Inc. ("**MGM**") (formerly MGM Grand, Inc. and MGM Mirage Resorts, Inc.) from 1989 to 2005 and was its president from 1995 to 1999. He also served MGM in other capacities, including as Chief Operating Officer from 1995 until 1999 and as Chief Financial Officer from 1994 to 1998. He served as an executive of Tracinda Corporation, the majority owner of both Metro-Goldwyn-Mayer Inc. and MGM, from 1990 to 1997 and again during 1999. Alejandro is a trustee of mutual funds Baron Investment Funds Trust and Baron Select Funds, is lead director and chairman of the compensation committee of Guess?, Inc., a worldwide retailer of contemporary apparel, and until March 2018, when it was sold, was a director and chairman of the audit committee of Regal Entertainment Group, a motion picture exhibition company. As part of his civic and charitable activities, Alejandro serves on the board of USC Marshall School of Business Board of Leaders, was Co-Chair of Imagine the Arts Campaign of California State University, Northridge, served as Director of the Lincy Foundation, served as Trustee of the American Film Institute and served as Chairman of the United Armenian Fund. He has a Bachelor's degree in Business Administration and Accounting from California State University, Northridge, a Master's degree in Business Taxation from the University of Southern California, and was Adjunct Professor of Taxation at the University of Southern California Graduate School of Business.

*Beth Burk, Interim Chief Legal and Compliance Officer*. Beth Burk brings over 25 years of broad legal expertise to GTI, most recently serving as Global Chief Compliance Officer of Aon plc (NYSE: AON), a leading global professional services firm providing a broad range of risk, retirement and health solutions. During her 14-year tenure with Aon, she served the company in its Chicago and London offices in a variety of key leadership roles, including as Chief Counsel of its Global Employment Law team and of a key business unit. Prior to joining Aon, Beth was a partner in the Chicago office of the global law firm Winston & Strawn LLP, where she advised businesses in a variety of industries from early stage to maturity. Beth earned her JD from Chicago-Kent College of Law and a Bachelor of General Studies degree, with a concentration in Economics, from the University of Michigan.

*Jennifer Dooley, Chief Strategy Officer*. Jennifer Dooley has been with the Corporation since 2015. She brings a decade of experience building consumer brands, driven by her uniquely creative and analytical approach to identifying and capitalizing on market opportunities, to GTI. Prior to joining GTI, Jennifer led strategic Brand Development and Innovation at Storck USA, a top 10 global confectioner, known for brands Werther's Original, Toffifay, Mamba, merci and RIESEN. There, she managed a $100 million brand portfolio P&L and brought to market dozens of new products, including the first non-confection product to come out of the century-old Werther's Original brand, a Caramel Popcorn that knocked out incumbents, earning #1 ranks in the market, and the 2015 Snack Category Product of the Year. She also ran brand operations for the Werther's Original Caramel Shoppe in the Germany Pavilion at Walt Disney World's Epcot. In 2019, Jennifer was named to Marijuana Venture's "40 Under 40" list. She earned her MBA from Northwestern University Kellogg School of Management with a focus on Marketing, Entrepreneurship and Innovation. Jennifer graduated *summa cum laude* from the College of Charleston with a Bachelor of Science in Business Administration and English while a member of The College's NCAA Division I Cross Country and Track & Field teams.

*Anthony Georgiadis, Chief Financial Officer and Director*. Anthony Georgiadis is a Director and the Chief Financial Officer of GTI. Anthony joined GTI as the Chief Financial Officer and has served as a Director of the Board since 2016. Anthony is an investor and entrepreneur, having purchased a Florida-based manufacturing

business in 2005 that he helped grow into one of North America's largest manufacturers of wall décor. Prior to this, he worked as a principal investing associate for CIVC Partners, a $1.5 billion private equity firm, and as an M&A analyst for Bowles Hollowell Conner & Co. Anthony became involved in the cannabis industry in 2014 after exploring CBD for treatment on his Swiss mountain dog, who suffered from epilepsy. Since then, he has invested in a number of cannabis-related businesses including PAX (vapor technology), Cannasure (insurance), Headset (data analytics) and Baker (customer engagement). Anthony is an avid supporter of Students for Sensible Drug Policy, the Drug Policy Alliance, the Marijuana Policy Project and the Special Operations Warriors Foundation. Anthony graduated *magna cum laude* from Bucknell University with a degree in finance and a minor in mathematics.

*Julie Knudson, Chief People Officer.* Julie Knudson has served as the Corporation's Chief People Officer since August 2019. She oversees all human resources, recruiting and culture initiatives for GTI. She brings an extensive business background, including leadership in premier market-leading organizations, publicly traded companies and high-growth entities ranging from early-stage companies to Fortune 500 C-suites. Julie most recently served as Senior Vice President and Chief Human Resources Officer for GGP Inc., an S&P 500 company acquired by Brookfield Properties in 2018. She started her career in consulting and has led human resources for public companies such as Echo Global Logistics, DigitalGlobe and YesMail. Additionally, she held previously HR leadership positions at Accenture and spent time in Rwanda as the Country Director for The Clinton Foundation, where she worked in partnership with the President of Rwanda's office and directed teams on the Clinton HIV / AIDS and other initiatives. She has a Bachelor of Science in Accountancy from the University of Illinois and Sloan Master's in Leadership and Strategy from the London Business School. Julie has been a director of a private foundation and is an Advisory Council Member of Youth Guidance's WOW (Working on Womanhood) program.

*Benjamin Kovler, Founder, Chief Executive Officer and Chairman of the Board*. Benjamin Kovler brings his extensive experience managing complex operating companies and his deep commitment to philanthropy as Founder, Chief Executive Officer and Chairman of the Board of GTI. Benjamin founded GTI in 2014 and has successfully grown it into a national cannabis consumer packaged goods company and retailer that manufactures and distributes a portfolio of branded cannabis products including Rythm, Dogwalkers, The Feel Collection and Beboe, among others. The Corporation also owns and operates a rapidly growing national chain of retail cannabis stores called Rise. Benjamin is frequently featured as an industry thought leader in media outlets such as Bloomberg, Barron's, Business Insider, CNBC and Forbes. He is also co-founder and Chief Executive Officer of Invest For Kids (IFK), an annual forum bringing together portfolio managers, family offices and analysts to share investment ideas to benefit children in Illinois. In its first 11 years, IFK generated more than $15 million to benefit 60 youth organizations that have helped 80,000 children. Benjamin is also on the board of the Providence St. Mel School and the Academy for Global Citizenship. Benjamin earned a Bachelor of Arts in philosophy, politics and economics from Pomona College and an MBA in accounting and finance from The University of Chicago.

*Armen Yemenidjian, President*. Armen Yemenidjian has served of President of GTI since June 2019. Armen began his career at Tropicana Hotel & Casino in Las Vegas in August 2009 in the Marketing Department, subsequently moving to Casino Operations and Player Development. He served as Special Projects Manager and Director of Player Development before becoming Vice President of Casino Marketing and Operations. He was a member of the Tropicana Las Vegas Executive Committee as well as the Casino Credit and Compliance Committee. After the sale of Tropicana in August 2015, Armen founded a number of companies in various industries, including Armenco Capital LLC, a commercial and residential real estate investment company, Armenco Restaurant Group, a franchisee of Jersey Mike's in Las Vegas, and Integral Associates I & II, medical and adult use cannabis companies that own and operate three Essence Vegas dispensaries and two state-of-the-art cultivation and production facilities (d/b/a Desert Grown Farms and Cannabiotix NV). Under Armen's leadership, Essence Vegas has received numerous accolades, including being named *Business Insider*'s number one dispensary in Nevada and top-25 dispensary in the United States, a 15-time *Leafly* List Winner (the most among dispensaries in Nevada) and the Las Vegas Review-Journal's 2016 "Best of Las Vegas." In 2019, the

Corporation acquired Integral Associates and Armen joined the GTI team as President. Armen is a member of the Nevada Dispensary Association and the Nevada Cannabis Coalition, was appointed by the Clark County Commission to serve on the Cannabis Green Ribbon Panel and was selected by the State of Nevada to participate in the Governor's Task Force on Cultivation. In 2017, Armen was named to Vegas Inc.'s prestigious "40 Under 40" list and, in 2018, he was named as one of High Times' "100 Most Influential People in Cannabis." Armen holds a Bachelor's degree in Business Administration from the University of Southern California.

**Board Committees**

The Corporation currently has an audit committee and compensation committee. A brief description of each committee is set out below.

***Audit Committee***

*Composition of the Audit Committee.*

The audit committee of the Board (the "**Audit Committee**") assists the Corporation's Board in fulfilling its responsibilities for oversight of financial, audit and accounting matters. The Audit Committee reviews the financial reports and other financial information provided by the Corporation to regulatory authorities and its shareholders, as well as reviews the Corporation's system of internal controls regarding finance and accounting, including auditing, accounting and financial reporting processes.

As of the date of this registration statement, the following are the members of the Audit Committee:

| Name of Member | Independent(1) | Financially Literate(2) |
|---|---|---|
| Glen Senk | Yes | Yes |
| Wes Moore | Yes | Yes |
| William Gruver (Chair) | Yes | Yes |

Notes:

(1) A member of the Audit Committee is independent if he or she has no direct or indirect 'material relationship' with the Corporation. A material relationship is a relationship which could, in the view of the Corporation's Board, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Corporation, such as the President or Secretary, is deemed to have a material relationship with the Corporation.

(2) A member of the Audit Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

*Relevant Education and Experience*

Each member of the Audit Committee has experience relevant to his or her responsibilities as an Audit Committee member. See Item 5—"Director and Executive Officer Biographies" for a description of the education and experience of each Audit Committee member.

*Audit Committee Oversight*

At no time since the commencement of the Corporation's most recently completed fiscal year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

*Audit Committee's Charter*

The Board has adopted a written charter for the Audit Committee, which sets out the Audit Committee's responsibilities. The Audit Committee's principal duties and responsibilities include assisting the Board in discharging the oversight of: (i) the Corporation's internal audit function; (ii) the integrity of our consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements; (iii) compliance with legal and regulatory requirements; (iv) external auditors' qualifications and independence; (v) the work and performance of financial management and external auditors; and (vi) system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance and risk management established by management and the Board. The Audit Committee has access to all books, records, facilities and personnel and may request any information about us as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee.

***Compensation Committee***

The compensation committee of the Board (the "**Compensation Committee**") assists the Corporation's Board in fulfilling its responsibilities for compensation philosophy and guidelines. The Compensation Committee also has responsibility for fixing compensation levels for the Corporation's executive officers. In addition, the Compensation Committee is charged with reviewing the Stock and Incentive Plan (as hereinafter defined) and proposing changes thereto, approving any awards of options under the Stock and Incentive Plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to the Corporation's executive officers. The Compensation Committee is also responsible for reviewing, approving and reporting to the Corporation's Board annually (or more frequently as required) on the Corporation's succession plans for its executive officers. The current members of the Compensation Committee include the following three directors: (1) Glen Senk (Chair), (2) Wes Moore and (3) Wendy Berger.

For additional details on the Compensation Committee, see Item 6—"Compensation Governance."

**Board Qualifications**

We believe that each of the members of our Board has the experience, qualifications, attributes and skills that make him or her suitable to serve as our director, in light of our highly regulated cannabis business, our complex operations and large number of employees. See Item 5—"Director and Executive Officer Biographies" for a description of the education and experience of each director.

*Benjamin Kovler* serves as the Chief Executive Officer of GTI and has served as a Director of the Board since he founded GTI in 2014. Mr. Kovler also serves as the Chief Executive Officer of Invest For Kids (IFK), and is on the board of the Providence St. Mel School and Academy for Global Citizenship.

Mr. Kovler's specific qualifications, experience, skills and expertise include:

- Core business skills, including financial and strategic planning;
- A deep understanding of GTI and the industry; and
- Operating and management experience.

*Anthony Georgiadis* serves as the Chief Financial Officer of GTI and has served as a Director of the Board since 2016. Mr. Georgiadis was formerly a principal investing associate for CIVC Partners and an M&A analyst for Bowles Hollowell Connor & Co.

Mr. Georgiadis' specific qualifications, experience, skills and expertise include:

- Core business skills, including financial and strategic planning;

- A deep understanding of the cannabis industry; and
- Finance, financial reporting and analysis expertise.

*Wendy Berger* has served as a Director of the Board since February 2015. Ms. Berger is also a principal of WBS Equities, LLC and served as Chief Operating Officer of Neoglyphics Media Corporation.

Ms. Berger's specific qualifications, experience, skills and expertise include:

- Core business skills, including financial and strategic planning;
- A deep understanding of real estate planning, development and transactions; and
- Operating and management experience.

*Glen Senk* has served as a Director of the Board since June 2018. Mr. Senk previously served as Senior Vice President and Managing Director of Bloomingdale's and, in 1989, became chief executive of Habitat International Merchandise and Marketing Group. Mr. Senk served as Chief Executive Officer for David Yurman from February 2012 to February 2014 and currently serves as Chairman and CEO of Front Row Partners and board member of Aritzia. Mr. Senk was a Senior Vice President and General Merchandise Manager at Williams-Sonoma, a President of Anthropologie and board member of Urban Outfitters.

Mr. Senk's specific qualifications, experience, skills and expertise include:

- Core business skills, including financial and strategic planning;
- A deep understanding of GTI and the retail industry; and
- Operating and management experience.

*Wes Moore* has served as a Director of the Board since July 2018. Mr. Moore was the founder and Chief Executive Officer at BridgeEdU, and serves as Chief Executive Officer at Robin Hood.

Mr. Moore's specific qualifications, experience, skills and expertise include:

- Core business skills, including financial and strategic planning;
- A deep understanding of social impact and entrepreneurship; and
- Operating and management experience.

*William Gruver* has served as a Director of the Board since April 2019. Mr. Gruver currently serves on two additional audit committees for Geisinger Health and Private Client Bank. Mr. Gruver was named the Chief Administrative Officer of Goldman, Sachs & Co.'s equities division during his tenure with Goldman Sachs.

Mr. Gruver's specific qualifications, experience, skills and expertise include:

- Core business skills, including financial and strategic planning;
- Finance and financial reporting expertise; and
- Operating and management experience.

*Alejandro Yemenidjian* has served as a Director of the Board since June 2019 and is a Co-Founder and Managing Director of Integral Associates, a business acquired by GTI. Currently, he serves as Chairman of the Board and Chief Executive Officer of Armenco Holdings, LLC. Previously, Mr. Yemenidjian served on the board and as a director for several businesses such as Tropicana Las Vegas Hotel & Casino, Inc., Metro-Goldwyn-Mayer Inc., MGM Resorts International, Inc., Guess?, Inc., and Regal Entertainment Group.

Mr. Yemenidjian's specific qualifications, experience, skills and expertise include:

- Core business skills, including financial and strategic planning;
- A deep understanding of the industry and entrepreneurship; and
- Operating and management experience.

We believe these qualifications bring a broad set of complementary experience to the Board's discharge of its responsibilities.

**Conflicts of Interest—Board Leadership Structure and Risk Oversight**

Conflicts of interest may arise as a result of the directors, officers and promoters of the Corporation also holding positions as directors or officers of other companies. Some of the individuals that are directors and officers of the Corporation have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Corporation will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies provided under the BCBCA.

## ITEM 6. EXECUTIVE COMPENSATION

**Overview of Executive Compensation**

The Board is authorized to review and approve annually all compensation decisions relating to the executive officers of the Corporation. In accordance with reduced disclosure rules applicable to emerging growth companies as set forth in Item 402 of Regulation S-K, this section explains how the Corporation's compensation program is structured for its Chief Executive Officer and the other executive officers named in the Summary Compensation Table (the "**named executive officers**").

**Compensation Governance**

The Board has not adopted any formal policies or procedures to determine the compensation of the Corporation's directors or executive officers. The compensation of the directors and executive officers is determined by the Board, based on the recommendations of the Compensation Committee. Recommendations of the Compensation Committee are made giving consideration to the objectives discussed below and, if applicable, considering applicable industry data.

The Compensation Committee currently consists of three directors: Glen Senk (Chair), Wes Moore and Wendy Berger, all of whom have direct and indirect experience relevant to their roles as members of the Compensation Committee. Glen Senk and Wes Moore are independent director members of the Compensation Committee. For details regarding the experience of the members of the Compensation Committee, see Item 5—"Director and Executive Officer Biographies" and "Board Qualifications."

The role and responsibility of the Compensation Committee is to assist the Board in fulfilling its responsibilities for establishing compensation philosophy and guidelines. Additionally, the Compensation Committee has responsibility for fixing compensation levels for the directors and executive officers and for entering into employment, severance protection, change in control and related agreements and plans for the CEO and other executive officers, provided that any individual agreement with the CEO is subject to Board approval. In addition, the Compensation Committee is charged with reviewing the Stock and Incentive Plan (as hereinafter defined) and proposing changes thereto, approving any awards of options under the Stock and Incentive Plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to the directors and executive officers. The Compensation Committee is also responsible for reviewing, approving and reporting to the Board annually (or more frequently as required) on the Corporation's succession plans for its executive officers.

The Compensation Committee endeavors to ensure that the philosophy and operation of the Corporation's compensation program reinforces its culture and values, creates a balance between risk and reward, attracts, motivates and retains executive officers over the long-term and aligns their interests with those of the Corporation's shareholders. In addition, the Compensation Committee is to review the Corporation's annual disclosure regarding executive compensation for inclusion where appropriate in the Corporation's disclosure documents.

**Elements of Compensation**

1. *Base Salary.* Base salary is the fixed portion of each executive officer's total compensation. It is designed to provide income certainty. In determining the base level of compensation for the executive officers, weight is placed on the following factors: the particular responsibilities related to the position, salaries or fees paid by companies of similar size in the industry, level of experience of the executive and overall performance and the time which the executive officer is required to devote to the Corporation in fulfilling his or her responsibilities.

2. *Short-Term Incentive Awards.* A cash incentive payment or bonus is a short-term incentive that is intended to reward each executive officer for his or her individual contribution and performance of personal objectives in the context of overall corporate performance. Cash bonuses are designed to motivate executive officers to achieve personal business objectives and to be accountable for their relative contribution to the Corporation's performance, as well as to attract and retain executives. In determining compensation and, in particular, bonuses, the Compensation Committee and the Board consider factors over which the executive officer can exercise control, such as their role in identifying and completing acquisitions and integrating such acquisitions into the Corporation's business, meeting any budget targets established by controlling costs, taking successful advantage of business opportunities and enhancing the competitive and business prospects of the Corporation.

3. *Long-Term Equity Incentive Awards.* Long-term incentives are intended to align the interests of the Corporation's directors and executive officers with those of the shareholders and to provide a long-term incentive that rewards these parties for their contribution to the creation of shareholder value. In establishing the number of nonqualified stock options ("**NQSOs**"), incentive stock options ("**ISOs**") (collectively, "**Options**") and restricted stock units ("**RSU Awards**") to be granted, reference is made to the recommendations made by the Compensation Committee as well as, from time to time, the number of similar awards granted to officers and directors of other publicly-traded companies of similar size in the same business as the Corporation. The Compensation Committee and the Board also consider previous grants of Options or RSU Awards and the overall number of Options or RSU Awards that are outstanding relative to the number of outstanding securities in determining whether to make any new grants of Options or RSU Awards and the size and terms of any such grants. With respect to executive officers, the Compensation Committee and the Board also consider the level of effort, time, responsibility, ability, experience and level of commitment of the executive officer in determining the level of long-term equity incentive awards. With respect to directors, the Compensation Committee and the Board also consider committee assignments and committee chair responsibilities, as well as the overall time requirements of the Board members in determining the level of long-term equity incentive awards.

***Summary Compensation Table***

The following table sets forth all compensation paid to or earned by the named executive officers of the Corporation in the last two (2) fiscal years.

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards ($) | Option Awards ($) | Non-Equity Incentive Plan Compensation ($) | Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|---|
| Benjamin Kovler, | 2018(2) | $312,185 | $241,400(4) | $563,945(5)(6) | $506,332(8) | $ — | $ — | $ 25,000(9) | $1,648,862 |
| *Chief Executive Officer and Chairman* | 2017(3) | $198,613 | $150,000(4) | $ — | $ — | $ — | $ — | $ — | $ 348,613 |
| Anthony Georgiadis, | 2018(2) | $250,000 | $158,600(4) | $563,945(5)(6) | $506,332(8) | $ — | $ — | $ 25,000(9) | $1,503,877 |
| *Chief Financial Officer and Director* | 2017(3) | $151,467 | $ 3,563(4) | $ — | $ — | $ — | $ — | $ — | $ 155,030 |
| Jennifer Dooley, | 2018(2) | $156,250 | $ 21,500(4) | $563,945(5) | $506,332(8) | $ — | $ — | $ 77,780(10) | $1,325,807 |
| *Chief Strategy Officer* | 2017(3) | $120,217 | $109,300(4) | $ — | $ — | $ — | $ — | $ — | $ 229,517 |
| Peter Kadens,(1) | 2018(2) | $196,667 | $118,600(4) | $ — (7) | $ — | $ — | $ — | $ 93,132(9)(11) | $ 408,399 |
| *Former Chief Executive Officer* | 2017(3) | $242,917 | $ 4,082(4) | $ — | $ — | $ — | $ — | $ — | $ 246,999 |

Notes:

(1) Peter Kadens resigned from the Corporation effective August 29, 2018, prior to which time he held the role of the Corporation's Chief Executive Officer.

(2) Reflects aggregate compensation earned from the Corporation and certain subsidiaries thereof for the 12 months ended December 31, 2018, which includes compensation earned during this period prior to the Transaction.

(3) Reflects compensation earned from certain subsidiaries of the Corporation during the 12 months ended December 31, 2017 and prior to the completion of the Transaction.

(4) Bonus amounts reflect short-term incentive awards based upon performance in the applicable year and paid in the subsequent year.

(5) The amounts reported in the Stock Awards and the Option Awards columns reflect aggregate grant date fair value computed in accordance with ASC Topic 718, Compensation—Stock Compensation. These amounts reflect our calculation of the value of these awards at the grant date and do not necessarily correspond to the actual value that may ultimately be realized by the named executive officer. Assumptions used in the calculation of these amounts are included in Note 13 to our audited consolidated financial statements for the fiscal year ended December 31, 2018, which are included elsewhere in this registration statement on Form 10. The RSUs granted to Benjamin Kovler, Anthony Georgiadis and Jennifer Dooley on August 30, 2018 had a two-year vesting schedule, with 50% vesting on the first anniversary date of the grant and 50% vesting on the second anniversary date of the grant.

(6) Benjamin Kovler and Anthony Georgiadis received profits interests in VCP on January 1, 2018, which had a $0 value at grant and were amended on January 20, 2018. Such profits interests in VCP vested and converted into 17,526 and 26,288 Super Voting Shares of the Corporation, respectively, upon the closing of the Amalgamation.

(7) Peter Kadens received profits interests in VCP on January 1, 2018, which had a $0 value at grant and were amended on January 20, 2018. Such profits interests in VCP vested and converted into 17,526 Super Voting Shares of the Corporation upon the closing of the Amalgamation.

(8) Benjamin Kovler, Anthony Georgiadis and Jennifer Dooley each received 50,000 Options on August 30, 2018, which had a strike price of C$14.64 and a three-year vesting schedule, with 33⅓% vesting on the first anniversary date of the grant, 33⅓% vesting on the second anniversary date of the grant and the remaining 33⅓% vesting on the third anniversary date of the grant.

(9) Benjamin Kovler and Anthony Georgiadis each received $25,000 in 2018 for attendance at Board and Board committee meetings. Peter Kadens received $25,000 in 2018 for attendance at Board and Board committee meetings in 2018 prior to his resignation in August 2018. None of the named executive officers received any compensation for Board-related matters in 2017.

(10) Jennifer Dooley received profits interests in VCP on May 14, 2018 with taxable gain of $77,780. Such profits interests in VCP vested and converted into 45,300 Multiple Voting Shares of the Corporation upon the closing of the Amalgamation.

(11) Peter Kadens received $68,132 in post-employment consulting fees from the Corporation during 2018 in exchange for regulatory and government relations advice and assistance.

### *Outstanding Equity Awards Table*

The following table sets forth outstanding equity awards for the named executive officers of the Corporation at fiscal 2018-year end.

| | Option Awards | | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price (C$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested ($) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) |
| Benjamin Kovler, *Chief Executive Officer and Chairman* | 25,000(1) | 25,000(1) | — | C$ 14.64 | 8/30/2028 | — | $ — | 25,000(2) | $ 281,972 |
| Anthony Georgiadis, *Chief Financial Officer and Director* | 25,000(1) | 25,000(1) | — | C$ 14.64 | 8/30/2028 | — | $ — | 25,000(2) | $ 281,972 |
| Jennifer Dooley, *Chief Strategy Officer* | 25,000(1) | 25,000(1) | — | C$ 14.64 | 8/30/2028 | — | $ — | 25,000(2) | $ 281,972 |
| Peter Kadens, *Former Chief Executive Officer* | — | — | — | C$ — | — | — | $ — | — | $ — |

Notes:

(1) Benjamin Kovler, Anthony Georgiadis and Jennifer Dooley each received 50,000 Options on August 30, 2018, which had a three-year vesting schedule, with 33⅓% vesting on the first anniversary date of the grant, 33⅓% vesting on the second anniversary date of the grant and the remaining 33⅓% vesting on the third anniversary date of the grant.

(2) Benjamin Kovler, Anthony Georgiadis and Jennifer Dooley each received 50,000 RSUs on August 30, 2018, which had a two-year vesting schedule, with 50% vesting on the first anniversary date of the grant and 50% vesting on the second anniversary date of the grant.

### *Retirement Benefit Plans*

Effective August 1, 2019, each named executive officer other than Mr. Kadens is eligible to participate in the Vision Management Services, LLC 401(k) Plan (the "**VMS 401(k) Plan**"), a tax-qualified, defined contribution retirement plan. The VMS 401(k) Plan is generally available to eligible employees of GTI's operating subsidiary, Vision Management Services, LLC ("**VMS**"), and other GTI subsidiaries that have elected to participate in the VMS 401(k) Plan. Participants in the VMS 401(k) Plan are eligible to make before-tax contributions and Roth contributions and, if VMS elects, to receive discretionary matching and/or profit-sharing contributions.

From March 2017 through November 2018, another subsidiary of GTI, GTI-Clinic Illinois Holdings, LLC ("**GTI-Clinic Illinois**"), sponsored the GTI-Clinic Illinois Holdings 401(k) Plan (the "**GTI-Clinic Illinois 401(k) Plan**"), a tax-qualified, defined contribution retirement plan. The GTI-Clinic Illinois 401(k) Plan was generally available to eligible employees of GTI-Clinic Illinois. Of the named executive officers, only Mr. Kovler was eligible to participate in the GTI-Clinic Illinois 401(k) Plan. Participants in the GTI-Clinic 401(k) Plan were eligible to make before-tax contributions and Roth contributions and, if GTI-Clinic Illinois elected, to receive discretionary matching and/or profit-sharing contributions. For 2017 and 2018, GTI-Clinic Illinois made matching contributions to Mr. Kovler's plan account equal to $10,408 and $953, respectively.

***Termination and Change of Control Benefits***

Except as described below, the Corporation does not have any contract, agreement, plan or arrangement that provides for payments to a named executive officer at, following or in connection with a termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in a named executive officer's responsibilities. The services of each of Benjamin Kovler, Anthony Georgiadis and Jennifer Dooley are provided on an at-will basis.

The restricted stock unit and stock option awards granted pursuant to the Green Thumb Industries Inc. 2018 Stock and Incentive Plan (the "**Stock and Incentive Plan**"), as amended, provide for full vesting in the event the awardee is terminated by the Corporation without cause (as defined in the applicable award agreements) within 12 months following a change of control (as defined in the applicable award agreements). Options that are vested due to such a termination are exercisable for the duration of the option's original term. Further, the Corporation, acting through its Board or its Compensation Committee, has broad discretion in how to treat awards under the Stock and Incentive Plan in the event of a change of control. Such discretion includes the ability to fully vest and cash-out awards, arrange for awards to be assumed by a buyer, provide for economically equivalent replacement awards or eliminate future vesting or exercisability as of, or following, a change of control.

**Director Compensation**

The following table sets forth all compensation paid to or earned by each non-employee director of the Corporation during fiscal year 2018.

| Name | Fees Earned or Paid in Cash ($)[2] | Stock Awards ($) | Option Awards ($) | Non-Equity Incentive Plan Compensation ($) | Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Wendy Berger | $ 25,000 | $3,919,761[3] | $ — | $ — | $ — | $ — | $3,944,761 |
| Glen Senk | $ 25,000 | $1,549,217[4] | $ — | $ — | $ — | $ — | $1,574,217 |
| Wes Moore | $ 25,000 | $1,610,666[5] | $ — | $ — | $ — | $ — | $1,635,666 |
| William Gruver[1] | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Alejandro Yemenidjian[1] | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes:

(1) William Gruver and Alejandro Yemenidjian were appointed to the Board in April 2019 and June 2019, respectively.
(2) Director cash compensation during fiscal year 2018.
(3) Wendy Berger was granted (i) 151,000 RSUs for her duties on the Board on June 29, 2018, which had a two-year vesting schedule, with 50% vesting on the first anniversary date of the grant and 50% vesting on the second anniversary date of the grant, (ii) 50,000 RSUs for consulting services rendered on behalf of the Corporation on August 30, 2018, which had a two-year vesting schedule, with 50% vesting on the first anniversary date of the grant and 50% vesting on the second anniversary date of the grant, and (iii) 236,000 RSUs for consulting services rendered on behalf of the Corporation on December 28, 2018, which vested after two months.
(4) Glen Senk was granted 151,000 RSUs for his duties on the Board on June 29, 2018, which had a two-year vesting schedule, with 50% vesting on the first anniversary date of the grant and 50% vesting on the second anniversary date of the grant.
(5) Wes Moore was granted 151,000 RSUs for his duties on the Board on July 10, 2018, which had a two-year vesting schedule, with 50% vesting on the first anniversary date of the grant and 50% vesting on the second anniversary date of the grant.

**Compensation Committee Interlocks and Insider Participation**

During fiscal 2018, Wendy Berger (Chair), Benjamin Kovler and Glen Senk served as members of the Compensation Committee. Mr. Kovler was also an officer of the Corporation during fiscal 2018 as the Chief Executive Officer. Additionally, Mr. Kovler and Ms. Berger have relationships requiring disclosure with respect to related party transactions. See Item 7—"Transactions with Related Persons" for further details.

None of the Corporation's executive officers served as a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of

directors) of another entity, one of whose executive officers served as a director of the Corporation or on the Compensation Committee, during fiscal 2018. None of the Corporation's executive officers served as a director of another entity, one of whose executive officers served on the Compensation Committee, during fiscal 2018.

## ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE

### Related Person Transaction Policy

The Corporation's Board has adopted a Related Party Transactions Policy, which requires that employees, officers and directors report to the General Counsel (or chief legal officer) any activity that would cause or appear to cause a conflict of interest on his or her part.

Under the Related Party Transactions Policy, a related party transaction includes any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which:

- the Corporation or any of its subsidiaries is or will be a participant;
- the aggregate amount involved will or may be expected to exceed $120,000 in any fiscal year; and
- any related party has or will have a direct or indirect material interest.

Related parties include any person who is or was (since the beginning of the last fiscal year, even if such person does not presently serve in that role) an executive officer, director or nominee for director of the Corporation, any shareholder owning more than 5% of any class of the Corporation's voting securities or an immediate family member, as defined in the Related Party Transactions Policy, of any such person.

Pursuant to the Related Party Transactions Policy, any potential related party transaction that requires approval will be reviewed by the Audit Committee, and the Audit Committee will consider such factors as it deems appropriate to determine whether to approve, ratify or disapprove the related party transaction. The Audit Committee may approve the related party transaction only if it determines in good faith that, under all of the circumstances, the transaction is in the best interests of the Corporation and its shareholders.

### Transactions with Related Persons

*Lease Agreements.* Since 2016, the Corporation has entered into several related party transactions with respect to lease agreements as follows:

- Mosaic Real Estate, LLC owns a building located at 7900 Fenton Street, Silver Spring, Maryland and leased to GTI Maryland, LLC, which operates a Rise dispensary in the building. The lease commenced on June 14, 2017 for a 7-year term, and rent payments were approximately $53,500, $216,500 and $220,500 for the years ended December 31, 2017, 2018 and 2019, respectively. Wendy Berger, a director of the Corporation, is a principal of WBS Equities, LLC, which is the Manager of Mosaic Real Estate, LLC. Additionally, Mosaic Real Estate, LLC is owned in part by Ms. Berger (through a revocable trust), Benjamin Kovler, the Chief Executive Officer and a director of the Corporation (through a wholly-owned entity), and Mr. Georgiadis, the Chief Financial Officer and a director of the Corporation (through a wholly-owned entity). The amount of each entity's interest in such rent payments totaled approximately $158,200, $95,400 and $54,500, respectively. Ms. Berger also receives an annual loan guaranty fee based on the outstanding balance on the facility for the transaction. Such fees totaled $18,200 for the years ended December 31, 2017, 2018 and 2019 combined.
- Mosaic Real Estate Amherst, LLC owns a building located at 169 Meadow Street, Amherst, Massachusetts and leased to RISE Holdings, Inc., which operates a Rise dispensary in the building. The lease commenced on July 14, 2017 for a 15-year term, and rent payments were approximately $8,700,

$67,600 and $68,900 for the years ended December 31, 2017, 2018 and 2019, respectively. Ms. Berger is a principal of WBS Equities, LLC, which is the Manager of Mosaic Real Estate Amherst, LLC. Additionally, Mosaic Real Estate Amherst, LLC is owned in part by Ms. Berger (through a revocable trust), Mr. Kovler (through a wholly-owned entity) and Mr. Georgiadis (through a wholly-owned entity). The amount of each entity's interest in such rent payments totaled approximately $44,100, $31,800 and $15,700, respectively.

- Mosaic Real Estate Sparks, LLC owns a building located at 9650 Pyramid Highway, Sparks, Nevada and leased to JG Retail Services NV, LLC, an entity that has entered into a services agreement for GTI Nevada, LLC to operate a Rise dispensary in the building. The lease commenced on July 21, 2017 for a 15-year term, and rent payments were approximately $25,500, $231,000 and $235,600 for the years ended December 31, 2017, 2018 and 2019, respectively. Ms. Berger is a principal of WBS Equities, LLC, which is the Manager of Mosaic Real Estate Sparks, LLC. Additionally, Mosaic Real Estate Sparks, LLC is owned in part by Ms. Berger (through a revocable trust) and Mr. Georgiadis (through a wholly-owned entity). The amount of each entity's interest in such rent payments totaled approximately $181,700 and $30,300, respectively.
- Mosaic Real Estate Joliet, LLC owns a building located at 2903 Colorado Avenue, Joliet, Illinois and leased to 3C Compassionate Care Center, LLC, which anticipates operating a dispensary in the building. The lease commenced on January 23, 2019 for a 15-year term, and rent payments were approximately $205,600 for the year ended December 31, 2019. Ms. Berger is a principal of South Creek 15, LLC, which is the Manager of Mosaic Real Estate Joliet, LLC. Additionally, Mosaic Real Estate Joliet, LLC is owned in part by Ms. Berger (through a revocable trust). The amount of such revocable trust's interest in such rent payments totaled approximately $17,500.
- Mosaic Real Estate Ocala, LLC owns a building located at 5401 Northwest 44th Avenue, Ocala, Florida and leased to GTI Florida, LLC, which anticipates operating a cultivation and processing facility in the building. The lease commenced on March 19, 2019 for a 15-year term, and rent payments were approximately $321,600 for the year ended December 31, 2019. Ms. Berger is a Co-Manager of Mosaic Real Estate Ocala, LLC. Additionally, Mosaic Real Estate Ocala, LLC is owned in part by Ms. Berger (through a revocable trust). The amount of such revocable trust's interest in such rent payments totaled approximately $40,200.
- Durango Teco Partners, LLC owns a building located at 6410 South Durango Drive, Las Vegas, Nevada and leased to Essence Henderson, LLC, a subsidiary of Integral Associates, LLC, which anticipates operating an Essence dispensary in the building. Essence Henderson, LLC will pay $17,500 per month for rent during the first year, and the monthly rent will be increased each year thereafter by 2.5% for the remainder of the 10-year term. Armen Yemenidjian, the President of the Corporation, and Alejandro Yemenidjian, a director of the Corporation, each own 50% of Armenco Capital LLC, which owns 50% of Durango Teco Partners, LLC.

*Springbig, Inc.* In June 2019, GTI Core, LLC entered into an agreement with Springbig, Inc. ("**Springbig**") for Springbig's loyalty and digital communications platform for retail organization. Payments to Springbig totaled approximately $2,800, $35,400 and $155,300 for the years ended December 31, 2017, 2018 and 2019, respectively. Springbig is owned in part by Mr. Kovler, Mr. Georgiadis and William Gruver, a director of the Corporation. Mr. Kovler is also a director of Springbig.

**Promoters**

No person or company has been at any time during the past five fiscal years a promoter of the Corporation.

**Director Independence**

For purposes of this registration statement, the independence of our directors is determined under the corporate governance rules of the New York Stock Exchange ("**NYSE**"). The independence rules of the NYSE

include a series of objective tests, including that an "independent" person will not be employed by us and will not be engaged in various types of business dealings with us. In addition, the Board is required to make a subjective determination as to each person that no material relationship exists with the Corporation either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation. It has been determined that three of our directors that we expect to be on the Board as of the Effective Date are independent persons under the independence rules of the NYSE: Glen Senk, Wes Moore and William Gruver.

## ITEM 8. LEGAL PROCEEDINGS

### Legal Proceedings

The Corporation has no legal proceedings, pending or threatened, which would have a material impact on the operations or financial condition of the Corporation.

## ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### Trading Price and Volume

The Subordinate Voting Shares of the Corporation are traded on the CSE under the symbol "GTII." During fiscal 2018, the common shares of Bayswater traded on the TSXV under the symbol "BYU.H."

The following table sets forth trading information for the Subordinate Voting Shares for the periods indicated (from June 13, 2018, the date of their initial trading on the CSE), as quoted on the CSE.(1)

| Period | Low Trading Price (C$) | High Trading Price (C$) | Volume (#) |
|---|---|---|---|
| Nine Months Ended September 30, 2019 | $ 10.55 | $ 21.71 | 68,061,452 |
| Year Ended December 31, 2018 | | | |
| Fourth Quarter (December 31, 2018) | $ 10.22 | $ 24.68 | 12,829,887 |
| Third Quarter (September 30, 2018) | $ 8.58 | $ 30.01 | 13,462,742 |
| June 13, 2018—June 30, 2018 | $ 8.95 | $ 16.04 | 2,882,771 |

Notes:

(1) Source: Bloomberg.

The following table sets forth trading information for the pre-Transaction common shares of Bayswater for the periods indicated (until June 12, 2018, the date of their delisting on the TSXV), as quoted on the TSXV.(1)

| Period | Low Trading Price (C$) | High Trading Price (C$) | Volume (#) |
|---|---|---|---|
| Year Ended December 31, 2018 | | | |
| April 1, 2018—June 12, 2018(2) | $ 9.20 | $ 12.88 | 881 |
| First Quarter (March 31, 2018) | $ 9.20 | $ 14.72 | 4,402 |
| Year Ended December 31, 2017 | | | |
| Fourth Quarter (December 31, 2017) | $ 11.04 | $ 14.72 | 5,022 |
| Third Quarter (September 30, 2017) | $ 7.36 | $ 18.40 | 2,170 |
| Second Quarter (June 30, 2017) | $ 12.88 | $ 22.08 | 4,788 |
| First Quarter (March 31, 2017) | $ 12.88 | $ 31.28 | 19,845 |

Notes:

(1) Source: Bloomberg.
(2) Bayswater common shares were halted from trading in connection with the Transaction and subsequently delisted from the TSXV on June 12, 2018.

The Subordinate Voting Shares of the Corporation are also traded on the OTCQX under the symbol “GTBIF.”

The following table sets forth trading information for the Subordinate Voting Shares for the periods indicated (from July 9, 2018, the date of their initial trading on the OTCQX), as quoted on the OTCQX.(1)

| Period | Low Trading Price ($) | High Trading Price ($) | Volume (#) |
|---|---|---|---|
| Nine Months Ended September 30, 2019 | $ 7.99 | $ 16.20 | 48,493,284 |
| Year Ended December 31, 2018 | | | |
| Fourth Quarter (December 31, 2018) | $ 7.55 | $ 18.96 | 13,570,767 |
| July 9, 2018—September 30, 2018 | $ 6.57 | $ 23.16 | 16,519,410 |

Notes:

(1) Source: Bloomberg.

**Shareholders**

As of December 5, 2019, there are 44,847 holders of record of our Subordinate Voting Shares.

**Dividends**

The Corporation has not declared distributions on Subordinate Voting Shares in the past. The Corporation currently intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Corporation does not intend to pay dividends on Subordinate Voting Shares in the foreseeable future. Any future determination to pay distributions will be at the discretion of the Board and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions and any other factors that the Board deems relevant. The Corporation is not bound or limited in any way to pay dividends in the event that the Board determines that a dividend is in the best interest of its shareholders.

**Equity Compensation Plans**

The shareholders and the Board approved the Stock and Incentive Plan on June 11, 2018, and the Board further amended the Stock and Incentive Plan effective August 30, 2019. The granting of awards under the Stock and Incentive Plan is intended to promote the interests of the Corporation and its shareholders by aiding the Corporation in attracting and retaining persons capable of assuring the future success of the Corporation, to offer such persons incentives to put forth maximum efforts for the success of the Corporation’s business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Corporation, thereby aligning the interests of such persons with the Corporation’s shareholders. Eligible participants under the Stock and Incentive Plan include non-employee directors, officers (including the named executive officers), employees, consultants and advisors of the Corporation and its subsidiaries. The Stock and Incentive Plan will be administered by the Board or a committee thereof appointed by the Board (the “**Stock and Incentive Plan Committee**”).

Pursuant to the Stock and Incentive Plan, the Corporation may issue equity-based compensation (denominated in Subordinate Voting Shares) in the form of stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance shares, performance units and dividend equivalent awards to eligible participants. The Stock and Incentive Plan Committee or its permitted delegates has the power and discretionary authority to determine the amount, terms and conditions of the Stock and Incentive Plan awards, including, without limitation, (i) the exercise price of any stock options or stock appreciation rights, (ii) the

method of payment for shares purchased pursuant to any award, (iii) the method for satisfying any tax withholding obligation arising in connection with any award, including by net exercise or the withholding or delivery of shares, (iv) the timing, terms and conditions of the exercisability, vesting or payout of any award or any shares acquired pursuant thereto, (v) the performance criteria, if any, applicable to any award and the extent to which such performance criteria have been attained, (vi) the time of the expiration of any award, (vii) the effect of the participant's termination of service on any of the foregoing, and (viii) all other terms, conditions and restrictions applicable to any award or shares acquired pursuant thereto as the Board shall consider to be appropriate and not inconsistent with the terms of the Stock and Incentive Plan. A non-employee director may not be granted Stock and Incentive Plan awards that exceed in the aggregate $1,500,000 in any calendar year. The foregoing limit does not apply to any award made pursuant to any election by the director to receive an award in lieu of all or a portion of annual and committee retainers and meeting fees.

The following table sets forth securities authorized for issuance under the Stock and Incentive Plan as of fiscal 2018-year end.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrant and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans |
|---|---|---|---|
| **Equity compensation plans approved by security holders** | 1,677,192 | C$ 13.23 | 13,732,851 |
| **Equity compensation plans not approved by security holders** | — | C$ — | — |
| **Total** | 1,677,192 | C$ 13.23 | 13,732,851 |

## ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

The following information represents securities sold by the Corporation within the past three years through November 30, 2019 which were not registered under the Securities Act. Included are new issues, securities issued in exchange for property, services or other securities, securities issued upon conversion from other Corporation share classes and new securities resulting from the modification of outstanding securities. The Corporation sold all of the securities listed below pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act, or Regulation D or Regulation S promulgated thereunder.

### Subordinate Voting Shares

On June 12, 2018, the Corporation issued 11,245,434 Subordinate Voting Shares as part of the approximately C$87 million SR Offering at C$7.75. The financing was underwritten by GMP Securities L.P., Canaccord Genuity Corp., Beacon Securities Limited, Echelon Wealth Partners Inc., and Eight Capital Corp.

Beginning on July 3, 2018 and through December 31, 2018, the shareholders of the Corporation converted 195,606 Multiple Voting Shares into 19,560,600 Subordinate Voting Shares and, continuing through November 30, 2019, the shareholders of the Corporation converted an additional 357,104 Multiple Voting Shares into 35,710,400 Subordinate Voting Shares.

On August 2, 2018, the Corporation issued 7,300,000 Subordinate Voting Shares as part of a C$80.3 million bought deal for a value of C$11.00 per share. The financing was underwritten by Canaccord Genuity Corp., GMP Securities L.P., Beacon Securities Limited, Echelon Wealth Partners Inc. and Eight Capital Corp.

On September 7, 2018 and September 13, 2018, the holders of Compensation Options issued to underwriters of the Transaction financing exercised options, which converted into 154,008 Subordinate Voting Shares.

Between October 9, 2018 and through December 31, 2018, the Corporation issued, in total, 87,742 Subordinate Voting Shares for 100% of the membership interests or shares of privately held companies and, continuing through November 30, 2019, the Corporation issued, in total, an additional 12,462,174 Subordinate Voting Shares.

On October 17, 2018, the Corporation issued 5,083,000 Subordinate Voting Shares as part of a C$101.7 million bought deal for a value of C$20.00 per share. The financing was underwritten by GMP Securities L.P., Beacon Securities Limited, Cormark Securities Inc., Echelon Wealth Partners Inc. and Eight Capital Corp.

Between December 6, 2018 and through December 31, 2018, the Corporation issued 489,347 Subordinate Voting Shares to buyout the membership interests of joint venture partners pursuant to agreements between the parties and, continuing through November 30, 2019, the Corporation issued an additional 4,178,963 Subordinate Voting Shares.

On February 11, 2019, the Corporation issued 6,539,746 Subordinate Voting Shares for 100% of the membership interest of Advanced Grow Labs, LLC.

On May 22, 2019 and May 24, 2019, the Corporation issued 19,875 Subordinate Voting Shares to the lead lender pursuant to the Corporation's Note Purchase Agreement.

On June 5, 2019, June 21, 2019 and August 12, 2019, the Corporation issued, in total, 24,665,193 Subordinate Voting Shares to the owners of Integral Associates, LLC and Integral Associates CA, LLC for 100% of the membership interest of both entities, as well as for certain achieved milestone payments earned pursuant to the Membership Interest Purchase Agreement.

Between July 2, 2019 and November 19, 2019, the Corporation issued, in total, 1,165,630 Subordinate Voting Shares to holders of the Corporation's restricted stock units, which vested over the same period.

**Multiple Voting Shares**

On June 12, 2018, the Corporation issued 830,975 Multiple Voting Shares to prior holders of VCP membership interests pursuant to the Transaction.

Beginning on July 3, 2018 and through December 31, 2018, the shareholders of the Corporation converted 195,606 Multiple Voting Shares into 19,560,600 Subordinate Voting Shares and, continuing through November 30, 2019, the shareholders of the Corporation converted an additional 357,104 Multiple Voting Shares into 35,710,400 Subordinate Voting Shares.

On November 7, 2018, the Corporation issued 32,965 Multiple Voting Shares in exchange for 3,296,500 subscription receipts held by the owners of a privately held company.

Beginning on December 3, 2018 and through December 31, 2018, the shareholders of the Corporation converted 8,896 Super Voting Shares into 8,896 Multiple Voting Shares and, continuing through November 30, 2019, the shareholders of the Corporation converted an additional 22,224 Super Voting Shares into 22,224 Multiple Voting Shares.

On January 8, 2019, the Corporation issued 31,000 Multiple Voting Shares to buyout the membership interest of a joint venture partner pursuant to an agreement between the parties.

**Super Voting Shares**

On June 12, 2018, the Corporation issued 433,409 Super Voting Shares to prior holders of VCP membership interests pursuant to the Transaction and prior holders of Bayswater.

Beginning on December 3, 2018 and through December 31, 2018, the shareholders of the Corporation converted 8,896 Super Voting Shares into 8,896 Multiple Voting Shares and, continuing through November 30, 2019, the shareholders of the Corporation converted an additional 22,224 Super Voting Shares into 22,224 Multiple Voting Shares.

## ITEM 11. DESCRIPTION OF THE REGISTRANT'S SECURITIES TO BE REGISTERED

**Description of the Corporation's Securities**

The Corporation is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Multiple Voting Shares and an unlimited number of Super Voting Shares.

As of November 30, 2019, the issued and outstanding capital of the Corporation consisted of: (i) 128,662,112 Subordinate Voting Shares; (ii) 373,350 Multiple Voting Shares (which includes securities to be issued in connection with an acquisition); and (iii) 402,289 Super Voting Shares.

The total number of equity shares assuming all are converted into Subordinate Voting Shares would be 206,226,012.

Our Articles, which are attached to this registration statement, provide further information regarding our securities and qualify the summary under Item 11 of this registration statement in its entirety.

**Subordinate Voting Shares** (formerly post-consolidation common shares of Bayswater)

*Reclassification*. Each post-consolidation common share held by a shareholder of the Corporation has been reclassified into one Subordinate Voting Share.

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

*Class Rights*. As long as any Subordinate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Subordinate Voting Shares. Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation.

*Liquidation Rights*. In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation 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 Corporation ranking in priority to the Subordinate Voting Shares, be entitled to participate rateably along with all other holders of Subordinate Voting Shares, Multiple Voting Shares (on an as-converted to Subordinate Voting Shares basis) and Super Voting Shares (on an as-converted to Subordinate Voting Shares basis).

*Conversion Rights*. In the event that an offer is made to purchase Multiple Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Multiple Voting Shares are then listed, to be made to all or substantially all the holders of Multiple Voting Shares in a given province or territory of Canada to which these requirements apply, each Subordinate Voting Share shall become convertible at the option of the holder into Multiple Voting Shares at the inverse of the Conversion

Ratio then in effect at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Multiple Voting Shares pursuant to the offer, and for no other reason. In such event, the Corporation's transfer agent shall deposit the resulting Multiple Voting Shares on behalf of the holder. Should the Multiple Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Multiple Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Corporation or on the part of the holder, into Subordinate Voting Shares at the Conversion Ratio then in effect.

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

*Change in Control*. No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

**Multiple Voting Shares**

*Notice and Voting Rights.* Holders of Multiple Voting Shares are entitled to notice of and to attend any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation have the right to vote. At each such meeting, holders of Multiple Voting Shares are entitled to one vote in respect of each Subordinate Voting Share into which such Multiple Voting Share could then be converted (currently 100 votes per Multiple Voting Share held).

*Class Rights.* As long as any Multiple Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Multiple Voting Shares. Holders of Multiple Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation.

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

*Conversion Rights*. The Multiple Voting Shares each have a restricted right to convert into 100 Subordinate Voting Shares (the "**Conversion Ratio**"), subject to adjustments for certain customary corporate changes. The ability to convert the Multiple Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended, may not exceed 40% of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition,

the Multiple Voting Shares will be automatically converted into Subordinate Voting Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the United States Securities Act of 1933, as amended.

In the event that an offer is made to purchase Subordinate Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Subordinate Voting Shares in a given province or territory of Canada to which these requirements apply, each Multiple Voting Share shall become convertible at the option of the holder into Subordinate Voting Shares at the Conversion Ratio at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may be exercised in respect of Multiple Voting Shares for the purpose of depositing the resulting Multiple Voting Shares pursuant to the offer. Should the Subordinate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Subordinate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Corporation or on the part of the holder, into Multiple Voting Shares at the inverse of the Conversion Ratio then in effect.

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

*Change in Control*. No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

**Super Voting Shares**

*Notice and Voting Rights*. Holders of Super Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation have the right to vote. At each such meeting, holders of Super Voting Shares are entitled to 1,000 votes in respect of each Subordinate Voting Share into which such Super Voting Share could ultimately then be converted (currently 1,000 votes per Super Voting Share held).

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

*Liquidation Rights*. In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Super Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Super Voting Shares, be

entitled to participate rateably along with all other holders of Super Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).

*Conversion Rights*. Each Super Voting Share has a right to convert into 1 Multiple Voting Share subject to customary adjustments for certain corporate changes.

*Conversion at the Option of the Corporation.* The Corporation has the right to convert all or some of the Super Voting Shares from a holder of Super Voting Shares into an equal number of Multiple Voting Shares subject to customary adjustments for certain corporate changes:

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

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

The Corporation is not required to convert Super Voting Shares on a prorated basis among the holders of Super Voting Shares.

*Transfer Restrictions.* There are no transfer restrictions for the Super Voting Shares, subject to conversion rights at the option of the Corporation (see "*Conversion at the Option of the Corporation*" above).

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

*Change in Control.* No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

## ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation is subject to the provisions of Part 5, Division 5 of the BCBCA.

Under Section 160 of the BCBCA, we may, subject to Section 163 of the BCBCA:

(a) indemnify an individual who:

(i) is or was a director or officer of our company,

(ii) is or was a director or officer of another corporation (A) at a time when such corporation is or was an affiliate of our company; or (B) at our request, or

(iii) at our request, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity,

including, subject to certain limited exceptions, the heirs and personal or other legal representatives of that individual (collectively, an "eligible party"), against all eligible penalties, defined below, to which the eligible party is or may be liable; and

(b) after final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding, where:

(i) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding,

(ii) "eligible proceeding" means a proceeding in which an eligible party or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, our company or an associated corporation (A) is or may be joined as a party, or (B) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding,

(iii) "expenses" includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding, and

(iv) "proceeding" includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

Under Section 161 of the BCBCA, and subject to Section 163 of the BCBCA, we must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding if the eligible party (a) has not been reimbursed for those expenses and (b) is wholly successful, on the merits or otherwise, in the outcome of the proceeding or is substantially successful on the merits in the outcome of the proceeding.

Under Section 162 of the BCBCA, and subject to Section 163 of the BCBCA, we may pay, as they are incurred in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an eligible party in respect of the proceeding, provided that we must not make such payments unless we first receive from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited under Section 163 of the BCBCA, the eligible party will repay the amounts advanced.

Under Section 163 of the BCBCA, we must not indemnify an eligible party against eligible penalties to which the eligible party is or may be liable or pay the expenses of an eligible party in respect of that proceeding under Sections 160, 161 or 162 of the BCBCA, as the case may be, if any of the following circumstances apply:

(a) if the indemnity or payment is made under an earlier agreement to indemnify or pay expenses and, at the time that the agreement to indemnify or pay expenses was made, we were prohibited from giving the indemnity or paying the expenses by our memorandum or Articles;

(b) if the indemnity or payment is made otherwise than under an earlier agreement to indemnify or pay expenses and, at the time that the indemnity or payment is made, we are prohibited from giving the indemnity or paying the expenses by our memorandum or Articles;

(c) if, in relation to the subject matter of the eligible proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of our company or the associated corporation, as the case may be; or

(d) in the case of an eligible proceeding other than a civil proceeding, if the eligible party did not have reasonable grounds for believing that the eligible party's conduct in respect of which the proceeding was brought was lawful.

If an eligible proceeding is brought against an eligible party by or on behalf of our company or by or on behalf of an associated corporation, we must not either indemnify the eligible party under Section 160(a) of the BCBCA against eligible penalties to which the eligible party is or may be liable, or pay the expenses of the eligible party under Sections 160(b), 161 or 162 of the BCBCA, as the case may be, in respect of the proceeding.

Under Section 164 of the BCBCA, and despite any other provision of Part 5, Division 5 of the BCBCA and whether or not payment of expenses or indemnification has been sought, authorized or declined under Part 5, Division 5 of the BCBCA, on application of our company or an eligible party, the court may do one or more of the following:

(a) order us to indemnify an eligible party against any liability incurred by the eligible party in respect of an eligible proceeding;

(b) order us to pay some or all of the expenses incurred by an eligible party in respect of an eligible proceeding;

(c) order the enforcement of, or any payment under, an agreement of indemnification entered into by us;

(d) order us to pay some or all of the expenses actually and reasonably incurred by any person in obtaining an order under Section 164 of the BCBCA; or

(e) make any other order the court considers appropriate.

Section 165 of the BCBCA provides that we may purchase and maintain insurance for the benefit of an eligible party or the heirs and personal or other legal representatives of the eligible party against any liability that may be incurred by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, our company or an associated corporation.

Under Part 21.2 of our Articles, and subject to the BCBCA, we must indemnify an eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and we must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each eligible party is deemed to have contracted with the Corporation on the terms of the indemnity contained in our Articles.

Under Part 21.3 of our Articles, and subject to any restrictions in the BCBCA, we may indemnify any person.

We have entered into indemnification agreements with each of our directors and executive officers. Under these indemnification agreements, each director and executive officer is entitled, subject to the terms and conditions thereof, to the right of indemnification and contribution for certain expenses to the fullest extent permitted by applicable law. We believe that these indemnification agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

Pursuant to Part 21.4 of our Articles, the failure of an eligible party to comply with the BCBCA or our Articles does not invalidate any indemnity to which he or she is entitled under our Articles.

Under Part 21.5 of our Articles, we may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who: (1) is or was a director, alternate director, officer,

employee or agent of the Corporation; (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Corporation; (3) at the request of the Corporation, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or (4) at the request of the Corporation, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity, against any liability incurred by him or her by reason of having been a director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

We have an insurance policy covering our directors and officers, within the limits and subject to the limitations of the policy, with respect to certain liabilities arising out of claims based on acts or omissions in their capacities as directors or officers.

## ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required to be included in this registration statement appear immediately following the signature page to this registration statement beginning on page F-1.

## ITEM 14. CHANGES IN AND DISAGREEMENTS WITH AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE

### Prior Independent Registered Accounting Firm

Following the Transaction, the independent registered public accounting firm of the Corporation was MNP LLP ("**MNP**") located at 111 Richmond Street W, Suite 300, Toronto, Ontario M5H 2G4, Canada. The Corporation engaged MNP on February 21, 2019, and MNP completed an audit of the Corporation for the year ended December 31, 2018. MNP resigned as the Corporation's auditor effective October 15, 2019. The resignation of MNP was approved by the Audit Committee and the Board.

During the year ended December 31, 2018 and the subsequent period through October 15, 2019, the date of MNP's resignation, there were no (1) disagreements with MNP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which, if not resolved to MNP's satisfaction, would have caused MNP to make reference thereto in its report on the consolidated financial statements of the Corporation (as described in Item 304(a)(1)(iv) of Regulation S-K) or (2) reportable events (as described in Item 304(a)(1)(v) of Regulation S-K).

MNP's report on the consolidated financial statements of the Corporation for the year ended December 31, 2018 did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles.

We have provided MNP with a copy of the foregoing disclosures and requested that MNP furnish us with a letter addressed to the SEC stating whether MNP agrees with the statements made herein and, if not, stating the respects in which it does not agree. A copy of the letter is filed as Exhibit 16.1 to this registration statement.

### Engagement of Macias Gini & O'Connell LLP

The Corporation appointed Macias Gini & O'Connell LLP ("**MGO**") located at 2029 Century Park East, Suite 1500, Los Angeles, California 90067 as its independent registered public accounting firm effective October 17, 2019. The engagement of MGO was approved by the Audit Committee and the Board. MGO will complete an audit of the Corporation for the year ended December 31, 2019. Additionally, in connection with this registration statement on Form 10, MGO provided audits of the Corporation for the years ended December 31, 2016 and 2017.

During the period from October 17, 2019 through November 30, 2019, the Corporation did not consult with MGO regarding any of the following:

- the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Corporation's financial statements, and neither a written report nor oral advice was provided to the Corporation that MGO concluded was an important factor considered by the Corporation in reaching a decision as to an accounting, auditing or financial reporting issue; or
- any matter that was either the subject of a disagreement (as described in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

MGO's reports on the combined financial statements of the Corporation for the years ended December 31, 2016 and 2017 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

**ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS**


(a) Green Thumb Industries Inc. Consolidated and Combined Financial Statements as of December 31, 2018 and 2017 and for the Two Years Ended December 31, 2018

| | |
|---|---|
| Report of Independent Registered Public Accounting Firm | F-1 |
| Consolidated and Combined Balance Sheets as of December 31, 2018 and 2017 | F-2 |
| Consolidated and Combined Statements of Operations for the years ended December 31, 2018 and 2017 | F-3 |
| Consolidated and Combined Statements of Changes in Shareholders' Equity for the years ended December 31, 2018 and 2017 | F-4 |
| Consolidated and Combined Statements of Cash Flows for the years ended December 31, 2018 and 2017 | F-5 |
| Notes to Consolidated and Combined Financial Statements | F-7 |

(b) Green Thumb Industries Inc. Combined Financial Statements as of December 31, 2017 and 2016 and for the Two Years Ended December 31, 2017

| | |
|---|---|
| Report of Independent Registered Public Accounting Firm | F-47 |
| Combined Balance Sheets as of December 31, 2017 and 2016 | F-48 |
| Combined Statements of Operations for the years ended December 31, 2017 and 2016 | F-49 |
| Combined Statements of Changes in Shareholders' Equity for the years ended December 31, 2017 and 2016 | F-50 |
| Combined Statements of Cash Flows for the years ended December 31, 2017 and 2016 | F-51 |
| Notes to Combined Financial Statements | F-53 |

(c) Integral Associates, LLC Combined Financial Statements as of December 31, 2018 and 2017 and for the Two Years Ended December 31, 2018

| | |
|---|---|
| Report of Independent Registered Public Accounting Firm | F-78 |
| Combined Balance Sheets as of December 31, 2018 and 2017 | F-79 |
| Combined Income Statement for the years ended December 31, 2018 and 2017 | F-80 |
| Combined Statements of Changes in Members' Equity for the years ended December 31, 2018 and 2017 | F-81 |
| Combined Statements of Cash Flows for the years ended December 31, 2018 and 2017 | F-82 |
| Notes to Combined Financial Statements | F-83 |

(d) Advanced Grow Labs, LLC Consolidated Financial Statements as of December 31, 2018 and for the Year Ended December 31, 2018

| | |
|---|---|
| Report of Independent Registered Public Accounting Firm | F-93 |
| Consolidated Balance Sheets as of December 31, 2018 | F-94 |
| Consolidated Income Statement for the year ended December 31, 2018 | F-95 |
| Consolidated Statements of Changes in Members' Equity for the year ended December 31, 2018 | F-96 |
| Consolidated Statements of Cash Flows for the year ended December 31, 2018 | F-97 |
| Notes to Consolidated Financial Statements | F-98 |

(e) Green Thumb Industries Inc. Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2019 and for the Nine Months Ended September 30, 2019 and 2018


| | |
|---|---|
| Unaudited Interim Condensed Consolidated Balance Sheet as of September 30, 2019 | FQ-1 |
| Unaudited Interim Condensed Consolidated Statements of Operations for the nine months ended September 30, 2019 and 2018 | FQ-2 |
| Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity for the nine months ended September 30, 2019 and 2018 | FQ-3 |
| Unaudited Interim Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2019 and 2018 | FQ-4 |
| Notes to Unaudited Interim Condensed Consolidated Financial Statements | FQ-7 |


(f) Unaudited Pro Forma Condensed Combined Financial Statements as of December 31, 2018 and 2017 and for the Two Years Ended December 31, 2018 and 2017


| | |
|---|---|
| Introduction to Unaudited Pro Forma Condensed Combined Financial Statements | PF-1 |
| Unaudited Pro Forma Condensed Combined Balance Sheets of Green Thumb Industries Inc., Integral Associates, LLC and Advanced Grow Labs, LLC as of December 31, 2018 and 2017 | PF-2 |
| Unaudited Pro Forma Condensed Combined Statements of Operations of Green Thumb Industries Inc., Integral Associates, LLC and Advanced Grow Labs, LLC for the years ended December 31, 2018 and 2017 | PF-4 |
| Notes to Unaudited Pro Forma Condensed Combined Financial Statements | PF-6 |


(g) A list of exhibits filed with this registration statement is included in the Exhibit Index immediately preceding such exhibits and is incorporated herein by reference.

**Appendix A**

**List of Licenses of Green Thumb Industries Inc.**

*Licenses in the State of California*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| ESSENCE CC, LLC | Customer Number 508318 | Culver City, CA | N/A | Medicinal Dispensary, Adult Use Retail Store and Home Delivery Conditional Licenses |
| ESSENCE WEHO, LLC | Conditional License | West Hollywood, CA | N/A | Adult Use Retail Store, Home Delivery and Consumption Conditional License |
| INTEGRAL ASSOCIATES CALIFORNIA, LLC | Conditional License | Culver City, CA | N/A | Distribution and Delivery Conditional License |
| INTEGRAL ASSOCIATES DENA. LLC | Conditional License | Pasadena, CA | N/A | Medicinal Dispensary, Adult Use Retail Store and Home Delivery Conditional License |

*Licenses in the State of Connecticut*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| ADVANCED GROW LABS, LLC | MMPR.0000001 | West Haven, CT | 02/06/2020 | Medicinal Processor License |
| BLUEPOINT WELLNESS OF CONNECTICUT | MMDF.0000002 | Branford, CT | 04/10/2020 | Medicinal Dispensary License |
| BLUEPOINT WELLNESS OF WESTPORT, LLC | MMDF.0000029 | Westport, CT | 12/17/2020 | Medicinal Dispensary License |

*Licenses in the State of Florida*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| KSGNF, LLC | MMTC | Homestead, FL | 02/28/2020 | License to Operate a Medical Marijuana Treatment Center |

*Licenses in the State of Illinois*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| NH MEDICINAL DISPENSARIES, LLC | DISP.00042 | Effingham, IL | 08/22/2020 | Medicinal Dispensary License |
| NH MEDICINAL DISPENSARIES, LLC | AUDO.000004 | Effingham, IL | 03/31/2021 | Adult Use Dispensary License |
| GTI OGLESBY, LLC | 1503060648 | Oglesby, IL | 03/09/2020 | Medicinal Cultivation/Processing Operation Permit |
| GTI OGLESBY, LLC | 1503060648-EA | Oglesby, IL | 03/21/2021 | Adult Use Cultivation Center License |
| GTI ROCK ISLAND, LLC | 1503060649 | Rock Island, IL | 03/09/2020 | Medicinal Cultivation/Processing Operation Permit |
| GTI ROCK ISLAND, LLC | 1503060649-EA | Rock Island, IL | 03/21/2021 | Adult Use Cultivation Center License |
| GTI MUNDELEIN, LLC | DISP.00002 | Mundelein, IL | 09/17/2020 | Medicinal Dispensary License |
| GTI MUNDELEIN, LLC | AUDO.000001 | Mundelein, IL | 03/31/2021 | Adult Use Dispensary License |
| 3C COMPASSIONATE CARE CENTER, LLC | DISP.000027 | Naperville, IL | 01/29/2020 | Medicinal Dispensary License |
| 3C COMPASSIONATE CARE CENTER, LLC | AUDO.000003 | Naperville, IL | 03/31/2021 | Adult Use Dispensary License |
| 3C COMPASSIONATE CARE CENTER, LLC | DISP.000011 | Joliet, IL | 11/19/2020 | Medicinal Dispensary License |
| 3C COMPASSIONATE CARE CENTER, LLC | AUDO.000002 | Joliet, IL | 03/31/2021 | Adult Use Dispensary License |
| EVERGREEN DISPENSARY, LLC | DISP.000003 | Canton, IL | 09/18/2020 | Medicinal Dispensary License |
| EVERGREEN DISPENSARY, LLC | AUDO.000005 | Canton, IL | 03/31/2021 | Adult Use Dispensary License |

*Licenses in the State of Maryland*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| CHESAPEAKE ALTERNATIVES, LLC | P-17-00005 | Centreville, MD | 08/28/2023 | Medicinal Processing License |
| CHESAPEAKE ALTERNATIVES, LLC | D-17-00010 | Bethesda, MD | 11/20/2023 | Medicinal Dispensary License |
| GTI MARYLAND, LLC | G-19-00001 | Centreville, MD | 06/27/2025 | Medicinal Cultivation License |
| GTI MARYLAND, LLC | D-17-00007 | Silver Spring, MD | 11/20/2023 | Medicinal Dispensary License |
| MESHOW, LLC | D-18-00021 | Joppa, MD | 04/10/2023 | Medicinal Dispensary License |

*Licenses in the State of Massachusetts*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| RISE HOLDINGS, INC. | MCN281674 | Holyoke, MA | 01/14/2020 | Adult Use Cultivator License |
| RISE HOLDINGS, INC. | MPN281453 | Holyoke, MA | 01/14/2020 | Adult Use Processor License |
| RISE HOLDINGS, INC. | MR281254 | Amherst, MA | 03/07/2020 | Adult Use Dispensary License |
| COMPASSIONATE ORGANICS, LLC | N/A | Boston, MA | 10/25/2020 | Provisional Dispensary License |

*Licenses in the State of Nevada*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| GTI NEVADA, LLC | 97028286992913304766 | Carson City, NV | 12/31/2020 | Adult Use Dispensary License |
| JG RETAIL SERVICES NV, LLC | 52125541619394980552 | Spanish Springs, NV | 11/30/2020 | Adult Use Dispensary License |
| GTI NEVADA, LLC | 18900369179730863251 | Carson City, NV | 06/30/2020 | Medicinal Dispensary License |
| JG RETAIL SERVICES NV, LLC | 45491515276399795916 | Spanish Springs, NV | 06/30/2020 | Medicinal Dispensary License |
| GTI NEVADA, LLC | 83887504703736981918 | Carson City, NV | 06/30/2020 | Medicinal Cultivator License |
| GTI NEVADA, LLC | 17355802525954961447 | Carson City, NV | 01/31/2020 | Adult Use Cultivator License |
| GTI NEVADA, LLC | 88939271215332828859 | Carson City, NV | 06/30/2020 | Medicinal Processor License |
| GTI NEVADA, LLC | 69272354565432352821 | Carson City, NV | 01/31/2020 | Adult Use Processor License |
| CCLV MANUFACTURING CENTER, LLC | 14501073281263752947 | Las Vegas, NV | 06/30/2020 | Adult Use Cultivator License |
| CCLV MANUFACTURING CENTER, LLC | 46723736766369616954 | Las Vegas, NV | 06/30/2020 | Medicinal Cultivator License |
| CCLV PRODUCTION, LLC | 41146840808916745728 | Las Vegas, NV | 06/30/2020 | Adult Use Processor License |
| CCLV PRODUCTION, LLC | 88867726382068964531 | Las Vegas, NV | 06/30/2020 | Medicinal Processor License |
| INTEGRAL CULTIVATION, LLC | 36793887579714409224 | Las Vegas, NV | 06/30/2020 | Medicinal Cultivator License |
| INTEGRAL CULTIVATION, LLC | 70155083229545863037 | Las Vegas, NV | 06/30/2020 | Adult Use Cultivator License |

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| INTEGRAL CULTIVATION, LLC | 62340865056138997248 | Las Vegas, NV | 06/30/2020 | Distributor License |
| INTEGRAL PRODUCTION, LLC | 54896246263684448089 | Las Vegas, NV | 06/30/2020 | Medicinal Processor License |
| INTEGRAL PRODUCTION, LLC | 59239887350322215968 | Las Vegas, NV | 06/30/2020 | Adult Use Processor License |
| INTEGRAL ASSOCIATES, LLC | 10197329605365016654 | Las Vegas, NV | 06/30/2020 | Medicinal Dispensary License |
| INTEGRAL ASSOCIATES, LLC | 06347213896566425206 | Las Vegas, NV | 06/30/2020 | Adult Use Marijuana Retail Store License |
| ESSENCE HENDERSON, LLC | 31687553825305698491 | Henderson, NV | 06/30/2020 | Medicinal Dispensary License |
| ESSENCE HENDERSON, LLC | 19873661470522818141 | Henderson, NV | 06/30/2020 | Adult Use Marijuana Retail Store License |
| ESSENCE HENDERSON, LLC | 09271842370730937488 | Las Vegas, NV | 06/05/2020 | Adult Use Dispensary Conditional License |
| ESSENCE HENDERSON, LLC | 18482416987753786163 | Las Vegas, NV | 06/05/2020 | Adult Use Dispensary Conditional License |
| ESSENCE HENDERSON, LLC | 48470950795921214873 | Sparks, NV | 06/05/2020 | Adult Use Dispensary Conditional License |
| ESSENCE HENDERSON, LLC | 34299986630191194451 | Carson City, NV | 06/05/2020 | Adult Use Dispensary Conditional License |
| ESSENCE TROPICANA, LLC | 54732391061781763853 | Las Vegas, NV | 06/30/2020 | Medicinal Dispensary License |
| ESSENCE TROPICANA, LLC | 54135769938859220718 | Las Vegas, NV | 06/30/2020 | Adult Use Marijuana Retail Store License |
| ESSENCE TROPICANA, LLC | 15464995890053145809 | Las Vegas, NV | 06/05/2020 | Adult Use Dispensary Conditional License |
| ESSENCE TROPICANA, LLC | 48202177935498005793 | Las Vegas, NV | 06/05/2020 | Adult Use Dispensary Conditional License |
| ESSENCE TROPICANA, LLC | 16849340152215972256 | Reno, NV | 06/05/2020 | Adult Use Dispensary Conditional License |
| ESSENCE TROPICANA, LLC | 43490264137335866974 | Henderson, NV | 06/05/2020 | Adult Use Dispensary Conditional License |

*Licenses in the State of New Jersey*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| GTI NEW JERSEY, LLC (N-0032) | 12112019 | North Region, NJ | 12/31/2020 | Cultivation, Processing, Dispensary (Medical) Provisional License |

*Licenses in the State of New York*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| FIORELLO PHARMACEUTICALS, INC. | MM0701M | Glenville, NY | 07/31/2021 | Medicinal Manufacturing License |
| FIORELLO PHARMACEUTICALS, INC. | MM0702D | New York, NY | 07/31/2021 | Medicinal Dispensary License |
| FIORELLO PHARMACEUTICALS, INC. | MM0703D | Nassau County, NY | 07/31/2021 | Provisional Medicinal Dispensary License |
| FIORELLO PHARMACEUTICALS, INC. | MM0704D | Rochester, NY | 07/31/2021 | Medicinal Dispensary License |
| FIORELLO PHARMACEUTICALS, INC. | MM0705D | Clifton Park, NY | 07/31/2021 | Medicinal Dispensary License |

*Licenses in the State of Ohio*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| GTI OHIO, LLC | MMD.0700015 | Toledo, OH | 12/04/2020 | Medicinal Dispensary License |
| GTI OHIO, LLC | MMD.0700016 | Lorain, OH | 12/04/2020 | Medicinal Dispensary License |
| GTI OHIO, LLC | MMD.0700026 | Cleveland, OH | 12/04/2020 | Medicinal Dispensary License |
| GTI OHIO, LLC | MMD.04017 | Lakewood, OH | Provisional | Medicinal Dispensary Provisional License |
| GTI OHIO, LLC | MMD.04018 | Lakewood, OH | Provisional | Medicinal Dispensary Provisional License |
| GTI OHIO, LLC | MMCPP00070 | Toledo, OH | Provisional | Provisional Medicinal Processor License |
| GTI OHIO, LLC | MMCPC00181 | Toledo, OH | Provisional | Provisional Medicinal Cultivator License |

*Licenses in the Commonwealth of Pennsylvania*

| Holding Entity | Permit/License | City | Renewal Date (MM/DD/YY) | Description |
|---|---|---|---|---|
| GTI PENNSYLVANIA, LLC | GP-4006-17 | Danville, PA | 06/20/2020 | Medicinal Grower/Processor Permit |
| GTI PENNSYLVANIA, LLC | D-6002-17 | Erie, PA | 06/29/2020 | Medicinal Dispensary Permit |
| GTI PENNSYLVANIA, LLC | D18-3019 | Mechanicsburg, PA | 12/18/2020 | Medicinal Dispensary Permit |
| GTI PENNSYLVANIA, LLC | D18-1044 | Chadds Ford, PA | 12/18/2020 | Medicinal Dispensary Permit |
| GTI PENNSYLVANIA, LLC | D18-1044 | King of Prussia, PA | 12/18/2020 | Medicinal Dispensary Permit |
| GTI PENNSYLVANIA LLC | D18-5035 | Latrobe, PA | 12/18/2020 | Medicinal Dispensary Permit |
| GTI PENNSYLVANIA LLC | D18-5035 | Cranberry, PA | 12/18/2020 | Medicinal Dispensary Permit |
| GTI PENNSYLVANIA LLC | D18-6019 | New Castle, PA | 12/18/2020 | Medicinal Dispensary Permit |
| KW VENTURES HOLDINGS, LLC | D-3025-17 | Steelton, PA | 06/29/2020 | Medicinal Dispensary Permit |
| KW VENTURES HOLDINGS, LLC | D-3025-17 | York, PA | 6/29/2020 | Medicinal Dispensary Permit |
| KW VENTURES HOLDINGS, LLC | D-3025-17 | Carlisle, PA | 6/29/2020 | Medicinal Dispensary Permit |
| GTI PENNSYLVANIA LLC | D-6002-17 | Hermitage, PA | 6/29/2020 | Medicinal Dispensary Permit |

## SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

**GREEN THUMB INDUSTRIES INC.**

*/s/ Benjamin Kovler*

By: Benjamin Kovler
Title: Chief Executive Officer

Date: December 20, 2019

## EXHIBIT INDEX

| Exhibit No. | Description of Exhibit |
|---|---|
| 3.1 | Amended and Restated Articles of Green Thumb Industries Inc. |
| 4.1 | Coattail Agreement, dated June 12, 2018, by and among the Shareholders, Green Thumb Industries Inc. and Odyssey Trust Company. |
| 10.1 | Business Combination Agreement, dated June 12, 2018, by and among Bayswater Uranium Corporation, VCP23, LLC, GTI Finco Inc., 1165318 B.C. Ltd. and GTI23, Inc. |
| 10.2* | Membership Interest Purchase Agreement, dated November 12, 2018, by and among the Seller Parties, GTI Core, LLC and Green Thumb Industries Inc. |
| 10.3* | Amendment No. 1 to Membership Interest Purchase Agreement, dated June 5, 2019, by and among the Seller Parties, GTI Core, LLC and Green Thumb Industries Inc. |
| 10.4* | Agreement and Plan of Merger and Reorganization, dated January 4, 2019, by and among Green Thumb Industries Inc., GTI Merger Sub, LLC and Advanced Grow Labs, LLC. |
| 10.5* | First Amendment to the Agreement and Plan of Merger and Reorganization, dated February 11, 2019, by and among Green Thumb Industries Inc., GTI Merger Sub, LLC and Advanced Grow Labs, LLC. |
| 10.6* | Note Purchase Agreement, dated May 22, 2019, by and among the Issuers, the Purchasers and the Agents. |
| 10.7* | First Amendment to the Note Purchase Agreement, dated November 9, 2019, by and among the Issuers, the Purchasers and the Agents. |
| 10.8 | Green Thumb Industries Inc. 2018 Stock and Incentive Plan, dated June 11, 2018. |
| 10.9 | Amendment No. 1 to the Green Thumb Industries Inc. 2018 Stock and Incentive Plan, dated August 30, 2019. |
| 10.10 | Form of Notice of Option Grant. |
| 10.11 | Form of Option Agreement. |
| 10.12 | Form of Notice of RSU Grant and Agreement. |
| 16.1 | MNP LLP Letter, dated December 20, 2019. |
| 21.1 | List of Subsidiaries of Green Thumb Industries Inc. |

* Certain confidential information has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Green Thumb Industries Inc.

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Green Thumb Industries Inc. (the "Company") as of December 31, 2018, and the related consolidated statement of operations, changes in shareholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### Other Matter

The combined financial statements of the Company for the year ended December 31, 2017 were audited by another auditor.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

MNP LLP

December 16, 2019
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

We have served as the Company's auditor since 2018.

MNP

**Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)**
**Consolidated Balance Sheet**
**December 31, 2018 and 2017**
*(Amounts Expressed in United States Dollars)*

| | 2018 | (Combined) 2017 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ 145,986,072 | $ 29,565,497 |
| Accounts Receivable | 4,574,404 | 892,373 |
| Members Contribution Receivable | — | 2,785,998 |
| Due from Related Parties | — | 1,188,686 |
| Inventories | 12,359,064 | 3,862,862 |
| Notes Receivable | 3,500,000 | — |
| Prepaid Expenses and Other Current Assets | 2,642,481 | 550,389 |
| Total Current Assets | 169,062,021 | 38,845,805 |
| Property and Equipment, Net | 65,324,080 | 31,558,357 |
| Investments | 40,933,283 | — |
| Investment in Associate | 5,850,000 | — |
| Notes Receivable | 7,424,727 | — |
| Intangible Assets, Net | 88,365,678 | 14,161,995 |
| Goodwill | 39,204,360 | 188,260 |
| Deposits and Other Assets | 2,184,417 | 1,458,833 |
| **TOTAL ASSETS** | $ 418,348,566 | $ 86,213,250 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts Payable | $ 8,928,528 | $ 4,044,760 |
| Accrued Liabilities | 7,046,029 | 1,160,521 |
| Current Portion of Notes Payable | 1,480,660 | 8,861,376 |
| Liability for Acquisition of Noncontrolling Interest | 25,420,009 | — |
| Derivative Liability | 4,238,701 | — |
| Income Tax Payable | 457,585 | 214,000 |
| Total Current Liabilities | 47,571,512 | 14,280,657 |
| Long-Term Liabilities | | |
| Deferred Rent | 280,127 | 301,105 |
| Notes Payable, Net of Current Portion | 5,733,797 | 7,206,673 |
| Contingent Consideration Payable | 9,035,250 | — |
| Deferred Income Taxes | 13,541,000 | — |
| **TOTAL LIABILITIES** | 76,161,686 | 21,788,435 |
| Subordinate Voting Shares (Shares Authorized: Unlimited, Shares Issued: 43,920,131, Shares Outstanding: 43,920,131) | — | — |
| Multiple Voting Shares (Shares Authorized: Unlimited, Shares Issued: 67,729,000, Shares Outstanding: 67,729,000) | — | — |
| Super Voting Shares (Shares Authorized: Unlimited, Shares Issued: 42,451,300, Shares Outstanding: 42,451,300) | — | — |
| Share Capital Shares | 397,590,465 | 65,308,240 |
| to be Issued | 27,773,234 | — |
| Contributed Surplus | 14,202,659 | — |
| Accumulated Deficit | (100,876,937) | (4,249,775) |
| Equity of Green Thumb Industries Inc. | 338,689,421 | 61,058,465 |
| Noncontrolling interests | 3,497,459 | 3,366,350 |
| **TOTAL EQUITY** | 342,186,880 | 64,424,815 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | $ 418,348,566 | $ 86,213,250 |

Approved and authorized by the Board of Directors on December 16, 2019:

| | |
|---|---|
| /s/ Benjamin Kovler | /s/ Anthony Georgiadis |
| Chief Executive Officer | Chief Financial Officer |

The accompanying notes are an integral part of these consolidated financial statements

**Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)**
**Consolidated Statements of Operations**
**Years Ended December 31, 2018 and 2017**
*(Amounts Expressed in United States Dollars)*

| | 2018 | (Combined) 2017 |
|---|---|---|
| Revenues, net of discounts | $ 62,493,680 | $ 16,528,779 |
| Cost of Goods Sold, net | (34,177,259) | (9,807,775) |
| Gross Profit | 28,316,421 | 6,721,004 |
| | | |
| **Expenses:** | | |
| General and Administrative | 49,313,262 | 11,039,124 |
| Sales and Marketing | 1,494,239 | 190,384 |
| Depreciation and Amortization | 3,849,078 | 261,264 |
| **Total Expenses** | 54,656,579 | 11,490,772 |
| **Loss From Operations** | (26,340,158) | (4,769,768) |
| **Other Income (Expense):** | | |
| Other Income (Expense), net | 56,417,421 | 544,399 |
| Interest Income | 1,952,945 | — |
| Interest Expense | (2,278,834) | (432,448) |
| **Total Other Income (Expense)** | 56,091,532 | 111,951 |
| **Income (Loss) Before Provision for Income Taxes And Non-Controlling Interest** | 29,751,374 | (4,657,817) |
| **Provision For Income Taxes** | 7,183,595 | 214,000 |
| **Net Income (Loss) Before Non-Controlling Interest** | 22,567,779 | (4,871,817) |
| **Net Income (Loss) Attributable To Non-Controlling Interest** | 27,811,696 | (622,042) |
| **Net Loss Attributable To Green Thumb Industries Inc.** | $ (5,243,917) | $ (4,249,775) |
| **Net Loss per share—basic and diluted** | $ (0.04) | $ (0.07) |
| **Weighted average number of shares outstanding—basic and diluted** | 130,102,523 | 63,123,183 |

The accompanying notes are an integral part of these consolidated financial statements.

**Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)**
**Consolidated Statements of Changes in Shareholders' Equity**
**Years Ended December 31, 2018 and 2017**
*(Amounts Expressed in United States Dollars)*

| | Share Capital | Shares to Be Issued | Contributed Surplus | Accumulated Earnings (Deficit) | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|
| **Balance, January 1, 2017** | $ 31,423,983 | $ — | $ — | $ — | $ — | $ 31,423,983 |
| Contributions from shareholders | 65,385,608 | — | — | — | 774,468 | 66,160,076 |
| Member contributions receivable | 2,785,998 | — | — | — | — | 2,785,998 |
| Initial consolidation of variable interest entities | — | — | — | — | 934,472 | 934,472 |
| Conversion of note payable into membership interests | — | — | — | — | 2,279,452 | 2,279,452 |
| Distributions payable to shareholders | (279,750) | — | — | — | — | (279,750) |
| Distributions to shareholders | (34,007,599) | — | — | — | — | (34,007,599) |
| Net loss | — | — | — | (4,249,775) | (622,042) | (4,871,817) |
| **Balance, December 31, 2017** | $ 65,308,240 | $ — | $ — | $ (4,249,775) | $ 3,366,350 | $ 64,424,815 |
| **Balance, January 1, 2018** | $ 65,308,240 | $ — | $ — | $ (4,249,775) | $ 3,366,350 | $ 64,424,815 |
| Conversion of notes payable into share capital | — | — | — | 3,927,483 | 4,686,257 | 8,613,740 |
| Reverse takeover | 3,002,634 | — | — | — | — | 3,002,634 |
| Shares issues pursuant to private placement, net of issuance costs and issuance of options as settlement of services provided | 58,881,710 | — | 906,366 | — | — | 59,788,076 |
| Purchase accounting adjustments for 2017 acquisitions | — | — | — | (2,800,000) | — | (2,800,000) |
| Conversion of exchangeable note | 44,140,526 | — | — | — | — | 44,140,526 |
| Issuance of shares upon fundraise transaction, August 2018, net of costs | 58,592,775 | — | — | — | — | 58,592,775 |
| Issuance of shares upon fundraise transaction, October 2018, net of costs | 75,083,480 | — | — | — | — | 75,083,480 |
| Contribution from limited liability company unit holders | — | — | 1,637,479 | — | 17,297,494 | 18,934,973 |
| Issuance of shares under business combinations and investments | 51,151,649 | — | — | — | — | 51,151,649 |
| Noncontrolling interests adjustment for change in ownership | 35,940,000 | 27,773,234 | — | (90,244,101) | (10,439,741) | (36,970,608) |
| Issuance of shares for redemtion of noncontrolling interests | 4,093,718 | — | — | — | — | 4,093,718 |
| Stock based compensation | — | — | 12,148,251 | — | — | 12,148,251 |
| Exercise of stock options | 1,395,733 | — | (489,437) | — | — | 906,296 |
| Control acquired through management services agreement | — | — | — | — | (164,635) | (164,635) |
| Noncontrolling interest under business combination | — | — | — | — | 1,896,546 | 1,896,546 |
| Distributions to limited liability company unit holders | | — | — | (2,266,627) | (14,821,657) | (17,088,284) |
| Distributions of investments | — | — | — | — | (26,134,851) | (26,134,851) |
| Net income (loss) | — | — | — | (5,243,917) | 27,811,696 | 22,567,779 |
| **Balance, December 31, 2018** | $397,590,465 | $27,773,234 | $14,202,659 | $ (100,876,937) | $ 3,497,459 | $342,186,880 |

The accompanying notes are an integral part of these consolidated financial statements.

**Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)**
**Consolidated Statements of Cash Flows**
**Years Ended December 31, 2018 and 2017**
*(Amounts Expressed in United States Dollars)*

| | 2018 | (Combined) 2017 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net loss attributable to Green Thumb Industries Inc. | $ (5,243,917) | $ (4,249,775) |
| Net income (loss) attributable to non-controlling interest | 27,811,696 | (622,042) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Depreciation and amortization | 5,183,980 | 689,988 |
| Loss on disposal of property and equipment | 667,837 | — |
| Loss from joint venture | 55,750 | — |
| Deferred rent | (20,978) | 301,105 |
| Deferred income taxes | 4,061,000 | — |
| Share based compensation | 12,148,251 | — |
| Increase in fair value of investments | (51,942,861) | — |
| Decrease in fair value conversion feature | (1,293,474) | — |
| Changes in value of liabilities related to put option and purchase of non controlling interests | (2,518,180) | — |
| Interest on convertible note payable | 434,000 | — |
| Interest on contingent liability | 178,030 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (3,682,031) | (592,026) |
| Inventory | (7,441,790) | (1,804,844) |
| Prepaid expenses and other current assets | (2,092,697) | (394,922) |
| Deposits and other assets | (679,072) | (901,768) |
| Accounts payable | 4,725,096 | 3,098,293 |
| Accrued liabilities | 1,722,772 | (26,717) |
| Income tax payable | 243,585 | 214,000 |
| **NET CASH USED IN OPERATING ACTIVITIES** | (17,683,003) | (4,288,708) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Investments in debentures and equity instruments | (42,550,000) | — |
| Repayments from debenture investments | 20,000,000 | — |
| Investment in associates | (4,387,500) | — |
| Purchases of property and equipment | (27,432,847) | (14,244,340) |
| Advances to related parties | (2,750,000) | (1,188,686) |
| Repayments from related parties | 583,686 | — |
| Issuance of notes receivable | (3,500,000) | — |
| Consolidation of variable interest entities | 154,776 | — |
| Purchases of licenses | (49,999) | (220,000) |
| Purchase of businesses, net of cash acquired | (51,489,384) | (10,372,385) |
| **NET CASH USED IN INVESTING ACTIVITIES** | (111,421,268) | (26,025,411) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Contribution from limited liability company unit holders | 21,748,211 | 66,160,076 |
| Distributions to limited liability company unit holders | (17,368,034) | (34,007,599) |
| Payment for change in ownership interests of subsidiary | (700,000) | |
| Proceeds from shares issued pursuant to private placement | 66,805,295 | |
| Proceeds from exchangeable notes payable | 45,000,000 | — |
| Proceeds from fundraise transactions | 140,289,093 | — |
| Proceeds from exercise of options | 906,296 | |
| Reverse takeover, private placement, and fundraise transaction financing costs | (10,627,423) | — |
| Proceeds from issuance of notes payable | 825,000 | 15,000,000 |
| Principal repayments of notes payable | (1,353,592) | (228,379) |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | 245,524,846 | 46,924,098 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 116,420,575 | 16,609,979 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD** | 29,565,497 | 12,955,518 |
| **CASH AND CASH EQUIVALENTS, END OF PERIOD** | $ 145,986,072 | $ 29,565,497 |

The accompanying notes are an integral part of these consolidated financial statements.

**GREEN THUMB INDUSTRIES INC. (formerly Bayswater Uranium Corporation)**
**Consolidated Statements of Cash Flows**
**Years Ended December 31, 2018 and 2017**
*(Amounts Expressed in United States Dollars)*

| | 2018 | (Combined) 2017 |
|---|---|---|
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Interest paid | $ 874,298 | $ 149,081 |
| **OTHER NONCASH INVESTING AND FINANCING ACTIVITIES** | | |
| Purchase of property and equipment with cancellation of note receivable from related party | $ 605,000 | $ — |
| Distributions payable to members | $ — | $ 279,750 |
| Conversion of notes payable into equity | $ 8,613,740 | $ 2,279,452 |
| Compensation options issued for reverse takeover services | $ 906,366 | $ — |
| Initial consolidation of variable interest entities, net of cash | $ (319,411) | $ 934,472 |
| Due from investors for equity contributions | $ — | $ 2,785,998 |
| Accrued capital expenditures | $ 2,710,085 | $ — |
| Distributions of investments | $ 26,134,851 | $ — |
| Liability related to put option of conertible note payable | $ 7,108,043 | $ — |
| Liability for purchase of noncontrolling interest | $ 25,068,847 | $ — |
| Issuance of shares under business combinations and investments | $ 51,151,649 | $ — |
| Acquisitions | | |
| Inventory | $ 975,329 | $ 483,058 |
| Prepaid expenses and other current assets | 26,635 | — |
| Property and equipment | 3,938,703 | 397,015 |
| Identifiable intangible assets | 76,650,639 | 10,600,480 |
| Goodwill | 39,016,100 | 188,260 |
| Deposits and other assets | 239,808 | — |
| Liabilities assumed | (2,088,369) | (1,296,428) |
| Deferred tax liability | (6,680,000) | — |
| Contingent liabilities | (8,857,220) | — |
| Equity interests issued | (49,689,149) | — |
| Noncontrolling interests | (2,043,092) | — |
| | $ 51,489,384 | $ 10,372,385 |
| Initial consolidation of controlled entities, net of cash | | |
| Inventory | $ 79,083 | $ — |
| Prepaid expenses and other current assets | — | 1,921 |
| Property and equipment | 2,433,950 | 1,287,356 |
| Deposits and other assets | 9,000 | 160,000 |
| Liabilities assumed | (2,841,444) | (514,805) |
| | $ (319,411) | $ 934,472 |

The accompanying notes are an integral part of these consolidated financial statements.

**GREEN THUMB INDUSTRIES INC. (formerly Bayswater Uranium Corporation)**
**Notes to the Consolidated Financial Statements**
**For the Years Ended December 31, 2018 and 2017**

## 1. NATURE OF OPERATIONS

Green Thumb Industries Inc. (the "Company" or "GTI") is a vertically integrated cannabis operator that focuses on limited-licensed markets in the United States. As a vertically integrated provider it owns or has executed definitive acquisition agreements for cultivation, processing, and retail licenses across twelve State markets (Illinois, Maryland, Massachusetts, Nevada, Ohio, Pennsylvania, Florida, New Jersey, Connecticut, Colorado, California, and New York). The Company is fully licensed in its State markets and has acquired its various State licenses through competitive application processes and / or via purchase.

In addition to the States listed above, the Company also conducts pre-licensing activities in several other markets. In these markets, the Company has either applied for licenses, or plans on applying for licenses, but does not currently own any cultivation, production or retail licenses. The Company also provides management services and solutions to state licensed cannabis cultivators and dispensaries.

On June 12, 2018, the Company completed a reverse takeover transaction ("RTO") further described in Note 3. Following the RTO, the Company is listed on the Canadian Securities Exchange (the "CSE") under ticker symbol "GTII" and on the OTCQX, part of the OTC Markets Group, under the ticker "GTBIF".

The Company's registered office is located at 885 West Georgia Street, Suite 2200, Vancouver, British Columbia, V6C 3E8, Canada. The Company's U.S. headquarters are at 325 W. Huron St., Chicago, IL 60654.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation and Statement of Compliance

The consolidated financial statements for the year ended December 31, 2018 and the combined financial statements for the year ended December 31, 2017, have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

These consolidated and combined financial statements were approved and authorized for issue by the Board of Directors of the Company on December 16, 2019.

### (b) Basis of Measurement

These consolidated and combined financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

### (c) Functional and Presentation Currency

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

### (d) Basis of Consolidation

The consolidated financial statements for the year ended December 31, 2018 include the accounts of the Company, its wholly owned subsidiaries, its partially-owned subsidiaries, and those controlled by the Company by virtue of agreements, on a consolidated basis after elimination of intercompany transactions and balances.

Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee, and when the Company has the ability to affect those

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (d) Basis of Consolidation (continued)

returns through its power over the investee. The financial statements of entities controlled by the Company by virtue of agreements are fully consolidated from the date that control commences and deconsolidated from the date control ceases.

On January 1, 2018, the members of GTI-Clinic Illinois Holdings, LLC (representing GTI's Illinois operations and ownership) and RCP23, LLC (representing GTI's non-Illinois operations that included Nevada, Pennsylvania, Massachusetts, and Maryland ownership) closed on a restructuring, which combined all of GTI's operational and ownership structure within VCP23, LLC. Prior to January 1, 2018, these businesses were managed and controlled by GTI senior management. Subsequent to January 1, 2018, VCP23, LLC was controlled by the members of GTI-Clinic Illinois Holdings, LLC and RCP23, LLC.

On June 12, 2018, the Company completed a reverse takeover transaction with Bayswater Uranium Corporation (Bayswater). The Transaction was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps as explained further in Note 3.

The following are the Company's wholly owned subsidiaries that are included in these consolidated financial statements as of and for the year ended December 31, 2018:

| Subsidiaries | Jurisdiction | Interest |
|---|---|---|
| GTI23, Inc. | Delaware | 100% |
| VCP23, LLC | Delaware | 100% |
| GTI Core, LLC | Delaware | 100% |

The following are VCP23, LLC's and GTI Core, LLC's wholly owned subsidiaries and entities over which the Company has control, that are included in these consolidated financial statements as of and for the year ended December 31, 2018:

| Subsidiaries | Ownership | Jurisdiction | Purpose |
|---|---|---|---|
| JB17, LLC | 100% | Maryland | Management company |
| GTI-Clinic Illinois Holdings, LLC | 100% | Illinois | License holder |
| IL Disp, LLC [1] | 50% | Illinois | License holder |
| RISE Holdings, Inc. | 100% | Massachusetts | License holder |
| GTI Maryland, LLC | 100% | Maryland | License holder |
| Ohio Investors 2017, LLC [1] | 40% | Ohio | Holding company |
| GTI Ohio, LLC [1] | 40% | Ohio | License holder |
| GTI Nevada, LLC | 100% | Nevada | License holder |
| GTI Pennsylvania, LLC | 100% | Pennsylania | License holder |
| KSGNF, LLC | 100% | Florida | License holder |
| GTI Florida, LLC | 100% | Florida | Holding company |
| GTI New Jersey, LLC | 67% | New Jersey | License holder |
| KW Ventures Holdings, LLC [1] | 0% | Pennsylvania | License holder |
| Chesapeake Alternatives, LLC [1] | 0% | Maryland | License holder |
| Meshow, LLC [1] | 0% | Maryland | License holder |
| Vision Management Services, LLC | 100% | Delaware | Management company |

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (d) Basis of Consolidation (continued)

| Subsidiaries | Ownership | Jurisdiction | Purpose |
|---|---|---|---|
| TWD18, LLC | 100% | Delaware | Investment company |
| VCP IP Holdings, LLC | 100% | Delaware | Intellectual property |
| VCP Real Estate Holdings, LLC | 100% | Delaware | Real estate holding company |

The combined financial statements for the year ended December 31, 2017 include entities which were controlled either through common control or common management. Common control exists when the same group of shareholders and/or Board members have the power, directly or indirectly, to govern the financial and operating policies of multiple entities and to expose them to variable returns from their activities. Common management exists when entities operate under the terms of management service agreements that empower the same group of people or entities to directly or indirectly govern the financial and operating policies of multiple entities and to expose them to the variable returns from their activities. All entities were either under common control or common management throughout the year ended December 31, 2017.

The combined financial statements for the year ended December 31, 2017 included the accounts of the following entities, either through common control (“CC”) or common management (“CM”).

- RCP23, LLC, a Delaware limited liability company – CC and CM
- VCP23, LLC, a Delaware limited liability company – CC and CM
- GTI Clinic Illinois Holdings, LLC, an Illinois limited liability company – CC All significant intercompany balances and transactions were eliminated in combination.

### (e) Investment in Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company’s interest in the associates. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognized in the Consolidated Statements of Operations.

The Company assesses annually whether there is any objective evidence that its interest in associates is impaired. If impaired, the carrying value of the Company’s share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal or value in use) and charged to the consolidated statement of operations. If the financial statements of an associate are prepared on a date different from that used by the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the date of these consolidated financial statements.

### (f) Non-controlling Interests

Non-controlling interests (“NCI”) represent equity interests owned by outside parties. NCI may be initially measured at fair value or at the NCI’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement is made on a transaction by transaction basis. GTI elected to measure each NCI at its proportionate share of the recognized amounts of the

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(f) Non-controlling Interests** (continued)

acquiree's identifiable net assets. The share of net assets attributable to NCI are presented as a component of equity. Their share of net income or loss and comprehensive income or loss is recognized directly in equity. Total comprehensive income or loss of subsidiaries is attributed to the shareholders of the Company and to the NCI, even if this results in the NCI having a deficit balance.

**(g) Cash and Cash Equivalents**

Cash and cash equivalents include cash deposits in financial institutions, other deposits that are readily convertible into cash, with original maturities of three months or less, and cash held at retail locations.

**(h) Accounts Receivable**

Accounts receivable are recorded net of an allowance for doubtful accounts. The Company estimates the allowance for doubtful accounts based on existing contractual payment terms, actual payment patterns of its customers and individual customer circumstances. As of December 31, 2018, and 2017, the Company determined that an allowance for doubtful accounts was not required and no accounts were written off during the periods presented.

**(i) Inventories**

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value.

Costs incurred during the growing and production process are capitalized as incurred to the extent that cost is less than net realizable value. These costs include materials, labor and manufacturing overhead used in the growing and production processes.

Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at lower of cost and net realizable value. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value.

**(j) Property and Equipment**

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

| | |
|---|---|
| Land | Not Depreciated |
| Buildings and Improvements | 39 Years |
| Furniture and Fixtures | 5 - 7 Years |
| Computer Equipment and Software | 5 Years |
| Leasehold Improvements | Remaining Life of Lease |
| Production and Processing Equipment | 5 - 7 Years |
| Assets Under Construction | Not Depreciated |

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (j) Property and Equipment (continued)

disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in operations in the year the asset is derecognized.

### (k) Convertible Notes Receivable and Investments in Equity

Convertible notes investments and investments in equity of private companies are classified as financial assets at fair value through profit or loss. Upon initial recognition, the investment is recognized at fair value with directly attributable transaction costs expensed as incurred. Subsequent changes in fair value are recognized in profit or loss.

### (l) Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is provided on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

| | |
|---|---|
| Licenses and Permits | 15 years |
| Tradenames | Indefinite |
| Patient Relations hips | 5 years |
| Non-competition Agreements | 2 years |

The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

### (m) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is either assigned to a specific reporting unit or allocated between reporting units based on the relative fair value of each reporting unit.

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The Company reviews indefinite-lived intangible assets, which includes goodwill, annually at fiscal year-end for impairment or more frequently if events or circumstances indicate that the carrying value may not be recoverable. An impaired asset is written down to its estimated fair value based on the most recent information available. The Company assesses the fair values of its intangible assets, and its reporting unit for goodwill testing purposes, using an income-based approach. Under the income approach, fair value is based on the present value of estimated future cash flows. The income approach is dependent on a number of factors, including forecasted revenues and expenses, appropriate discount rates and other variables. The annual impairment review utilizes the estimated fair value of the intangible assets and the overall reporting unit and compares the estimated fair values to the carrying values as of the testing date. If the carrying value of these intangible assets or the reporting unit exceeds the fair values, the Company would then use the fair values to measure the amount of any required impairment charge. No impairment charge was recognized for intangible assets for any of the fiscal periods presented.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (n) Leased Assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed. Lease inducement, which corresponds to a free rent period are deferred and recognized as an expense on straight line basis over the period the inducement was received.

### (o) Convertible Promissory Note Payable

At December 31, 2017, the Company had a convertible promissory note. The convertible promissory note was considered to contain an embedded derivative relating to the conversion feature. Management evaluated the convertible note to determine whether the conversion feature required bifurcation from the host instrument, which management concluded it did not, and whether the conversion feature was a beneficial conversion feature, which similarly was concluded to not be beneficial. Accordingly, the convertible note was accounted for entirely as a liability instrument through conversion.

### (p) Income Taxes

Deferred taxes are provided using an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Deferred tax assets and liabilities are measured using the enacted taxes rates. The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period that enactment occurs.

As discussed further in Note 10, the Company is subject to the limitations of IRC Section 280E.

### (q) Revenue Recognition

Revenue is recognized by the Company in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under ASU 2014-09, the Company applies the following five (5) steps:

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(q) Revenue Recognition** (continued)

Revenues consist of wholesale and retail sales of cannabis, which are generally recognized at a point in time when control over the goods have been transferred to the customer and is recorded net of sales discounts. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy. Sales discounts were not material during the years ended December 31, 2018 and 2017.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

Based on the Company's assessment, the adoption of this new standard had no impact on the amounts recognized in its consolidated financial statements.

**(r) Stock Based Payments**

The Company operates equity settled stock based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any stock-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity settled stock-based payments under stock-based payments plans are ultimately recognized as an expense in profit or loss with a corresponding credit to reserve for stock based payments, in equity.

The Company recognizes compensation expense for Restricted Stock Units ("RSUs") and options on a straight-line basis over the requisite service period of the award. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

**(s) Fair Value of Financial Instruments *(See also Note 19)***

The Company applies fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers all related factors of the asset by market participants in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (s) Fair Value of Financial Instruments *(See also Note 19)* (continued)

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

### (t) Commitments and Contingencies

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in other liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records contingent liabilities for such contracts.

Contingent consideration is measured upon acquisition and is estimated using probability weighting of potential payouts. Subsequent changes in the estimated contingent consideration from the final purchase price allocation are recognized in the Company's consolidated statement of operations.

### (u) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with Accounting Standards Codification (ASC) 740, Income Taxes.

### (v) Loss per Share

Basic loss per share is calculated using the treasury stock method, by dividing the net loss attributable to shareholders by the weighted average number of common shares outstanding during each of the years presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding common shares and consequently are not included in the loss per share calculations.

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: restricted stock units and stock options. In order to determine diluted loss per share, it is assumed that any proceeds from the exercise of dilutive stock options would be used to repurchase common shares at the average market price during the period. The diluted loss per share calculation excludes any potential conversion of stock options and convertible debt that would increase earnings per share or decrease loss per share.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (w) Business Combinations

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

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with Accounting Standards Codification (ASC) 450, *Contingencies*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

### (x) Foreign Currency

Assets and liabilities denominated in currencies other than GTI's functional currency are initially measured in the functional currencies at the transaction date exchange rate. Monetary assets are re-measured at the rate of exchange in effect as of the balance sheet date. Revenues and expenses are translated at the transaction date exchange rate. Foreign currency gains and losses resulting from translation are reflected in net comprehensive loss for the period.

### (y) Impairment of Other Long-Lived Assets

The Company evaluates the recoverability of other long-lived assets, including property, plant and equipment, and certain identifiable intangible assets, whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. The Company performs impairment tests of indefinite-lived intangible assets on an annual basis or more frequently in certain circumstances. Factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the overall business, a significant decrease in the market value of the assets or significant negative industry or economic trends. When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value. There was no impairment charge related to intangible assets or property, plant and equipment for the years ended December 31, 2018 and 2017.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (z) Significant Accounting Judgments, Estimates and Assumptions

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

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

*(i) Estimated Useful Lives and Amortization of Intangible Assets (Also see Note 2(l))*

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

*(ii) Business Combinations*

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

*(iii) Inventories*

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(z) Significant Accounting Judgments, Estimates and Assumptions** (continued)

*(iv) Investments in Private Holdings*

Investments include private company investments which are carried at fair value based on the value of the Company's interests in the private companies determined from financial information provided by management of the companies, which may include operating results, subsequent rounds of financing and other appropriate information. Any change in fair value is recognized on the consolidated statement of operations.

*(v) Goodwill Impairment*

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

*(vi) Determination of Reporting Units*

The Company's assets are aggregated into two reportable segments (retail and wholesale). For the purposes of testing goodwill, GTI has identified 12 reporting units. The Company analyzed it's reporting units by first reviewing the operating segments based on the geographic areas in which GTI conducts business (or each market). The markets were then further divided into reporting units based on the market operations (retail and wholesale) which were primarily determined based on the licenses each market holds. The following represent the markets in which GTI operates as of December 31, 2018: Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, Ohio and Pennsylvania.

*(vii) Consolidation*

Judgment is applied in assessing whether the Company exercises control and has significant influence over entities in which the Company directly or indirectly owns an interest. The Company has control when it has the power over the subsidiary, has exposure or rights to variable returns, and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained. See Note 14 – Variable Interest Entities for further details.

*(viii) Allowance for Uncollectible Accounts*

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(z) Significant Accounting Judgments, Estimates and Assumptions** (continued)

*(ix) Stock Based Payments*

Valuation of stock-based compensation and warrants requires management to make estimates regarding the inputs for option pricing models, such as the expected life of the option, the volatility of the Company's stock price, the vesting period of the option and the risk-free interest rate are used. Actual results could differ from those estimates. The estimates are considered for each new grant of stock options or warrants.

*(x) Fair Value of Financial Instruments*

The individual fair values attributed to the different components of a financing transaction, derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. For further details, see Note 19 – Financial Instruments and Financial Risk Management.

**(aa) New and Revised Standards**

*(i)* In January 2017, the FASB issued Accounting Standards Update No. 2017-04 "Intangibles— Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), which simplifies the accounting for goodwill impairment. ASU 2017-04 requires entities to record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (Step 1 under the current impairment test). The standard eliminates Step 2 from the current goodwill impairment test, which included determining the implied fair value of goodwill and comparing it with the carrying amount of that goodwill. ASU 2017-04 must be applied prospectively and is effective in the first quarter of 2020. Early adoption is permitted.

*(ii)* In February 2016, the FASB issued Accounting Standards Update No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which requires lessees to record most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. For lessors, ASU 2016-02 also modifies the classification criteria and the accounting for sales-type and direct financing leases. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements and is effective in the first quarter of 2019. Early adoption of ASU 2016-02 is permitted.

The Company has completed its analysis of the impact of the adoption of ASU 2016-02 and expects to recognize material right-of-use assets and lease liabilities.

## 3. REVERSE TAKEOVER TRANSACTION

In April 2018, the Company raised approximately $65.1 million in subscription receipts, gross of approximately $4.0 million in transaction costs. The subscription receipts were for the potential purchase of shares in GTI Finco Inc. ("GTI Finco") and were held in an escrow account until the reverse takeover transaction.

## 3. REVERSE TAKEOVER TRANSACTION *(Continued)*

At a meeting of shareholders on June 11, 2018, the Company's shareholders approved a resolution to restructure the Company's share capital to, among other things, re-designate its existing common shares as subordinate voting shares ("Subordinate Voting Shares") and create a class of multiple voting shares ("Multiple Voting Shares") and super voting shares ("Super Voting Shares").

On June 12, 2018, Green Thumb Industries Inc., 1165318 B.C. Ltd. (a wholly-owned subsidiary of Bayswater) ("Subco"), VCP23, LLC ("VCP"), GTI23, Inc. ("GTI23") and GTI Finco entered into a Business Combination Agreement whereby the Corporation, Subco, VCP, GTI23 and GTI Finco combined their respective businesses (the "Transaction"). The Transaction was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps. The subscription receipts of GTI Finco were then released from escrow.

In connection with the Transaction completed on June 12, 2018, the Corporation changed its name from "Bayswater Uranium Corporation" to "Green Thumb Industries Inc." and consolidated its existing common shares on the basis of one Subordinate Voting Share for each 368 existing common shares of the Corporation. Such share consolidation has been reflected retrospectively in these consolidated financial statements.

The Corporation, Subco and GTI Finco were parties to a three-cornered amalgamation ("Amalgamation") whereby GTI Finco shareholders received Subordinate Voting Shares of the Corporation on a one-for-one basis and members of VCP contributed their membership interests to GTI23 for shares of GTI23 and then contributed their shares of GTI23 to GTI in exchange for Super Voting Shares and Multiple Voting Shares of GTI.

GTI was the acquirer for accounting purposes and the net assets of Bayswater acquired were nil.

## 4. INVENTORIES

The Company's inventories include the following at December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| Raw Material | | |
| Harvested Cannabis | $ 527,456 | $ 601,227 |
| Packaging and Miscellaneous | 2,511,769 | 500,765 |
| Total Raw Material | 3,039,225 | 1,101,992 |
| Work in Process | 5,231,630 | 1,357,535 |
| Finished Goods | 4,088,209 | 1,403,335 |
| **Total Inventories** | $ 12,359,064 | $ 3,862,862 |

## 5. NOTES RECEIVABLE

*Notes Receivable*

On October 16, 2018, the Company executed a promissory note to an unrelated third party. The value of the note is variable in nature as the note is secured by an investment vehicle which expires in January 2020. The maturity date of the note is tied directly to the expiration date of the warrants, both being January 2020. The initial fair value upon execution of the note was $11,630,867. The fair value as of December 31, 2018 was $7,424,727,

## 5. NOTES RECEIVABLE *(Continued)*

*Notes Receivable* (continued)

resulting in an adjustment to fair value of $4,206,141 which is recorded in other income (expense) on the consolidated statement of operations. The note receivable is categorized as a financial instrument measured at fair value. Repayment of the note is due within ten days of exercise of the underlying security, at which time it will bear interest at the lowest applicable federal rate. The principal amount due is based on the actual value of the underlying security at the time of exercise. The Company used the Black Scholes option pricing model to estimate the fair value of the note receivable using the assumptions below.

| | |
|---|---|
| Risk-free Rate | 1.86% |
| Exercise Price of Underlying Securities | $ 1.998 |
| Share Price of Underlying Security | $4.03 - $5.50 |
| Volatility | 71.50% |
| Remaining Life (in years) | 2.0 |

On October 22, 2018, the Company issued a line of credit to an entity, allowing for maximum borrowings of $1,000,000, of which $500,000 was drawn as of December 31, 2018. The note has a term of one year and bears interest at a rate of 8%.

On October 31, 2018, the Company issued a $3,000,000 promissory note to an unrelated third party. The note has a term of one year and bears interest at a rate of 8%.

At each reporting date, the Company applies its judgment to evaluate the collectability of the notes receivable and makes a provision based on the assessed amount of expected credit loss. This judgment is based on parameters such as interest rates, specific country risk factors, and creditworthiness of the creditor. The Company has not experienced an increase in credit risk since the initial recognition of the notes receivable. An increase or decrease to the underlying share price and volatility rate of 5% would result in a nominal change to the fair value.

## 6. PROPERTY AND EQUIPMENT

At December 31, 2018 and 2017, property and equipment consist of:

| | Land | Buildings and Improvements | Furniture and Fixtures | Computer Equipment and Software | Leasehold Improvements | Production and Processing Equipment | Assets Under Construction | Total |
|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | |
| As at December 31, 2017 | $1,626,989 | $ 13,999,703 | $ 505,268 | $ 381,029 | $ 2,350,287 | $ 1,128,835 | $ 12,762,563 | $32,754,674 |
| Transfers | — | 83,609 | 796,512 | 213,667 | 7,820,415 | 408,733 | (9,322,936) | — |
| Additions | 60,500 | 3,278,221 | 874,487 | 1,310,292 | 8,009,792 | 3,321,472 | 13,893,168 | 30,747,932 |
| Additions from acquisition | 555,596 | 3,500,455 | 152,580 | 188,217 | 255,399 | 1,720,406 | — | 6,372,653 |
| Disposals | — | — | — | — | — | — | (667,837) | (667,837) |
| As at December 31, 2018 | $2,243,085 | $ 20,861,988 | $ 2,328,847 | $ 2,093,205 | $ 18,435,893 | $ 6,579,446 | $ 16,664,958 | $69,207,422 |

## 6. PROPERTY AND EQUIPMENT *(Continued)*

| | Land | Buildings and Improvements | Furniture and Fixtures | Computer Equipment and Software | Leasehold Improvements | Production and Processing Equipment | Assets Under Construction | Total |
|---|---|---|---|---|---|---|---|---|
| Accumulated Depreciation | | | | | | | | |
| As at December 31, 2017 | $ — | $ 752,962 | $ 195,832 | $ 28,517 | $ 82,809 | $ 136,197 | $ — | $ 1,196,317 |
| Depreciation | — | 598,268 | 294,124 | 220,906 | 925,189 | 648,538 | — | 2,687,025 |
| Disposals | — | — | — | — | — | — | — | — |
| As at December 31, 2018 | $ — | $ 1,351,230 | $ 489,956 | $ 249,423 | $ 1,007,998 | $ 784,735 | $ — | $ 3,883,342 |
| Net book value | | | | | | | | |
| As at December 31, 2017 | $ 1,626,989 | $ 13,246,741 | $ 309,436 | $ 352,512 | $ 2,267,478 | $ 992,638 | $ 12,762,563 | $ 31,558,357 |
| As at December 31, 2018 | $ 2,243,085 | $ 19,510,758 | $ 1,838,891 | $ 1,843,782 | $ 17,427,895 | $ 5,794,711 | $ 16,664,958 | $ 65,324,080 |
| Cost | | | | | | | | |
| As at December 31, 2016 | $ 1,116,641 | $ 13,814,275 | $ 258,135 | $ 15,958 | $ 298,037 | $ 761,717 | $ 561,200 | $ 16,825,963 |
| Transfers | — | — | (33,176) | 46,651 | 12,620 | (13,475) | (12,620) | — |
| Additions | 510,348 | 185,428 | 273,362 | 218,528 | 1,749,455 | 380,593 | 12,213,983 | 15,531,697 |
| Additions from acquisition | — | — | 6,947 | 99,892 | 290,175 | — | — | 397,014 |
| Disposals | — | — | — | — | — | — | — | — |
| As at December 31, 2017 | $ 1,626,989 | $ 13,999,703 | $ 505,268 | $ 381,029 | $ 2,350,287 | $ 1,128,835 | $ 12,762,563 | $ 32,754,674 |
| Accumulated Depreciation | | | | | | | | |
| As at December 31, 2016 | $ — | $ 393,928 | $ 144,738 | $ 965 | $ 9,758 | $ — | $ — | $ 549,389 |
| Depreciation | — | 359,034 | 51,094 | 27,552 | 73,051 | 136,197 | — | 646,928 |
| Disposals | — | — | — | — | — | — | — | — |
| As at December 31, 2017 | $ — | $ 752,962 | $ 195,832 | $ 28,517 | $ 82,809 | $ 136,197 | $ — | $ 1,196,317 |
| Net book value | | | | | | | | |
| As at December 31, 2016 | $ 1,116,641 | $ 13,420,347 | $ 113,397 | $ 14,993 | $ 288,279 | $ 761,717 | $ 561,200 | $ 16,276,574 |
| As at December 31, 2017 | $ 1,626,989 | $ 13,246,741 | $ 309,436 | $ 352,512 | $ 2,267,478 | $ 992,638 | $ 12,762,563 | $ 31,558,357 |

Assets under construction represent construction in progress related to both cultivation and dispensary facilities not yet completed or otherwise not ready for use.

Depreciation expense for the years ended December 31, 2018 and 2017 totaled $2,687,025 and $646,928, respectively, of which $1,346,632 and $428,724, respectively, is included in cost of goods sold.

## 7. ACQUISITIONS

The Company has determined that the below acquisitions are business combinations under Accounting Standards Codification (ASC) 805, *Business Combinations.* They are accounted for by applying the acquisition method,

**7. ACQUISITIONS** *(Continued)*

whereby the assets acquired, and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these consolidated financial statements from the date of the acquisition. Any goodwill recognized is attributed based on reporting units.

**(a) Compassionate Organics, LLC**

On October 31, 2018, the Company acquired all of the assets of Compassionate Organics, LLC in exchange for a total consideration of $10,513,220. The acquisition was accounted for in accordance with Accounting Standards Codification (ASC) 805, *Business Combinations*. The assets consisted primarily of the Commonwealth of Massachusetts issued dispensary license.

The consideration paid includes contingent consideration of up to $3,000,000 (which may be settled in either cash or shares at the Company's discretion) depending upon the achievement of certain milestones in 2019 and 2020, in addition to an amount, estimated at approximately $7,500,000, which is based on a multiple of sales during October 2020 to December 2020.

The liability for contingent consideration was measured at the present value of management's estimate of future outcomes. In valuing the contingent consideration, GTI utilized a discount rate of 12.0%.

The following table summarizes the consideration for the acquisition:

| | |
|---|---|
| Cash Paid | $ 1,656,000 |
| Contingent Consideration | 8,857,220 |
| **Total Consideration** | **$ 10,513,220** |

The purchase price allocation for the acquisition, as set forth in the table below, reflects various fair value estimates and analyses. The primary areas of the purchase price allocation relate to the valuation of licenses and permits acquired and residual goodwill. The Company assigned a value of $7,166,000 to the licenses and permits, with the remaining excess purchase price allocated to goodwill. Goodwill is allocated to the reporting unit or reporting unit's which are expected to benefit from the synergies of the combination. Goodwill is not deductible for income tax purposes, and as such there are no deferred tax liabilities related to goodwill.

The following table summarizes the accounting estimates of the acquisition with a purchase price of $10,513,220:

| | |
|---|---|
| Licenses and Permits | 7,166,000 |
| Deferred Tax Liability | (1,500,000) |
| Total Identifiable Net Assets | 5,666,000 |
| Goodwill | 4,847,220 |
| **Net Assets** | **$ 10,513,220** |

The Company also incurred approximately $150,000 of acquisition related costs which were expensed in the current period.

For the year ended December 31, 2018, the acquired business accounted for approximately $75,000 in net loss since October 31, 2018. This amount included no revenues. Also, there were no revenues, and negligible income statement activity, from January 1, 2018 through the acquisition date.

## 7. ACQUISITIONS *(Continued)*

### (b) KSGNF, LLC

On November 7, 2018, the Company acquired all of the assets of KSGNF, LLC (KSGNF) in exchange for a combination of cash and stock. The total consideration included a cash payment of approximately $48.6 million and 32,965 Multiple Voting shares of GTI valued at $49,689,149. Between the time of signing of the agreement and final closing, the value of the shares increased such that the total final consideration was valued at $98,256,607. The acquisition was accounted for in accordance with Accounting Standards Codification (ASC) 805, *Business Combinations*. The assets acquired consisted primarily of a state of Florida vertically integrated medical marijuana license.

The following table summarizes the consideration for the acquisition:

| | |
|---|---|
| Cash Paid | $ 48,567,458 |
| 32,965 Multiple Voting shares of the Company | 49,689,149 |
| **Total Consideration** | **$ 98,256,607** |

The purchase price allocation for the acquisition, as set forth in the table below, reflects various fair value estimates and analyses. The Company assigned a value of $66,485,000 to the licenses and permits, with the remaining excess purchase price allocated to goodwill. Goodwill is assigned or allocated to the reporting unit or reporting unit's which are expected to benefit from the synergies of the combination. Goodwill is not deductible for income tax purposes, and as such there are no deferred tax liabilities related to goodwill.

The following table summarizes the accounting estimates of the acquisition with a purchase price of $98,256,607:

| | |
|---|---|
| Non-biological Inventory | $ 790,398 |
| Property and Equipment | 3,629,758 |
| Deposits and Other Assets | 238,940 |
| Intangible Assets: | |
| Licenses and Permits | 66,485,000 |
| Deferred Tax Liability | (5,180,000) |
| Other Liabilities Assumed | (1,876,369) |
| Total Identifiable Net Assets | 64,087,727 |
| Goodwill | 34,168,880 |
| **Net Assets** | **$ 98,256,607** |

The Company also incurred approximately $205,000 of acquisition related costs which were expensed in the current period.

For the year ended December 31, 2018, KSGNF accounted for approximately $180,000 in net loss since November 11, 2018. This amount included no revenues. Also, there were no revenues, and negligible income statement activity, from January 1, 2018 through the acquisition date.

### (c) 3C Compassionate Care Center, LLC

On October 2, 2017, the Company acquired all of the assets of 3C Compassionate Care Center, LLC in exchange for a total consideration of $11,668,813. The acquisition was accounted for in accordance with

## 7. ACQUISITIONS *(Continued)*

**(c) 3C Compassionate Care Center, LLC** (continued)

Accounting Standards Codification (ASC) 805, *Business Combinations*. The assets consisted primarily of the state of Illinois issued dispensary license and customer relationships.

Goodwill is allocated to the reporting unit or reporting unit's which are expected to benefit from the synergies of the combination. Goodwill is not deductible for income tax purposes, and as such there are no deferred tax liabilities related to goodwill.

The following table summarizes the consideration for the acquisition:

| | |
|---|---|
| Cash Paid | $ 10,372,385 |
| Consideration Payable (See Note 9) | 1,296,428 |
| **Total Consideration** | **$ 11,668,813** |

The following table summarizes the finalized purchase price allocation:

| | |
|---|---|
| Non-biological Inventory | $ 483,058 |
| Property and Equipment | 397,015 |
| Intangible Assets: | |
| Licenses and Permits | 9,400,000 |
| Patient Relationships | 820,000 |
| Tradename | 360,000 |
| Non-competition Agreements | 20,480 |
| Total Identifiable Net Assets | 11,480,553 |
| Goodwill | 188,260 |
| **Net Assets** | **$ 11,668,813** |

Acquisition costs, which are expensed as incurred, were not significant and were excluded from the consideration transferred. Goodwill is allocated to the reporting unit or reporting unit's which are expected to benefit from the synergies of the combination.

On January 1, 2018, the Company recorded $2,800,000 of deferred tax liabilities as a result of tax consequences of this acquisition.

For the year ended December 31, 2017, the acquired entity accounted for $368,961 in net income since October 2, 2017. This amount included revenues of $1,887,433. Revenues and net income from January 1, 2017 through the acquisition date were $4,334,408 and $911,399, respectively.

## 8. INTANGIBLE ASSETS

At December 31, 2018 and December 31, 2017, intangible assets consisted of the following:

| | Licenses and Permits | Tradename | Patient Relationships | Non-competition Agreements | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| As at December 31, 2016 | $ 3,384,575 | $ — | $ — | $ — | $ 3,384,575 |
| Additions | 220,000 | — | — | — | 220,000 |
| Additions from acquisitions | 9,400,000 | 360,000 | 820,000 | 20,480 | 10,600,480 |
| As at December 31, 2017 | 13,004,575 | 360,000 | 820,000 | 20,480 | 14,205,055 |
| Additions | 49,999 | — | — | — | 49,999 |
| Additions from acquisitions | 76,650,639 | — | — | — | 76,650,639 |
| As at December 31, 2018 | $89,705,213 | $360,000 | $ 820,000 | $ 20,480 | $90,905,693 |
| Accumulated Amortization | | | | | |
| As at December 31, 2016 | $ — | $ — | $ — | $ — | $ — |
| Amortization | — | — | 40,500 | 2,560 | 43,060 |
| As at December 31, 2017 | — | — | 40,500 | 2,560 | 43,060 |
| Amortization | 2,322,715 | — | 164,000 | 10,240 | 2,496,955 |
| As at December 31, 2018 | $ 2,322,715 | $ — | $ 204,500 | $ 12,800 | $ 2,540,015 |
| Net Carrying Amount | | | | | |
| As at December 31, 2016 | $ 3,384,575 | $ — | $ — | $ — | $ 3,384,575 |
| As at December 31, 2017 | $13,004,575 | $360,000 | $ 779,500 | $ 17,920 | $14,161,995 |
| As at December 31, 2018 | $87,382,498 | $360,000 | $ 615,500 | $ 7,680 | $88,365,678 |

Intangible assets with finite lives are amortized over their estimated useful lives. The Company recorded amortization expense for the years ended December 31, 2018 and 2017 totaling $2,496,955 and $43,060 respectively. Amortization periods of assets with finite lives are based on management's estimates at the date of acquisition.

The following table outlines the estimated annual amortization expense related to intangible assets as of December 31, 2018:

| Year Ending December 31 | Estimated Amortization |
|---|---|
| 2019 | $ 6,190,108 |
| 2020 | 6,190,108 |
| 2021 | 6,190,108 |
| 2022 | 6,149,608 |
| 2023 | 6,026,108 |
| Thereafter | 57,619,637 |
| | **$ 88,365,678** |

As described in Notes 2(l) and 2(m), a two-step method was used for determining goodwill impairment. In the first step ("Step One"), the Company compared the estimated fair value of each reporting unit to its carrying value, including goodwill. If the carrying value of a reporting unit exceeded the estimated fair value, the second step ("Step Two") is completed to determine the amount of the impairment charge. Step

## 8. INTANGIBLE ASSETS *(Continued)*

Two requires the allocation of the estimated fair value of the reporting unit to the assets, including any unrecognized intangible assets, and liabilities in a hypothetical purchase price allocation. Any remaining unallocated fair value represents the implied fair value of goodwill, which is compared to the corresponding carrying value of goodwill to compute the goodwill impairment charge. The results of Step One of the goodwill impairment test indicated that the estimated fair values for all reporting units exceed their respective carrying values. The Company's reporting unit's to which goodwill has been assigned include Illinois – Retail, Massachusetts – Retail, Florida – Retail and Florida -Wholesale. The net carrying value for goodwill was $39,204,360 and $188,260 as at December 31, 2018 and 2017, respectively.

To estimate the fair value of each reporting unit, management utilized an income approach. The key assumptions used in the calculation of the fair value of each reporting unit include management's projections of future cash flows for a five-year period and after projections end, a growth rate of 3.0%, a discount rate of 13.5 % - 14.8% with variability within the range based on the risk associated with the reporting unit. If the growth rate and discount rate were to be increased or decreased by 5%, the recoverable amount of goodwill would still be higher than the carrying amounts.

## 9. NOTES PAYABLE

At December 31, 2018 and 2017, notes payable consisted of the following:

| | 2018 | 2017 |
|---|---|---|
| Promissory note dated October 2, 2017, in the original amount of $2,500,000 issued to accredited investors, which matures October 1, 2022; monthly payments of $55,611 including interest at 12.0% per annum. | $ 2,007,256 | $ 2,438,472 |
| Promissory note dated October 2, 2017, in the original amount of $5,000,000 issued to accredited investors, which matures October 1, 2022; monthly payments of $112,490 including interest at 12.5% per annum. | 4,084,885 | 4,876,943 |
| In connection with an acquisition completed in 2017, the Company is required to make quarterly charitable contributions of $50,000 through October 2024. The net present value of these required payments has been recorded as a liability with an interest rate of 2.17%. | 1,122,316 | 1,252,634 |
| Convertible note dated October 31, 2017, in the original amount of $3,000,000 issued to accredited investors, which matures January 31, 2019, and bears interest at a rate of 8.00% per annum. The note and unpaid accrued interest were converted on April 1, 2018, to an 11.0% member interest in GTI Pennsylvania, LLC. | — | 3,000,000 |
| Convertible note dated September 22, 2017, in the original amount of $4,500,000 issued to accredited investors, which matures December 22, 2018, and bears interest at a rate of 8.00% per annum. The note and unpaid accrued interest were converted on April 1, 2018, to a 16.5% member interest in GTI Pennsylvania, LLC. | — | 4,500,000 |
| Total Notes Payable | 7,214,457 | 16,068,049 |
| Less: Current Portion of Notes Payable | (1,480,660) | (8,861,376) |
| **Notes Payable, Net of Current Portion** | **$ 5,733,797** | **$ 7,206,673** |

**9. NOTES PAYABLE** *(Continued)*

Stated maturities of debt obligations are as follows:

| Year Ending December 31, | |
|---|---|
| 2019 | $ 1,480,660 |
| 2020 | 1,689,509 |
| 2021 | 1,884,791 |
| 2022 | 1,769,086 |
| 2023 | 193,092 |
| Thereafter | 197,319 |
| | $ 7,214,457 |

| | Notes Payable | Convertible Notes Payable | Total |
|---|---|---|---|
| Balance as at December 31, 2016 | $ — | $ 2,000,000 | $ 2,000,000 |
| Issuance | 8,796,429 | 8,248,940 | 17,045,369 |
| Repayments | (228,380) | — | (228,380) |
| Conversion to equity | — | (2,748,940) | (2,748,940) |
| Balance as at December 31, 2017 | $ 8,568,049 | $ 7,500,000 | $ 16,068,049 |
| Issuance | — | 825,000 | 825,000 |
| Accretion of balance | — | 288,740 | 288,740 |
| Repayments | (1,353,592) | — | (1,353,592) |
| Conversion to equity | — | (8,613,740) | (8,613,740) |
| Balance as at December 31, 2018 | $ 7,214,457 | $ — | $ 7,214,457 |

The promissory notes with outstanding balances at December 31, 2018 of $2,007,256 and $4,084,885 are collateralized by substantially all of the assets of GTI Clinic Illinois Holdings LLC and affiliates and certain real estate which totaled $28,287,956 as of December 31, 2018.

Interest expense associated with notes payable and convertible notes payable included in the consolidated and combined statement of operations totaled $802,033 and $222,235 for the years ended December 31, 2018 and 2017, respectively and $151,295 and $210,132 for the years ended December 31, 2018 and 2017, respectively.

In connection with the notes dated October 2, 2017, the Company is required to comply with certain financial covenants. At December 31, 2018, the Company was in compliance with these covenants.

## 10. INCOME TAXES

For the years ended, 2018 and 2017, income taxes expense consisted of:

| | 2018 | 2017 |
|---|---|---|
| Current: | | |
| Federal | $ 2,842,696 | $ — |
| State | 279,899 | 214,000 |
| Total Current | 3,122,595 | 214,000 |
| Deferred: | | |
| Federal | $ 3,330,000 | $ — |
| State | 731,000 | — |
| Total Deferred | 4,061,000 | — |
| **Total** | $ 7,183,595 | $ 214,000 |

The reconciliation between the effective tax rate on income (loss) before income taxes and the statutory rate is as follows:

| | 2018 | 2017 |
|---|---|---|
| Income (loss) before income taxes | $29,751,374 | $(4,150,756) |
| Statutory tax rate | 21% | 34% |
| Expense (recovery) based on statutory rates | 6,247,788 | (1,411,257) |
| Pass-through's and noncontrolling interests | (1,062,111) | (211,494) |
| State-taxes | (279,899) | — |
| Adjustment between provision and tax return | 53,304 | — |
| Non-deductible expenses | 2,263,978 | 1,842,735 |
| Other differences | (39,465) | (5,984) |
| Income tax expense | $ 7,183,595 | $ 214,000 |

Taxable income is computed for GTI Core, LLC and its respective LLC ownership interests up through the RTO date of June 12, 2018 and for all GTI companies and subsidiaries from this date forward. Effective with the Company's reverse takeover transaction on June 12, 2018, all GTI companies and subsidiaries have elected to be taxed as "C" corporations.

Income taxes paid for the year ended December 31, 2018 were $2,879,000.

Green Thumb Industries Inc. is based in Canada but maintains all of its operations in the United States. Due to this inverted entity structure, the Company is subject to both US and Canadian taxation, however we have no Canadian tax liability and accordingly filed a nil return with Canadian tax authorities.

On January 1, 2018, the Company, through a tax-free transfer under IRC Section 351, transferred ownership in GTI- Clinic Illinois Holdings, LLC (taxed as a partnership) to GTI Core, LLC (taxed as a "C" corporation). As a result of the transaction, the Company now accounts for income taxes in accordance with ASC 740 – *Income Taxes*, under which deferred tax assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between financial statement carrying values of assets and liabilities and the respective tax bases.

## 10. INCOME TAXES *(Continued)*

At December 31, 2018 and 2017, the components of deferred tax assets and liabilities were as follows:

| | 2018 | 2017 |
|---|---|---|
| Deferred Tax Assets | | |
| Net Operating Losses | $ 1,046,000 | $ — |
| Share-based Compensation | 804,000 | — |
| Total Deferred Tax Assets | 1,850,000 | — |
| Deferred Tax Liabilities | | |
| Fair Value Investments | $ (5,911,000) | $ — |
| Intangibles | (9,480,000) | — |
| Total Deferred TaxLiabilities | (15,391,000) | — |
| **Net Deferred Tax Liabilities** | $(13,541,000) | $ — |

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss. The Company has not identified any uncertain tax positions as of December 31, 2018.

## 11. INVESTMENTS

On January 17, 2018, GTI entered into a Debenture Purchase Agreement with iAnthus Capital Holdings, Inc. whereby GTI loaned $20 million to iAnthus for the purchase of a Florida medical cannabis business. As part of the Debenture Purchase Agreement, GTI received (i) an Unsecured Debenture with a principal amount of $20 million accruing interest at the rate of 15% per annum, and (ii) a Warrant Certificate providing GTI with 10,040,000 iAnthus warrants at a price of $1.9928 per common share. The Unsecured Debenture had a maturity of 12 months but had certain early repayment provisions in the event of subsequent capital offerings made by iAnthus. On May 16, 2018 iAnthus completed a capital raise and subsequently repaid the outstanding principal of $20,000,000 and accrued interest of $978,082 on the Unsecured Debenture.

During 2018, the Company measured the outstanding Warrants using the Black-Scholes valuation model with a volatility of 71.5%, dividend yield 0% and risk-free rate of 1.93. During October 2018, the Warrants were distributed to the investors of the subsidiary holding the Warrants. During October 2018, the warrants attributable to the noncontrolling members, or 70% of the warrants, were distributed to those members. The 30% of the warrants attributable to the Company were exchanged for the variable note receivable which value was determined directly by the value of the warrants and resulted in no gain or loss upon exchange. See Note 5 for additional details.

The Company participated in various fundraises of other cannabis companies throughout the year. The investments include convertible notes with terms to maturity ranging from 1 to 2 years that carry simple interest ranging from 2.55% to 6.00% per annum and convert into common shares at pre-defined numbers of units. Management estimated that market interest rates on similar borrowings without the conversion feature was approximately 15% and has used an implied volatility of 100% in measuring the fair value. The fair value of these investments is $30,336,000 at December 31, 2018.

## 11. INVESTMENTS *(Continued)*

The Company also made direct equity investments during the year. Management estimated that market yields were approximately 15% and used an implied volatility of 100% in measuring the fair value. The fair value of these investments is $9,630,742 at December 31, 2018. See Note 19 Financial Instrument and Financial Risk Management for additional details. An increase in the market yield assumption of 5% would result in an increase in the fair value estimate of approximately $334,000, and a decrease in the assumption of 5% would result in a decrease in the fair value estimate of approximately $337,000.

In addition to the investments discussed above the Company also holds an equity interest in a publicly traded company (which is considered a Level 1 investment – see Note 19 Financial Instruments and Financial Risk Management) in the amount of $966,541. All of these investments are measured at fair value for financial reporting purposes. As these convertible notes (as described above) and equity investments are not traded in an active market, their fair values are estimated by using market data. Any resulting change in fair value is reflected on the consolidated statement of operations under the classification Other (Income) Expense.

| | Warrants | Convertible Notes Receivable | Equity | Total |
|---|---|---|---|---|
| Balance as at December 31, 2017 | $ — | $ — | $ — | $ — |
| Additions | 22,153,692 | 16,750,000 | 5,800,000 | 44,703,692 |
| Fair value adjustments | 15,612,026 | 13,586,000 | 4,797,283 | 33,995,309 |
| Exchange for note receivable (see Note 5) | (11,630,867) | — | — | (11,630,867) |
| Distributions | (26,134,851) | — | — | (26,134,851) |
| **Balance as at December 31, 2018** | **$ —** | **$ 30,336,000** | **$10,597,283** | **$ 40,933,283** |

The calculated fair value is recorded as a Level 3 fair value investment as of December 31, 2018 (see Note 19 Financial Instrument and Financial Risk Management for additional details). The convertible notes receivable were valued using the Binomial Lattice Model, which is based on a generalized binomial option pricing formula, using the following assumptions:

| | |
|---|---|
| Rf Rate | 2.54% - 2.63% |
| Equity Volatility | 100% |
| Market Yield | 15% |
| Probability of Qualified Financing | 0% |
| Probability of Sale | 50% - 80% |
| Probability of No Event | 20% - 50% |

## 12. INVESTMENT IN ASSOCIATE

The Company's investments in associates are as follows:

| Investment in associates | Jurisdiction | Interest |
|---|---|---|
| MC Brands, LLC | Colorado | 25% |

During 2018, the Company acquired a 25% interest in MC Brands, LLC, a Colorado based intellectual property business that licenses its edibles and extracts brand and product formulation to various cannabis operators. The total consideration of $5,850,000 included $4,387,500 of cash and $1,462,500 in Subordinate Voting Shares.

## 12. INVESTMENT IN ASSOCIATE *(Continued)*

Presented below is the summarized unaudited balance sheet of MC Brands, LLC as of December 31, 2018.

| | |
|---|---|
| Cash and cash equivalents | $ 9,313 |
| Other current assets | 80,719 |
| Total current assets | 90,032 |
| Non-current assets | 515,282 |
| Current liabilities | 235,236 |
| Net assets | 370,078 |

The investee had nominal profit and loss activity from the date of the Company's investment through December 31, 2018, and thus the Company has not recorded an adjustment to the carrying balance of the investment in associate.

## 13. SHARE CAPITAL

### (a) Authorized

#### (i) Subordinate Voting Shares

The holders of the Subordinate Voting shares are entitled to receive dividends which may be declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All Subordinate Voting shares are ranked equally with regard to the Company's residual assets. The Company is authorized to issue an unlimited number of no-par value Subordinate Voting shares.

#### (ii) Multiple Voting Shares

Each Multiple Voting share is exchangeable for 100 Subordinate Voting shares. The Company has 677,230 issued and outstanding multiple voting shares, which convert into 67,723,000 subordinate voting shares. The Company is authorized to issue an unlimited number of Multiple Voting shares.

#### (iii) Super Voting Shares

Each Super Voting share is exchangeable for 100 Subordinate Voting shares. The Company has 424,513 issued and outstanding Super Voting shares which converts into 42,451,300 subordinate voting shares. The Company is authorized to issue an unlimited number of super voting shares.

## 13. SHARE CAPITAL *(Continued)*

### (b) Issued and Outstanding

A reconciliation of the beginning and ending amounts of the issued and outstanding shares by class is as follows:

| | Outstanding | | | | | Vested | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Subordinate Voting Shares | Multiple Voting Shares | Super Voting Shares | Stock Options | Restricted Stock Units | Subordinate Voting Shares | Multiple Voting Shares | Super Voting Shares | Stock Options | Restricted Stock Units |
| As at December 31, 2017 | — | 644,083 | 431,198 | — | — | — | 644,083 | 431,198 | — | — |
| Private placement in connection with RTO | 10,744,995 | 4,550 | — | 285,200 | — | 10,744,995 | 4,550 | — | 285,200 | — |
| Conversion of Bayswater shares upon RTO | 500,439 | — | — | — | — | 500,439 | — | — | — | — |
| Conversion of exchangeable note in connection with RTO | — | 122,442 | 2,211 | — | — | — | 122,442 | 2,211 | — | — |
| Fundraise transaction, August 2018 | 7,300,000 | — | — | — | — | 7,300,000 | — | — | — | — |
| Fundraise transaction, October 2018 | 5,083,000 | — | — | — | — | 5,083,000 | — | — | — | — |
| Investment in MC Brands, LLC (see Note 14) | 87,742 | — | — | — | — | 87,742 | — | — | — | — |
| Purchase of KSGNF, LLC (see Note 8) | — | 32,965 | — | — | — | — | 32,965 | — | — | — |
| Change in ownership of non-controlling interests | — | 59,900 | — | — | — | — | 59,900 | — | — | — |
| Issuance of shares for redemption of noncontrolling interests | 489,347 | — | — | — | — | 489,347 | — | — | — | — |
| Stock options and RSU's issued to employees and consultants | — | — | — | 1,548,000 | 1,604,000 | — | — | — | — | — |
| Stock options and RSU's forfeited | — | — | — | (2,000) | (15,000) | — | — | — | — | — |
| Stock options exercised | 154,008 | — | — | (154,008) | — | 154,008 | — | — | (154,008) | — |
| Exchange of shares | 19,560,600 | (186,710) | (8,896) | — | — | 19,560,600 | (186,710) | (8,896) | — | — |
| As at December 31, 2018 | 43,920,131 | 677,230 | 424,513 | 1,677,192 | 1,589,000 | 43,920,131 | 677,230 | 424,513 | 131,192 | — |

### (c) Private Placement of Shares in Connection with Reverse Takeover

In contemplation of its reverse takeover (RTO) transaction, the Company issued $45,000,000 in convertible notes payable to various investors. The original maturity of the convertible notes payable was three years from the funding date of April 30, 2018, and the notes bore simple interest at a rate of 8% per year. At June 12, 2018, the carrying value of the convertible notes payable, including accrued interest, was $15,245,960 and the fair value assigned to the conversion feature of the notes was $28,894,566. The Black Scholes options pricing model assumptions used in calculating the fair value include a risk-free rate of 2.04%, volatility of 100%, an expected term of 60 days, and a share price of $6.00. The fair value adjustment related to the conversion feature was $1,981,358 and is included in other income on the consolidated statement of operations. An increase in the share price and volatility assumptions of 5% would result in an increase in the fair value estimate of approximately $3,700,000, and a decrease in the share price and volatility assumptions of 5% would result in a decrease in the fair value estimate of approximately $3,694,000. Upon the RTO transaction, the convertible notes payable were converted into 122,442 Multiple Voting shares and 2,211 Super Voting shares, carrying a total value of $44,140,526.

**13. SHARE CAPITAL** *(Continued)*

**(c) Private Placement of Shares in Connection with Reverse Takeover** (continued)

On April 25, 2018, Subscription Receipts were sold at a price of CAD $7.75 per Subscription Receipt, for gross proceeds of $64,075,295 less issuance costs of $4,014,585. The Subscription Receipts were for the potential purchase of shares in GTI FinCo Inc. and were to be held in an escrow account until the reverse takeover transaction were to occur. Upon the RTO transaction, simultaneously with the issuance of shares of the Company to the holders of the Subscription Receipts, the funds held in the escrow account were released to the Company, and the shares converted into 10,744,995 Subordinate Voting shares of the Company. Also, upon the RTO transaction, 4,550 Multiple Voting shares, which are convertible into 455,000 Subordinate Voting shares, were issued for gross proceeds of $2,730,000. Last, in connection with the private placement, the Company issued 285,000 options to consultants as compensation for the services provided. The options provided the recipients the right to purchase Subordinate Voting shares at an exercise price of CAD $7.75 per share. The options vested immediately and had a contractual life of two years. The value of the options was $906,366 under the Black-Scholes option pricing model. The total of the gross Subscription Receipts and Multiple Voting shares issued, less the direct costs of the Subscription Receipts and the value assigned to the options, resulted in an increase of $61,884,344 to share capital.

As discussed in Note 3, the RTO transaction was executed on June 12, 2018. Pursuant to the RTO transaction, Bayswater Uranium Corporation's existing 185,186,988 common shares were converted into 500,439 Subordinate Voting shares of the Company. The value assigned to these shares was $3,002,634, which was based on a per-share price of $6.00 (US Dollars) on the RTO date. Also pursuant to the RTO transaction, 130,435,783 Common Units and 119,266,258 Preferred Units of VCP23, LLC were converted into 431,198 Super Voting shares and 644,083 Multiple Voting shares, respectively, of the Company.

**(d) Fundraise Transactions**

On August 2, 2018, the Company closed on a brokered fundraise transaction (the "First Offering") for 7,300,000 Subordinate Voting shares, at a price of CAD $11.00 per share, for gross proceeds of $61,726,497. Financing costs related to the First Offering totaled $3,133,722.

On October 17, 2018, the Company closed on a brokered fundraise transaction (the "Second Offering") for 5,083,000 Subordinate Voting shares, at a price of CAD $20.00 per share, for gross proceeds of $78,562,596. Financing costs related to the Second Offering totaled $3,479,116.

**(e) Changes in Ownership and Noncontrolling Interests**

On June 12, 2018, the Company acquired all of the noncontrolling interests in JB17, LLC. The consideration paid was $700,000 and the issuance of 59,900 Multiple Voting shares, which were convertible into 5,990,000 Subordinate Voting shares, at a value of $6.00 per Subordinate Voting share equivalent. This resulted in an increase to share capital of $35,940,000, and a decrease of $33,662,548, which has been presented as a reduction to accumulated deficit, after the reclassification of the noncontrolling interest carrying balance upon the issuance date.

In December 2018, the Company issued the reciprocal put and call options discussed in Note 15 to the noncontrolling interest holders of GTI Pennsylvania, LLC. As discussed in Note 21, the noncontrolling interests were acquired by the Company subsequent to year-end, in January 2019. As it was determined that the Company had effective control over GTI Pennsylvania, LLC as of the put and call option date, an increase to shares to be issued was reflected in the statement of equity of $27,773,234, representing the fair

## 13. SHARE CAPITAL *(Continued)*

### (e) Changes in Ownership and Noncontrolling Interests (continued)

value of the shares to be issued upon the subsequent acquisition date, along with a corresponding decrease of $30,663,670, which has been presented as a reduction to accumulated deficit, and the removal of the existing noncontrolling interest carrying balance as of December 31, 2018.

In December 2018, the Company acquired the noncontrolling interests of GTI Nevada, LLC, in exchange for shares of the Company. The shares are to be issued in six tranches, the first of which was delivered in December 2018. The removal of the noncontrolling interests carrying balance, as well as the recording of the liability to issue the shares, was resulted in a decrease of $25,917,883, which has been presented as a reduction to accumulated deficit. The balance of the remaining liability at December 31, 2018 is $25,420,009 and is recorded in liability for acquisition of noncontrolling interest on the consolidated balance sheet.

The total effect of the above three transactions was a reduction of $90,244,101, which has been presented as a reduction to accumulated deficit on the consolidated statement of changes in shareholders' equity.

### (f) Stock Based Compensation

In June 2018, the Company established the GTII Stock and Incentive Plan (the "Plan"). The maximum number of shares issued under the Plan shall not exceed 10% of the issued and outstanding shares. Option and RSU grants generally vest over one to three years, and Options typically have a life of ten years. Option grants are determined by the Compensation Committee of the Board with the option price set at no less than 100% of the fair market value of a share on the date of grant. The continuity of stock options is as follows:

| | Number of Shares | Weighted Average Exercise Price (CAD) | Weighted Average Contractual Life | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Balance as at December 31, 2017 | — | n/a | n/a | n/a |
| Granted | 1,833,200 | 12.77 | | |
| Exercised | (154,008) | 7.75 | | |
| Forfeited | (2,000) | 14.80 | | |
| Balance as at December 31, 2018 | 1,677,192 | 13.23 | 8.72 | $27,698 |
| Vested | (179,192) | 8.46 | 2.27 | — |
| Exercisable at December 31, 2018 | 131,192 | 7.74 | 2.00 | $27,698 |

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on December 31, 2018 and December 31, 2017, respectively, and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options on December 31, 2018 and December 31, 2017. This amount will change in future periods based on the fair market value of the Company's stock and the number of options outstanding. Total intrinsic value of options exercised was $27,698 for the year ended December 31, 2018. There were no options outstanding at December 31, 2017.

The weighted average grant date fair value was CAD $10.85 and the weighted average share price at the time of exercise was CAD $20.06.

## 13. SHARE CAPITAL *(Continued)*

### (f) Stock Based Compensation (continued)

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following ranges of assumptions:

| | |
|---|---|
| Risk-free interest rate | 1.86% - 2.33% |
| Expected dividend yield | 0% |
| Expected volatility | 100% |
| Expected option life | 2 - 10 years |

As the Company became publicly traded in June 2018, sufficient historical trading information was not available to determine an expected volatility rate. The volatility rate was based on comparable companies within the same industry.

The following table summarizes the number of nonvested restricted stock unit awards as of December 31, 2018 and 2017 and the changes during the twelve months ended December 31, 2018:

| | Number | Weighted Average Grant Date Fair Value (CAD) |
|---|---|---|
| Nonvested at December 31, 2017 | — | n/a |
| Granted | 1,604,000 | 10.28 |
| Forfeited | (15,000) | 10.88 |
| Nonvested at December 31, 2018 | 1,589,000 | 10.28 |

The stock-based compensation expense was $1,876,627 for the stock options and $4,748,444 for restricted stock units for the year ended December 31, 2018. The fair value of these awards was determined based on the Company's stock price on the grant date.

### (g) Profits Interests Units

During the year ended December 31, 2018, the Company granted 7,657,700 membership units to certain employees and consultants as compensation for services. These membership units qualify as profits interests for U.S. federal income tax purposes and were accounted for in accordance with Accounting Standards Codification (ASC) 718, *Stock Compensation.* The Company amortizes awards over the service period until awards are fully vested.

The following table summarizes the status of the unvested profits interests at December 31, 2018:

| | Number of Units | Weighted Average Grant Date Fair Value |
|---|---|---|
| Unvested, beginning of period | — | $ — |
| Granted | 7,657,700 | 0.44 |
| Forfeited | — | — |
| Vested | (7,657,700) | 0.44 |
| Unvested, end of period | — | n/a |

The Company recorded $5,523,180 as compensation expense in connection with these awards during the year ended December 31, 2018. At December 31, 2018, there was no unamortized expense related to unvested profits interests.

## 14. VARIABLE INTEREST ENTITIES

The following table represents the summarized financial information about the Company's consolidated variable interest entities (VIEs). VIEs include the balances of IL Disp, LLC, Ohio Investors 2017, LLC; KW Ventures Holdings, LLC; and Meshow, LLC. This information represents amounts before intercompany eliminations. All of these entities were determined to be VIEs as the Company possesses the power to direct activities through management services agreements (MSAs).

Through these MSAs, the Company has the ability to significantly impact the VIEs and thus holds a controlling financial interest.

| | Chesapeake Alternatives, LLC | Other Non-material VIEs |
|---|---|---|
| As of December 31, 2018: | | |
| Current assets | $ 6,508,304 | $2,070,183 |
| Non-current assets | 1,728,594 | 3,037,755 |
| Current liabilities | 3,014,764 | 1,531,108 |
| Non-current liabilities | 10,892 | 3,000,000 |
| Noncontrolling interests | 1,486,062 | 1,851,745 |
| Equity attributable to Green Thumb Industries Inc. | — | 3,486,184 |
| Year ending December 31, 2018: | | |
| Revenues | 13,783,876 | 5,199,441 |
| Net income (loss) attributable to noncontrolling interests | 1,407,266 | (521,679) |
| Net income (loss) attributable to Green Thumb Industries Inc. | — | (41,437) |
| Net income (loss) | $ 1,407,266 | $ (563,116) |

The net change in the consolidated VIEs and Other Noncontrolling Interest are as follows for the years ended December 31, 2018 and 2017:

| | Variable Interest Entities | | | |
|---|---|---|---|---|
| | Chesapeake Alternatives, LLC | Other Non-material VIEs | Other Non-Controlling Interests | Total Non-Controlling Interest |
| Balance as at December 31, 2016 | $ — | $ — | $ — | $ — |
| Contributions | 170,049 | — | 3,818,343 | 3,988,392 |
| Net income (loss) | — | — | (622,042) | (622,042) |
| Balance as at December 31, 2017 | $ 170,049 | $ — | $ 3,196,301 | $ 3,366,350 |
| Acquisitions | — | 1,731,911 | — | 1,731,911 |
| Contributions | 193,628 | 683,513 | 21,106,610 | 21,983,751 |
| Distributions | (95,000) | (42,000) | (40,819,508) | (40,956,508) |
| Net income (loss) | 1,217,385 | (521,679) | 27,115,990 | 27,811,696 |
| Changes in ownership | — | — | (10,439,741) | (10,439,741) |
| Balance as at December 31, 2018 | $1,486,062 | $1,851,745 | $ 159,652 | $ 3,497,459 |

## 14. VARIABLE INTEREST ENTITIES *(Continued)*

In April 2018, the noncontrolling members of GTI Pennsylvania, LLC ("GTI PA") acquired 27.5% interests in GTI PA. The carrying amount of GTI PA's net assets in the consolidated financial statements, prior to any eliminations, on the date of acquisition was $8,427,195.

| | |
|---|---|
| Carrying amount of interests acquired | $ 4,686,257 |
| Consideration paid for interests | 8,613,740 |
| Decrease in equity attributable to Green Thumb Industries Inc. | $(3,927,483) |

## 15. NONCONTROLLING INTERESTS PUT AND CALL OPTIONS

The Company has entered into agreements with certain of its noncontrolling interests whereby the agreements contain a put option, which provides the holder with the right to require the Company to purchase their retained interest for deemed fair market value at the time the put is exercised. The Company has also negotiated reciprocal call options, which would require the same non-controlling interests to sell their retained interest to the Company for deemed fair market value at the time the call is exercised. These symmetrical put and call options are exercisable any time after January 2, 2019.

The net liability recognized in connection with these put and call options has been estimated using the Black Scholes options pricing model. The assumptions used in the calculating the fair value include a risk-free rate of 2.44%, volatility of 100%, an expected term of 30 days, and a share price of $8.07. Upon initial recognition, the Company recorded a derivative liability of $7,078,792. For the year ended December 31, 2018, the Company recorded a gain of $2,869,342 on revaluation of the derivative liability, which is included other income on the consolidated statement of operations. The value of the derivative at December 31, 2018 is $4,238,701 and is recorded as a derivative liability on the consolidated balance sheet. An increase in the share price and volatility assumptions of 5% would result in an increase in the fair value estimate of approximately $1,254,000, and a decrease in the same assumptions of 5% would result in a decrease in the fair value estimate of approximately $1,255,000.

## 16. OTHER INCOME

For the years ended December 31, 2018 and 2017, other income comprised:

| | 2018 | 2017 |
|---|---|---|
| Fair value adjustments on convertible notes receivable | $ 13,586,000 | $ — |
| Fair value adjustments on equity investments | 4,797,283 | — |
| Fair value adjustment on put and call options | 2,869,342 | — |
| Fair value adjustments on warrants | 37,765,718 | — |
| Fair value adjustments on variable note receivable | (4,206,141) | — |
| Fair value adjustment on convertible note payable in connection with RTO | 1,981,358 | — |
| Other | (376,139) | 544,399 |
| **Total Other Income** | $ 56,417,421 | $ 544,399 |

## 17. COMMITMENTS AND CONTINGENCIES

### (a) Office and Operating Leases

The Company leases certain business facilities from third parties under operating lease agreements that contain minimum rental provisions and expire through 2028. Some of these leases also contain renewal provisions and provide for rent abatement. Rent expense is calculated on straight-line basis over the terms of the leases. The Company's net rent expense for the years ended December 31, 2018 and 2017 totaled approximately $1,901,000 and $927,000, respectively.

Certain facilities are occupied under lease agreements with a related party. The leases expire through 2024 and contain certain renewal provisions. Rent expense under these leases for the years ended December 31, 2018 and 2017 totaled approximately $568,000 and $144,000, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as presented in the table below. As discussed in Note 2, upon the adoption of Accounting Standards Update No. 2016-02 "Leases (Topic 842)", such commitments will be recognized as a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments.

| Year Ending December 31 | Third Parties | Related Parties | Total |
|---|---|---|---|
| 2019 | $ 1,188,865 | $ 574,477 | $ 1,763,342 |
| 2020 | 1,127,754 | 585,966 | 1,713,720 |
| 2021 | 1,123,769 | 597,686 | 1,721,455 |
| 2022 | 1,040,481 | 504,255 | 1,544,736 |
| 2023 | 1,067,783 | 366,802 | 1,434,585 |
| 2024 and Thereafter | 3,119,021 | 695,291 | 3,814,312 |
| **Total Future Minimum Lease Payments** | **$ 8,667,673** | **$ 3,324,477** | **$ 11,992,150** |

In 2017, GTI entered into several related party transactions with respect to its leasing arrangements for three GTI dispensaries operating in Maryland, Nevada and Massachusetts. Wendy Berger, a director of the Corporation, is a principal of WBS Equities, LLC, which is the Manager of Mosaic Real Estate, LLC. Additionally, Mosaic Real Estate, LLC is owned in part by Ms. Berger (through the Wendy Berger 1998 Revocable Trust), Benjamin Kovler, the Chief Executive Officer and a director of the Corporation (through KP Capital, LLC), and Mr. Georgiadis, the Chief Financial Officer and a director of the Corporation (through Three One Four Holdings, LLC). The terms of these leases vary from 7 to 15 years. For the years ended December 31, 2018 and 2017, the Company recorded rent expense of $515,064 and $87,705, respectively, associated with these lease arrangements. For additional information on related party transactions, see Note 18.

### (b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations in that specific state or local jurisdiction. While management of the Company believes that the Company is in compliance with applicable local and state regulations at December 31, 2018, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

## 17. COMMITMENTS AND CONTINGENCIES *(Continued)*

### (c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

## 18. RELATED PARTIES TRANSACTIONS

### (a) Due from Related Parties

At December 31, 2018 and 2017, amounts due from related parties consisted of:

| | 2018 | 2017 |
|---|---|---|
| Note receivable dated December 15, 2017, principal due by December 31, 2018, plus interest at 1.52%. | $ — | $ 605,000 |
| Note receivable dated July 20, 2017, principal due the earlier of July 19, 2018 or upon the achievement of defined capital raising activities; plus interest at 2.00%; note repaid on February 13, 2018. | — | 575,000 |
| Other | — | 8,686 |
| **Total Due from Related Party** | $ — | $1,188,686 |

## 19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

**Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, member contribution receivable, notes receivable, due from related parties, investments, accounts payable and accrued liabilities, notes payable, derivative liability, liability for acquisition of noncontrolling interest and contingent consideration payable.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

## 19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

**Financial Instruments** (continued)

| | As of December 31, 2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and Cash Equivalents | $145,986,072 | $ — | $ — | $145,986,072 |
| Notes Receivable | — | — | 10,924,727 | 10,924,727 |
| Investments | 966,541 | — | 39,966,742 | 40,933,283 |
| Liability for Redemption of Noncontrolling Interest | — | — | (25,420,009) | (25,420,009) |
| Derivative Liability | — | — | (4,238,701) | (4,238,701) |
| Contingent Consideration Payable | — | — | (9,035,250) | (9,035,250) |
| | $146,952,613 | $ — | $ 12,197,509 | $159,150,122 |

| | As of December 31, 2017 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and Cash Equivalents | $29,565,497 | $ — | $ — | $29,565,497 |
| Members Contribution Receivable | 2,785,998 | — | — | 2,785,998 |
| Due from Related Parties | 1,188,686 | — | — | 1,188,686 |
| | $33,540,181 | $ — | — | $33,540,181 |

There have been no transfers between fair value levels during the periods ended December 31, 2018 and 2017.

**Financial Risk Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

**(a) Credit Risk**

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2018 is the carrying amount of cash and cash equivalents. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are transacted with cash. As of December 31, 2018, the Company had approximately $1,013,000 of accounts receivable that were past due. Given management's expectation that any credit losses will be nominal, no provision is provided.

The Company has also issued notes receivable to certain counterparties, as described in Note 5. These notes are issued to creditworthy entities with which the Company is familiar, and thus the Company expects that any credit losses will be nominal. This note was fully repaid in June 2019.

## 19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

**Financial Risk Management** (continued)

### (b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the effective management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity at all times to settle obligations and liabilities when due.

In addition to the commitments outlined in Note 17, the Company has the following contractual obligations:

| | < 1 Year | 1 to 3 Years | 3 to 5 Years | > 5 Years | Total |
|---|---|---|---|---|---|
| Accounts Payable and Accrued Liabilities | 15,974,557 | — | — | — | 15,974,557 |
| Notes Payable | 1,480,660 | 3,574,300 | 1,962,178 | 197,319 | 7,214,457 |
| Construction Commitments | 12,901,000 | — | — | — | 12,901,000 |
| Contingent Consideration Payable | — | 9,035,250 | — | — | 9,035,250 |

### (c) Market Risk

*Interest Rate Risk*

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

## 20. SEGMENT REPORTING

The Company operates in two segments: the cultivation, production and sale of cannabis via retail stores (wholesale) and retailing of cannabis to patients and consumers (retail). The below table presents revenues, depreciation and amortization and Income taxes by segment for the years ending December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| *Revenues* | | |
| Wholesale | $ 25,706,134 | $ 8,375,953 |
| Retail | 41,994,791 | 9,924,970 |
| Intersegment Eliminations/Corporate | (5,207,245) | (1,772,144) |
| **Total Revenues** | **$ 62,493,680** | **$ 16,528,779** |
| *Depreciation and Amortization* | | |
| Wholesale | $ 2,666,603 | $ 526,404 |
| Retail | 2,461,117 | 111,880 |
| Intersegment Eliminations/Corporate | 56,260 | 8,644 |
| **Total Depreciation and Amortization** | **$ 5,183,980** | **$ 646,928** |
| *Income Taxes* | | |
| Wholesale | $ 2,245,450 | $ — |
| Retail | 4,938,145 | 214,000 |
| **Total Income Taxes** | **$ 7,183,595** | **$ 214,000** |

## 20. SEGMENT REPORTING *(Continued)*

Goodwill assigned to the Wholesale segment as of December 31, 2018 and 2017 was $23,918,000 and $0 respectively. Intangible assets assigned to the Wholesale segment as of December 31, 2018 and 2017 was $46,540,000 and $0 respectively.

Goodwill assigned to the Retail segment as of December 31, 2018 and 2017 was $15,286,360 and $188,260 respectively. Intangible assets assigned to the Retail segment as of December 31, 2018 and 2017 was $41,825,678 and $14,161,995 respectively.

The Company's assets are aggregated into two reportable segments (retail and wholesale). For the purposes of testing goodwill, GTI has identified 12 reporting units. The Company analyzed it's reporting units by first reviewing the operating segments based on the geographic areas in which GTI conducts business (or each market). The markets were then further divided into reporting units based on the market operations (retail and wholesale) which were primarily determined based on the licenses each market holds. All revenues are derived from customers domiciled in the United States and all assets are located in the United States.

## 21. SUBSEQUENT EVENTS

The Company closed on a number of acquisitions subsequent to the filing of our December 31, 2018 audit report. The Company evaluated each acquisition under ASC 805, Business Combinations and determined that each qualified as a business combination. Each acquisition was accounted for by applying the acquisition method, whereby the assets acquired, and liabilities assumed are recorded at fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Each acquisition was completed to further facilitate GTI's expansion plans.

**21. SUBSEQUENT EVENTS** *(Continued)*

Below is a summary of the total consideration and initial accounting estimates for each acquisition (unaudited):

| | Advanced Grow Labs, LLC | Integral Associates, LLC | Other Acquisitions |
|---|---|---|---|
| Cash Paid | $ 15,481,967 | $ 52,807,500 | $ 42,612,694 |
| Shares of the Company Issued | 79,959,170 | 273,146,014 | 118,038,863 |
| Conversion of Previous Notes Receivable | — | — | 27,525,800 |
| Acquisition Liability | 6,616,916 | 2,421,068 | 9,690,000 |
| Contingent Consideration | 8,197,000 | 35,531,000 | 9,136,000 |
| **Total Consideration** | **$ 110,255,053** | **$ 363,905,582** | **$ 207,003,357** |
| Cash | $ 1,406,377 | $ 744,825 | $ 614,399 |
| Inventory | 1,906,828 | 10,107,303 | 1,427,034 |
| Accounts Receivable | 420,649 | 1,477,535 | 219,228 |
| Prepaid Expenses | — | 492,571 | 355,710 |
| Property and Equipment | 5,934,295 | 8,831,693 | 2,471,525 |
| Right-of-Use Asset | 470,703 | 1,655,309 | 1,198,042 |
| Deposits and Other Assets | 200,340 | 122,826 | 446,290 |
| Intangible Assets: | | | |
| Licenses and Permits | 28,920,000 | 130,000,000 | 34,000,000 |
| Tradename | 930,000 | — | 20,000,000 |
| Customer Relationships | 17,750,000 | 30,000,000 | 15,220,000 |
| Non-competition Agreements | 100,000 | — | 2,465,000 |
| Liabilities Assumed | (1,174,361) | (9,134,651) | (3,582,497) |
| Deferred Tax Liabilities | (12,815,000) | — | (17,191,200) |
| Total Identifiable Net Assets | 44,049,831 | 174,297,411 | 57,643,531 |
| Goodwill | 66,205,222 | 189,608,171 | 149,359,826 |
| **Net Assets** | **$ 110,255,053** | **$ 363,905,582** | **$ 207,003,357** |

*Pro Forma Financial Information*

The below table summarizes the pro forma financial information for Advanced Grow Labs, LLC and Integral Associates, LLC as if the acquisition had occurred at January 1, 2018. Other acquisitions were not included in the pro forma financial information described below as they were not considered material to the consolidated results of GTI.

| | For the Year ended December 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | **Green Thumb Industries** | **Advanced Grow Labs, LLC** | **Integral Associates, LLC** | **Pro Forma Adjustments** | **Notes** | **Pro Forma Combined** |
| | | *Unaudited* | *Unaudited* | | | |
| Revenues, net of discounts | $ 62,493,680 | $ 17,016,743 | $ 60,261,432 | — | | $ 139,771,855 |
| Net Income (Loss) Attributable To Green Thumb Industries Inc. | (5,243,917) | 7,497,696 | 13,218,159 | (18,989,033) | (a),(b) | (3,517,095) |

(a) Represents estimated amortization expense on intangible assets acquired as part of the acquisition of Advance Grow Labs, LLC and Integral Associates, LLC of $13,997,336.
(b) Represents estimated income tax expense of $4,991,697 based on a 24% effective tax rate.

**21. SUBSEQUENT EVENTS** *(Continued)*

*Business Acquisitions:*

**(a) Acquisition of Advanced Grow Labs, LLC**

On February 12, 2019, the Company acquired 100% of the ownership interests of Connecticut-based Advanced Grow Labs, LLC (AGL). AGL is licensed in Connecticut to grow and process cannabis. The acquisition includes a manufacturing facility and an ownership stake in a recently awarded dispensary, making AGL the only vertically licensed operator in the state. The transaction consideration was approximately $110.3 million, which included $15 million of cash, approximately 7.0 million Subordinate Voting Shares of GTI which were valued at approximately $80.0 million. The purchase agreement also included additional consideration based upon future performance targets (as detailed in the above table).

**(b) Acquisition of Integral Associates, LLC**

On June 5, 2019, the Company acquired 100% of the ownership interests of Integral Associates. The acquisition included Integral Associate's retail brand Essence, as well as two cultivation and processing facilities. The transaction consideration included $52 million paid in cash and approximately 20.8 million in Company Subordinate Voting Shares. The purchase agreement also includes additional consideration based upon future performance targets of which an additional 3.9 million Subordinate Voting Shares have been issued to-date.

**(c) Acquisition of For Success Holding Company**

On February 21, 2019, the Company acquired 100% of the ownership interests of For Success Holding Company, the Los Angeles-based creator of the lifestyle suite of Beboe branded products. Beboe is currently available in certain retail locations in California and Colorado and via home delivery across California. The acquisition was an all stock transaction whereby consideration was satisfied through the issuance of GTI Subordinate Voting Shares. The purchase agreement also includes additional consideration based upon performance targets.

**(d) Acquisition of Fiorello Pharmaceuticals, Inc**

On August 23, 2019, the Company acquired 100% of the ownership interests of New York-based Fiorello Pharmaceuticals, Inc. The consideration paid includes $46,000,000 of cash and 1,700,000 of the Company's Subordinate Voting Shares. The acquisition includes the license and assets for one cultivation, one processing, and four retail facilities in New York.

*Other Transactions:*

**(e) Acquisition of KW Ventures Holdings, LLC**

On January 1, 2019, the Company closed on its acquisition of KW Ventures Holdings, LLC (Firefly). Firefly holds a medical marijuana dispensary license from the Pennsylvania Department of Health and has operating dispensaries in Steelton, Carlisle, and York, Pennsylvania. The acquisition was an all stock transaction whereby consideration was satisfied through the issuance of Subordinate Voting Shares.

**21. SUBSEQUENT EVENTS** *(Continued)*

*Other Transactions*: (continued)

**(f) Redemption of Noncontrolling Interests in GTI Pennsylvania, LLC**

On January 7, 2019, the Company closed on its acquisition of the remaining membership interest in GTI Pennsylvania, LLC from two noncontrolling partners. Following the transaction, the Company owns 100% of GTI Pennsylvania, LLC. The acquisition was an all stock transaction whereby consideration was satisfied through the issuance of 31,000 Multiple Voting Shares. Please see Note 15 for additional detail.

**(g) Issuance of Debt**

On April 12, 2019, the Company completed a private placement of $12,500,000 in six-month senior secured promissory notes. The Company has the right to draw an additional $12,500,000 from the lenders at any time within 120 days of closing. The notes accrue interest at an annual rate of 10.5%, payable on a monthly basis commencing June 1, 2019. Each $12,500,000 tranche also includes warrants to purchase 109,484 Subordinate Voting Shares at an exercise price of CAD $22.90, which can be exercised 42 months after the closing.

On May 22, 2019, the Company completed a private placement of approximately $105.5 million in three-year senior secured promissory notes and extinguished the notes issued on April 12, 2019. The Company has the right to raise an additional approximately $44.5 million under the credit facility at any time within 180 days of closing. The Company also has the sole discretion to extend the financing an additional twelve months. The notes accrue interest at an annual rate of 12.0%, payable in cash on a quarterly basis commencing June 30, 2019. The purchasers of the Notes also received warrants to purchase 1,822,771 Subordinate Voting Shares at an exercise price of CAD $19.39, which can be exercised 60 months after the closing.

As part of the transaction reference in “h” below, GTI entered into the first amendment of the Notes Purchase Agreement whereby among other things, the amended agreement reduced the additional amount of funds available for borrowing from $44.5 million to $24.5 million and extended the time frame in which GTI may borrow these funds an additional 180 days to May 2020. As of September 30, 2019, GTI has not drawn any additional funds from the lenders.

**(h) Sale and Leaseback Transaction**

On November 12, 2019, the Company closed on a transaction to sell its Danville, Pennsylvania cultivation and processing facility to an unrelated third party. GTI will lease back the facility via a long-term agreement and continue to operate and manage it.

The purchase price for the property was $20,300,000, excluding transaction costs. GTI is also expected to make certain improvements to the property that will significantly enhance production capacity, for which GTI will be reimbursed up to $19,300,000. Assuming full reimbursement for such improvements, the total investment in the property will be $39,600,000.

As part of this transaction, GTI entered into the first amendment of the Notes Purchase Agreement whereby among other things, the amended agreement reduced the additional amount of funds available for borrowing from $44,533,571 to $24,533,571 and extended the time frame in which GTI may borrow these funds an additional 180 days to May 2020. Upon the execution of the amendment to the Note Purchase Agreement,

**21. SUBSEQUENT EVENTS** *(Continued)*

*Other Transactions* (continued)

**(h) Sale and Leaseback Transaction** (Continued)

the Purchasers of the notes received warrants to purchase 365,067 Subordinate Voting Shares at an exercise price of C$12.04 per share, which can be exercised for 60 months from the date of issuance. As of September 30, 2019, GTI has not drawn any additional funds from the lenders.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members and Board of Directors of
Green Thumb Industries (GTI) Group of Companies

**Opinion on the Financial Statements**

We have audited the accompanying combined balance sheets of Green Thumb Industries (GTI) Group of Companies (the "Company") as of December 31, 2017 and 2016, the related combined statements of operations, changes in members' equity and cash flows for each of the two years in the period ended December 31, 2017, and the related notes (collectively referred to as the "combined financial statements"). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the combined results of its operations and its cash flows for each of the two years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's combined financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2019.

/s/ Macias Gini & O'Connell LLP
Los Angeles, California
December 20, 2019

**GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES**
**Combined Balance Sheets**
**At December 31, 2017 and 2016**

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ 29,565,497 | $ 12,955,518 |
| Accounts Receivable | 892,373 | 300,347 |
| Members Contribution Receivable | 2,785,998 | — |
| Due from Related Party | 1,188,686 | — |
| Inventories | 3,862,862 | 1,574,960 |
| Prepaid Expenses and Other Current Assets | 550,389 | 153,546 |
| Total Current Assets | 38,845,805 | 14,984,371 |
| Property and Equipment, Net | 31,558,357 | 16,276,574 |
| Intangible Assets, Net | 14,161,995 | 3,384,575 |
| Goodwill | 188,260 | — |
| Deposits and Other Assets | 1,458,833 | 397,065 |
| **TOTAL ASSETS** | $ 86,213,250 | $ 35,042,585 |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts Payable | $ 4,044,760 | $ 431,662 |
| Accrued Liabilities | 1,160,521 | 1,186,940 |
| Current Portion of Notes Payable | 8,861,376 | 2,000,000 |
| Income Tax Payable | 214,000 | — |
| Total Current Liabilities | 14,280,657 | 3,618,602 |
| Long-Term Liabilities: | | |
| Deferred Rent | 301,105 | — |
| Notes Payable, Net of Current Portion | 7,206,673 | — |
| **TOTAL LIABILITIES** | 21,788,435 | 3,618,602 |
| Multiple Voting Shares (Shares Authorized: Unlimited, Shares Issued: 64,408,300, Shares Outstanding: 64,408,300) | — | — |
| Super Voting Shares (Shares Authorized: Unlimited, Shares Issued: 43,119,800, Shares Outstanding: 43,119,800) | — | — |
| Share Capital | 65,308,240 | 34,957,124 |
| Accumulated Deficit | (4,249,775) | (3,533,141) |
| Equity of Green Thumb Industries Inc. | 61,058,465 | 31,423,983 |
| Noncontrolling interests | 3,366,350 | — |
| **TOTAL EQUITY** | 64,424,815 | 31,423,983 |
| **TOTAL LIABILITIES AND MEMBERS' EQUITY** | $ 86,213,250 | $ 35,042,585 |

The accompanying notes are an integral part of these combined financial statements

**GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES**
**Combined Statements of Operations**
**Years Ended December 31, 2017 and 2016**

| | 2017 | 2016 |
|---|---|---|
| Revenues, net of discounts | $ 16,528,779 | $ 7,213,711 |
| Cost of Goods Sold | (9,807,775) | (5,549,266) |
| Gross Profit | 6,721,004 | 1,664,445 |
| **Expenses:** | | |
| General and Administrative | 11,039,124 | 4,540,518 |
| Sales and Marketing | 190,384 | 51,345 |
| Depreciation and Amortization | 261,264 | 71,807 |
| **Total Expenses** | 11,490,772 | 4,663,670 |
| **Loss From Operations** | (4,769,768) | (2,999,225) |
| **Other Income (Expense):** | | |
| Other Income (Expense), net | 544,399 | (308,827) |
| Interest Expense, net | (432,448) | (225,089) |
| **Total Other Income (Expense)** | 111,951 | (533,916) |
| **Loss Before Provision for Income Taxes And Non-Controlling Interest** | (4,657,817) | (3,533,141) |
| **Provision For Income Taxes** | 214,000 | — |
| **Net Loss Before Non-Controlling Interest** | (4,871,817) | (3,533,141) |
| **Net Loss Attributable To Non-Controlling Interest** | (622,042) | — |
| **Net Loss Attributable To GTI Group of Companies** | $ (4,249,775) | $ (3,533,141) |
| **Net Loss per share - diluted** | (0.07) | (0.07) |
| **Weighted average number of shares outstanding - diluted** | 63,123,183 | 47,174,962 |

The accompanying notes are an integral part of these combined financial statements

**GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES**
**Combined Statements of Members' Equity**
**Years Ended December 31, 2017 and 2016**

| | Members' Equity | Non-Controlling Interest | Total |
|---|---|---|---|
| **Balance, January 1, 2016** | $ 23,560,315 | $ — | $ 23,560,315 |
| Contributions from members | 11,401,809 | — | 11,401,809 |
| Distributions to members | (5,000) | — | (5,000) |
| Net Loss | (3,533,141) | — | (3,533,141) |
| **Balance, December 31, 2016** | 31,423,983 | — | 31,423,983 |
| Contributions from members | 65,385,608 | 774,468 | 66,160,076 |
| Conversion of note payable and accrued interest into Class B units | — | 2,279,452 | 2,279,452 |
| Member contributions receivable | 2,785,998 | — | 2,785,998 |
| Distributions payable to members | (279,750) | — | (279,750) |
| Initial consolidation of Maryland Entities | — | 934,472 | 934,472 |
| Distributions to members | (34,007,599) | — | (34,007,599) |
| Net loss | (4,249,775) | (622,042) | (4,871,817) |
| **Balance, December 31, 2017** | $ 61,058,465 | $ 3,366,350 | $ 64,424,815 |

The accompanying notes are an integral part of these combined financial statements

**GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES**
**Combined Statements of Cash Flows**
**Years Ended December 31, 2017 and 2016**

| | 2017 | 2016 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net loss attributable to GTI Group of Companies | $ (4,249,775) | $ (3,533,141) |
| Net loss attributable to non-controlling interest | (622,042) | — |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 689,988 | 493,185 |
| Income from joint venture | — | (184,796) |
| Deferred rent | 301,105 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (592,026) | (238,166) |
| Inventory | (1,804,844) | (537,714) |
| Prepaid expenses and other current assets | (394,922) | (132,490) |
| Deposits and other assets | (901,768) | 202,074 |
| Accounts payable | 3,098,293 | (296,989) |
| Accrued liabilities | (26,717) | 780,774 |
| Income tax payable | 214,000 | — |
| **NET CASH USED IN OPERATING ACTIVITIES** | (4,288,708) | (3,447,263) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchases of property and equipment | (14,244,340) | (1,130,082) |
| Advances to related party | (1,188,686) | — |
| Purchases of licenses | (220,000) | (3,321,075) |
| Purchase of business, net of cash acquired | (10,372,385) | — |
| **NET CASH USED IN INVESTING ACTIVITIES** | (26,025,411) | (4,451,157) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Contributions from members | 66,160,076 | 11,401,809 |
| Distributions to members | (34,007,599) | (5,000) |
| Proceeds from issuance of notes payable | 15,000,000 | 2,000,000 |
| Principal repayments of notes payable | (228,379) | — |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | 46,924,098 | 13,396,809 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 16,609,979 | 5,498,389 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 12,955,518 | 7,457,129 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 29,565,497 | $ 12,955,518 |

The accompanying notes are an integral part of these combined financial statements

**GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES**
**Combined Statements of Cash Flows**
**Years Ended December 31, 2017 and 2016**

| | 2017 | 2016 |
|---|---|---|
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Interest paid | $ 149,081 | $— |
| **OTHER NONCASH INVESTING AND FINANCING ACTIVITIES** | | |
| Conversion of convertible notes and accrued interest into equity | $ 2,279,452 | $— |
| Initial consolidation of Maryland Entities, net of cash aquired | | |
| Prepaid expenses | $ 1,921 | $— |
| Property and equipment | 1,287,356 | $— |
| Deposits | 160,000 | $— |
| Accounts payable | (514,805) | $— |
| | $ 934,472 | |
| Acquisition (Note 5) | | |
| Inventory | $ 483,058 | |
| Property and equipment | 397,015 | |
| Identifiable intangible assets | 10,600,480 | |
| Goodwill | 188,260 | |
| Liability assumed | (1,296,428) | |
| | $10,372,385 | |
| Distributions payable to members | $ 279,750 | $— |
| Due from investors for equity contributions | $ 2,785,998 | $— |

The accompanying notes are an integral part of these combined financial statements

**GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES**
**Notes to Combined Financial Statements**
**For the Years Ended December 31, 2017 and 2016**

## 1. NATURE OF OPERATIONS

Green Thumb Industries (the "Company" or "GTI") is a vertically integrated cannabis operator that focuses on limited-licensed markets in the United States. As a vertically integrated provider, the Company owns cultivation, processing, and retail licenses across five State markets (Illinois, Maryland, Nevada, Pennsylvania and Massachusetts). The Company is fully licensed in its State markets and has acquired its various State licenses through competitive application processes and / or via purchase.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The combined financial statements for the year ended December 31, 2017 and 2016, have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

On June 12, 2018, Green Thumb Industries Inc., 1165318 B.C. Ltd. (a wholly-owned subsidiary of Bayswater) ("Subco"), VCP23, LLC ("VCP"), GTI23, Inc. ("GTI23") and GTI Finco entered into a Business Combination Agreement whereby the Corporation, Subco, VCP, GTI23 and GTI Finco combined their respective businesses (the "Transaction"). The Transaction was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps. The subscription receipts of GTI Finco were then released from escrow.

In connection with the Transaction completed on June 12, 2018, the Corporation changed its name from "Bayswater Uranium Corporation" to "Green Thumb Industries Inc." and consolidated its existing common shares on the basis of one Subordinate Voting Share for each 368 existing common shares of the Corporation. Such share consolidation has been reflected retrospectively in these consolidated financial statements.

The Corporation, Subco and GTI Finco were parties to a three-cornered amalgamation ("Amalgamation") whereby GTI Finco shareholders received Subordinate Voting Shares of the Corporation on a one-for-one basis and members of VCP contributed their membership interests to GTI23 for shares of GTI23 and then contributed their shares of GTI23 to GTI in exchange for Super Voting Shares and Multiple Voting Shares of GTI.

GTI was the acquirer for accounting purposes and the net assets of Bayswater acquired were nil.

Pursuant to the reverse merger, the historical financial statements of Green Thumb Industries, Inc. (the accounting acquirer) become the historical financial statements of Bayswater Uranium Corporation (legal acquirer) on a go forward basis. As a result, Green Thumb Industries, Inc. has retroactively restated its share capital on a per share basis pursuant to Accounting Standards Codification (ASC) 805, *Business Combinations* to reflect that of the legal acquirer.

### (b) Basis of Measurement

These combined financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (c) Functional and Presentation Currency

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

### (d) Basis of Combination

The accompanying combined financial statements include entities which are controlled either through common control or common management. Common control exists when the same group of shareholders and/or Board members have the power, directly or indirectly, to govern the financial and operating policies of multiple entities and to expose them to variable returns from their activities. Common management exists when entities operate under the terms of management service agreements that empower the same group of people or entities to directly or indirectly govern the financial and operating policies of multiple entities and to expose them to the variable returns from their activities. All entities were either under common control or common management throughout the year ended December 31, 2017.

The combined financial statements for the year ended December 31, 2017 included the accounts of the following entities, either through common control ("CC") or common management ("CM").

- RCP23, LLC, a Delaware limited liability company – CC and CM
- VCP23, LLC, a Delaware limited liability company – CC and CM
- GTI Clinic Illinois Holdings, LLC, an Illinois limited liability company – CC

All significant intercompany balances and transactions were eliminated in combination.

### (e) Non-controlling interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI may be initially measured at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement is made on a transaction by transaction basis. GTI elected to measure each NCI at its proportionate share of the recognized amounts of the acquiree's identifiable net assets. The share of net assets attributable to NCI are presented as a component of equity. Their share of net income or loss and comprehensive income or loss is recognized directly in equity. Total comprehensive income or loss of subsidiaries is attributed to the shareholders of the Company and to the NCI, even if this results in the NCI having a deficit balance.

### (f) Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions, other deposits that are readily convertible into cash, with original maturities of three months or less, and cash held at retail locations.

### (g) Accounts Receivable

Accounts receivable are recorded net of an allowance for doubtful accounts. The Company estimates the allowance for doubtful accounts based on existing contractual payment terms, actual payment patterns of its customers and individual customer circumstances. As of December 31, 2017, and 2016, the Company determined that an allowance for doubtful accounts was not required and no accounts were written off during the periods presented

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (h) Inventories

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value.

Costs incurred during the growing and production process are capitalized as incurred to the extent that cost is less than net realizable value. These costs include materials, labor and manufacturing overhead used in the growing and production processes.

Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value.

### (i) Property and Equipment

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

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

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

### (j) Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is provided on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

| | |
|---|---|
| Licenses and Permits | 15 years |
| Tradenames | Indefinite |
| Patient Relationships | 5 years |
| Non-competition Agreements | 2 years |

The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (k) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is either assigned to a specific reporting unit or allocated between reporting units based on the relative fair value of each reporting unit.

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The Company reviews indefinite-lived intangible assets, which includes goodwill, annually at fiscal year-end for impairment or more frequently if events or circumstances indicate that the carrying value may not be recoverable. An impaired asset is written down to its estimated fair value based on the most recent information available. The Company assesses the fair values of its intangible assets, and its reporting unit for goodwill testing purposes, using an income-based approach. Under the income approach, fair value is based on the present value of estimated future cash flows. The income approach is dependent on a number of factors, including forecasted revenues and expenses, appropriate discount rates and other variables. The annual impairment review utilizes the estimated fair value of the intangible assets and the overall reporting unit and compares the estimated fair values to the carrying values as of the testing date. If the carrying value of these intangible assets or the reporting unit exceeds the fair values, the Company would then use the fair values to measure the amount of any required impairment charge. No impairment charge was recognized for intangible assets for any of the fiscal periods presented.

### (l) Leased Assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed. Lease inducement, which corresponds to a free rent period are deferred and recognized as an expense on straight line basis over the period the inducement was received.

### (m) Convertible Promissory Note Payable

At December 31, 2017, the Company had a convertible promissory note. Management evaluated the convertible note to determine whether the conversion feature required bifurcation from the host instrument, which management concluded it did not, and whether the conversion feature was a beneficial conversion feature, which similarly was concluded to not be beneficial. Accordingly, the convertible note was accounted for entirely as a liability instrument through conversion.

### (n) Income Taxes

Deferred taxes are provided using an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (n) Income Taxes (continued)

reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Deferred tax assets and liabilities are measured using the enacted taxes rates. The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period that enactment occurs.

For the year ended December 31, 2017, Federal and State income tax expense totaled $214,000 and is computed on taxable income of GTI Nevada LLC, in which GTI Core, LLC holds a 57.5% ownership interest. In 2017, GTI Core, LLC elected to be taxed as a C Corporation. For the years ended December 31, 2017 and 2016, all of the other Green Thumb Industries (GTI) Group of Companies were treated as limited liability companies and, accordingly, taxable income and losses flowed through to the respective members.

As the Company operates in the cannabis industry, it is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

### (o) Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped to customers:

- The Company has transferred the significant risks and rewards of ownership of the goods to the customer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the customer; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### (p) Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers all related factors of the asset by market participants in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

**2. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**(p) Fair Value of Financial Instruments** (continued)

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the years ended December 31, 2017 and 2016.

**(q) Commitments and Contingencies**

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in other liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records contingent liabilities for such contracts.

Contingent consideration is measured upon acquisition and is estimated using probability weighting of potential payouts. Subsequent changes in the estimated contingent consideration from the final purchase price allocation are recognized in the Company's combined statement of operations.

**(r) Loss per Share**

Basic loss per share is calculated using the treasury stock method, by dividing the net loss attributable to shareholders by the weighted average number of common shares outstanding during each of the years presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding common shares and consequently are not included in the loss per share calculations.

Diluted income per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. In order to determine diluted income per share, it is assumed that any proceeds from the exercise of dilutive stock options would be used to repurchase common shares at the average market price during the period. The diluted income per share calculation excludes any potential conversion of stock options and convertible debt that would increase diluted earnings per share or decrease loss per share. The Company did not issue nor were there any restricted stock units or stock options outstanding at December 31, 2017 and 2016.

**(s) Business Combinations**

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition related

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (s) Business Combinations (continued)

transaction costs are expensed as incurred. Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair value at the date of acquisition. When the Company acquires control of a business, any previously held equity interest also is remeasured to fair value. The excess of the purchase consideration and any previously held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously held equity interest, the difference is recognized in the Combined Statements of Operations immediately as a gain or loss on acquisition.

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with Accounting Standards Codification (ASC) 450, *Contingencies*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

### (t) Foreign Currency

Assets and liabilities denominated in currencies other than GTI's functional currency are initially measured in the functional currencies at the transaction date exchange rate (as applicable). Monetary assets are re-measured at the rate of exchange in effect as of the balance sheet date. Revenues and expenses are translated at the transaction date exchange rate. Foreign currency gains and losses resulting from translation are reflected in net comprehensive loss for the period. GTI did not have any foreign currency transactions during 2017 or 2016.

### (u) Impairment of Other Long-Lived Assets

The Company evaluates the recoverability of other long-lived assets, including property, plant and equipment, and certain identifiable intangible assets, whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. The Company performs impairment tests of indefinite-lived intangible assets on an annual basis or more frequently in certain circumstances. Factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the overall business, a significant decrease in the market value of the assets or significant negative industry or economic trends. When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value. There was no impairment charge related to intangible assets or property, plant and equipment for the years ended December 31, 2017 and 2016.

### (v) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's combined financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of

**2. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**(v) Significant Accounting Judgments, Estimates and Assumptions** (continued)

assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

*(i) Estimated Useful Lives and Amortization of Intangible Assets (Also see Note 2(j))*

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

From time to time, the Company reviews the useful lives assigned to each of its intangible assets and may make adjusts to those useful lives if the Company determines that the pattern in which the economic benefits associated with those intangibles is different than initially determined.

*(ii) Business Combinations*

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

*(iii) Inventories*

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

**2. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**(v) Significant Accounting Judgments, Estimates and Assumptions** (continued)

*(iv) Goodwill Impairment*

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

*(v) Determination of Reporting Units*

The Company's assets are aggregated into two reportable segments (retail and wholesale). For the purposes of testing goodwill, GTI has identified 10 reporting units. The Company analyzed it's reporting units by first reviewing the operating segments based on the geographic areas in which GTI conducts business (or each market). The markets were then further divided into reporting units based on the market operations (retail and wholesale) which were primarily determined based on the licenses each market holds. The following represent the markets in which GTI operates as of December 31, 2017: Illinois, Maryland, Massachusetts, Nevada and Pennsylvania.

*(vi) Allowance for Uncollectible Accounts*

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

*(vii) Fair Value of Financial Instruments*

The individual fair values attributed to the different components of a financing transaction, derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. For further details, see Note 12.

**(w) Significant Accounting Pronouncements Applicable in Future Years**

*(i)* In January 2017, the FASB issued Accounting Standards Update No. 2017-04 "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(w) Significant Accounting Pronouncements Applicable in Future Years** (continued)

2017-04"), which simplifies the accounting for goodwill impairment. ASU 2017-04 requires entities to record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (Step 1 under the current impairment test). The standard eliminates Step 2 from the current goodwill impairment test, which included determining the implied fair value of goodwill and comparing it with the carrying amount of that goodwill. ASU 2017-04 must be applied prospectively and is effective in the first quarter of 2020. Early adoption is permitted.

*(ii)* In February 2016, the FASB issued Accounting Standards Update No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which requires lessees to record most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. For lessors, ASU 2016-02 also modifies the classification criteria and the accounting for sales-type and direct financing leases. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements and is effective in the first quarter of 2019. Early adoption of ASU 2016-02 is permitted; however the Company plans to adopt the standard in the first quarter of 2019. Upon adoption of ASU 2016-02, the Company anticipates recording material right-of-use assets and lease liabilities.

*(iii)* In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"), which outlines a single comprehensive model for entities to use in accounting for revenue using a five-step process that supersedes virtually all existing revenue guidance. ASU 2014-09 also requires additional quantitative and qualitative disclosures. In August 2015, the FASB issued Accounting Standards Update No. 2015-14 "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date" ("ASU 2015-14"), which defers the effective date of ASU 2014-09 to January 1, 2018. Early adoption of ASU 2014-09 is permitted; however, the Company will adopt the standard in the first quarter of 2018. The standard allows the option of either a full retrospective adoption, meaning the standard is applied to all periods presented, or a modified retrospective adoption, meaning the standard is applied only to the most current period. The Company will apply the modified retrospective approach when adopting the standard in 2018. Based on the Company's assessment, the adoption of this new standard is not expected to have an impact on the amounts recognized in its combined financial statements.

## 3. INVENTORIES

The Company's inventories include the following at December 31:

| | 2017 | 2016 |
|---|---|---|
| Raw Material | | |
| Harvested Cannabis | $ 601,227 | $ 477,675 |
| Packaging and Miscellaneous | 500,765 | 138,378 |
| Total Raw Material | 1,101,992 | 616,053 |
| Work in Process | 1,357,535 | 686,745 |
| Finished Goods | 1,403,335 | 272,162 |
| **Total Inventories** | $ 3,862,862 | $ 1,574,960 |

## 4. PROPERTY AND EQUIPMENT

At December 31, property and equipment consists of:

| | 2017 | 2016 |
|---|---|---|
| Land | $ 1,626,989 | $ 1,116,641 |
| Buildings and Improvements | 13,999,703 | 13,814,275 |
| Furniture and Fixtures | 505,268 | 258,135 |
| Computer Equipment and Software | 381,029 | 15,958 |
| Leasehold Improvements | 2,350,287 | 298,037 |
| Manufacturing Equipment | 1,128,835 | 761,717 |
| Assets Under Construction | 12,762,563 | 561,200 |
| Total Property and Equipment, Gross | 32,754,674 | 16,825,963 |
| Less: Accumulated Depreciation | (1,196,317) | (549,389) |
| **Property and Equipment, Net** | $ 31,558,357 | $ 16,276,574 |

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

Depreciation expense for the years ended December 31, 2017 and 2016, totaled $646,928 and $493,185, respectively, of which $428,724 and $421,378, respectively, is included in cost of goods sold.

## 5. ACQUISITIONS

### 3C Compassionate Care Center, LLC

On October 2, 2017, the Company acquired all of the assets of 3C Compassionate Care Center, LLC in exchange for a total consideration of $11,668,813. The acquisition was accounted for in accordance with Accounting Standards Codification (ASC) 805, *Business Combinations*. The assets consisted primarily of the state of Illinois issued dispensary license and customer relationships.

Goodwill is allocated to the reporting unit or reporting unit's which are expected to benefit from the synergies of the combination. Goodwill is not deductible for income tax purposes, and as such there are no deferred tax liabilities related to goodwill.

The following table summarizes the consideration for the acquisition:

| | |
|---|---|
| Cash Paid | $ 10,372,385 |
| Liability Assumed (See Note 7) | 1,296,428 |
| **Total Consideration** | **$ 11,668,813** |

## 5. ACQUISITIONS *(Continued)*

**3C Compassionate Care Center, LLC** (continued)

The following table summarizes the finalized purchase price allocation:

| | |
|---|---|
| Inventories | $ 483,058 |
| Property and Equipment | 397,015 |
| Intangible Assets: | |
| Licenses and Permits | 9,400,000 |
| Patient Relationships | 820,000 |
| Tradename | 360,000 |
| Non-competition Agreements | 20,480 |
| Total Identifiable Net Assets | 11,480,553 |
| Goodwill | 188,260 |
| **Net Assets** | **$ 11,668,813** |

Acquisition costs, which are expensed as incurred, were not significant and were excluded from the consideration transferred. Goodwill is allocated to the reporting unit or reporting unit's which are expected to benefit from the synergies of the combination.

On January 1, 2018, the Company recorded $2,800,000 of deferred tax liabilities as a result of tax consequences of this acquisition.

For the year ended December 31, 2017, the acquired entity accounted for $368,961 in net income since October 2, 2017. This amount included revenues of $1,887,433. Revenues and net income from January 1, 2017 through the acquisition date were $4,334,408 and $911,399, respectively.

## 6. INTANGIBLE ASSETS

At December 31, 2017 and 2016 intangible assets consisted of the following:

| | Licenses and Permits | Tradenames | Customer Relationships | Non-Competition Agreements | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| As at December 31, 2016 | $ 3,384,575 | $ — | $ — | $ — | $ 3,384,575 |
| Additions | 220,000 | — | — | — | 220,000 |
| Additions from acquisitions | 9,400,000 | 360,000 | 820,000 | 20,480 | 10,600,480 |
| As at December 31, 2017 | $13,004,575 | $ 360,000 | $ 820,000 | $ 20,480 | $14,205,055 |
| Accumulated Amortization | | | | | |
| As at December 31, 2016 | $ — | $ — | $ — | $ — | $ — |
| Amortization | — | — | 40,500 | 2,560 | 43,060 |
| As at December 31, 2017 | $ — | $ — | $ 40,500 | $ 2,560 | $ 43,060 |
| Net book value | | | | | |
| As at December 31, 2016 | $ 3,384,575 | $ — | $ — | $ — | $ 3,384,575 |
| As at December 31, 2017 | $13,004,575 | $ 360,000 | $ 779,500 | $ 17,920 | $14,161,995 |

## 6. INTANGIBLE ASSETS *(Continued)*

Intangible assets with finite lives are amortized over their estimated useful lives. The Company recorded amortization expense of $43,060 and $0 for the years ended December 31, 2017 and 2016, respectively. Amortization periods of assets with finite lives are based on management's estimates at the date of acquisition. Management determined amortization of licenses are immaterial for 2017 and 2016.

The following table outlines the estimated annual amortization expense related to intangible assets as of December 31, 2017:

| Year Ending December 31 | Estimated Amortization |
|---|---|
| 2018 | $ 1,064,500 |
| 2019 | 1,061,940 |
| 2020 | 1,054,260 |
| 2021 | 1,054,260 |
| 2022 | 1,013,760 |
| Thereafter | 8,913,275 |
| | **$ 14,161,995** |

Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives (if the Company determines that the pattern in which the economic benefits associated with those intangibles is different than initially determined) or other relevant factors or changes.

## 7. NOTES PAYABLE

At December 31, notes payable consisted of the following:

| | 2017 | 2016 |
|---|---|---|
| Promissory note dated October 2, 2017, in the original amount of $2,500,000 issued to accredited investors, which matures October 1, 2022; monthly payments of $55,611 including interest at 12.5% per annum. | $ 2,438,472 | $— |
| Promissory note dated October 2, 2017, in the original amount of $5,000,000 issued to accredited investors, which matures October 1, 2022; monthly payments of $112,490 including interest at 12.5% per annum. | 4,876,943 | — |
| In connection with the acquisition described in note 5, the Company is required to make quarterly charitable contributions of $50,000 through October 2024. The net present value of these required payments has been recorded as a liability with an interest rate of 2.17%. | 1,252,634 | — |
| Convertible note dated October 31, 2017, in the original amount of $3,000,000 issued to accredited investors, which matures January 31, 2019, and bears interest at a rate of 8.00% per annum. The note and unpaid accrued interest were converted on April 1, 2018, to an 11% member interest in GTI Pennsylvania, LLC. | 3,000,000 | — |
| Convertible note dated September 22, 2017, in the original amount of $4,500,000 issued to accredited investors, which matures December 22, 2018, and bears interest at a rate of 8.00% per annum. The note and unpaid accrued interest were converted on April 1, 2018, to a 16.5% member interest in GTI Pennsylvania, LLC. | 4,500,000 | — |

**GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES**
**Notes to Combined Financial Statements**
**For the Years Ended December 31, 2017 and 2016**

**7. NOTES PAYABLE** *(Continued)*

| | 2017 | 2016 |
|---|---|---|
| Convertible note dated March 18, 2016, in the original amount of $2,000,000 issued to accredited investors and bore interest at a rate of 15% per annum. The note and unpaid accrued interest were converted into 20 membership units of GTI Nevada LLC during 2017. | $ — | $ 2,000,000 |
| Total Notes Payable | 16,068,049 | 2,000,000 |
| Less: Current Portion of Notes Payable | (8,861,376) | (2,000,000) |
| **Notes Payable, Net of Current Portion** | **$ 7,206,673** | **$ —** |

Stated maturities of debt obligations are as follows:

| Year Ending December 31, | |
|---|---|
| 2018 | $ 8,861,376 |
| 2019 | 888,412 |
| 2020 | 831,815 |
| 2021 | 768,041 |
| 2022 | 585,513 |
| Thereafter | 4,132,893 |
| | $ 16,068,049 |

| | Notes Payable | Convertible Notes Payable | Total |
|---|---|---|---|
| Balance at December 31, 2015 | $ — | $ — | $ — |
| Issuances | — | 2,000,000 | 2,000,000 |
| Balance at December 31, 2016 | $ — | $ 2,000,000 | $ 2,000,000 |
| Issuances | 8,796,429 | 8,248,940 | 17,045,369 |
| Repayments | (228,380) | — | (228,380) |
| Conversion to equity | — | (2,748,940) | (2,748,940) |
| Balance at December 31, 2017 | $ 8,568,049 | $ 7,500,000 | $ 16,068,049 |

The promissory notes with outstanding balances at December 31, 2017 of $2,438,472 and $4,876,943 are collateralized by substantially all of the assets of GTI Clinic Illinois Holdings LLC and affiliates and certain real estate which totaled $35,193,524 as of December 31, 2017.

Interest expense associated with notes payable and convertible notes payable included in the combined statement of operations totaled $222,235 and $0 for the years ended December 31, 2017 and 2016, respectively and $210,132 and $236,712 for the years ended December 31, 2017 and 2016, respectively.

In connection with the notes dated October 2, 2017, the Company is required to comply with certain financial covenants. At December 31, 2017, the Company was in compliance with these covenants.

**GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES**
**Notes to Combined Financial Statements**
**For the Years Ended December 31, 2017 and 2016**

## 8. SHARE CAPITAL

### (a) Authorized

#### (i) Subordinate Voting Shares

The holders of the Subordinate Voting shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at shareholder meetings of the Company. All Subordinate Voting shares are ranked equally with regard to the Company's residual assets. The Company is authorized to issue an unlimited number of no par value Subordinate Voting shares.

#### (ii) Multiple Voting Shares

Each Multiple Voting share is exchangeable for 100 Subordinate Voting shares. The Company has 376,811 issued and outstanding multiple voting shares, which convert into 37,681,100 subordinate voting shares. The Company is authorized to issue an unlimited number of Multiple Voting shares.

#### (iii) Super Voting Shares

Each Super Voting share is exchangeable for 100 Subordinate Voting shares. The Company has 402,289 issued and outstanding Super Voting shares which converts into 40,228,900 subordinate voting shares. The Company is authorized to issue an unlimited number of super voting shares.

The authorized members' equity of the Company consists of Class A, B and C units. Total authorized shares by class are designated by the Board of Directors for specific purposes. Shares are issued directly or upon exercise of conversion of debt.

In 2014, the Company issued 100 shares of Class A units of Clinic Illinois Holdings, LLC, of which 75% are owned by GTI II, LLC and 25% by an unrelated third party. Contributions by members totaling $5,958,500 were made during the year ended December 31, 2014, of which $4,000,000 was repaid as distributions. These Class A units remain outstanding at December 31, 2016 and 2017 with a value of $1,958,500 included in members' equity at January 1, 2016.

During the years ended December 31, 2017 and 2016, contributions by members, net of distributions to members, were $31,403,537 and $11,396,809, respectively, representing the issuance of Class B member units. In addition, at December 31, 2017, certain Class B unit holders owed the Company approximately $2,786,000 for their share of capital committed to the Company, all of which was collected in the following year. Accordingly, this amount is included in members' equity with offset in members contribution receivable within the accompanying combined balance sheet.

During the year ended December 31, 2017, 16.29 Class C shares were issued. however, no cash was received for these shares. These shares had no value as of December 31, 2017.

## 9. NON-CONTROLLING INTEREST

In February 2017, an unrelated third party converted its note and accrued interest totaling $2,279,452 for an approximate 42.5% interest (20 membership units) in GTI Nevada LLC. Subsequently, the third party contributed $748,940 to GTI Nevada LLC, representing its share of total amounts contributed to expand retail operations.

## 9. NON-CONTROLLING INTEREST *(Continued)*

In connection with an operating agreement reached in August 2017, GTI Core, LLC effectively assumed control over the operations of an entity which holds multiple Maryland licenses. This entity also contributed assets in exchange for an ownership interest in a GTI subsidiary. Both entities are included in the combined financial statements with a resulting non-controlling interest reflected therein.

## 10. COMMITMENTS AND CONTINGENCIES

### (a) Office and Operating Leases

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2028 and contain renewal provisions. Additionally, certain leases provide for rent abatement, and rent expense is calculated on straight-line basis over the terms of the leases with the incentives reported as deferred rent. The Company's net rent expense for the years ended December 31, 2017 and 2016, was approximately $927,000 and $197,000, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

| Year Ending December 31 | Third Parties | Related Parties | Total |
|---|---|---|---|
| 2018 | $ 964,311 | $ 447,328 | $ 1,411,639 |
| 2019 | 989,716 | 456,274 | 1,445,990 |
| 2020 | 925,154 | 465,400 | 1,390,554 |
| 2021 | 915,718 | 474,708 | 1,390,426 |
| 2022 | 726,757 | 378,817 | 1,105,574 |
| 2023 and Thereafter | 1,604,343 | 349,322 | 1,953,665 |
| **Total Future Minimum Lease Payments** | **$ 6,125,999** | **$ 2,571,849** | **$ 8,697,848** |

During 2017, GTI entered into several related party transactions with respect to its leasing arrangements for three GTI dispensaries operating in Maryland, Nevada and Massachusetts. Wendy Berger, a director of the Corporation, is a principal of WBS Equities, LLC, which is the Manager of Mosaic Real Estate, LLC. Additionally, Mosaic Real Estate, LLC is owned in part by Ms. Berger (through the Wendy Berger 1998 Revocable Trust), Benjamin Kovler, the Chief Executive Officer and a director of the Corporation (through KP Capital, LLC), and Mr. Georgiadis, the Chief Financial Officer and a director of the Corporation (through Three One Four Holdings, LLC). The terms of these leases vary from 7 to 15. Rent expense under these leases totaled $144,000 and $0 for the years ended December 31, 2017, and 2016, respectively.

For additional information on related party transactions, see Note 11.

### (b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation at December 31, 2017,

## 10. COMMITMENTS AND CONTINGENCIES *(Continued)*

**(b) Contingencies** (continued)

medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

**(c) Claims and Litigation**

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2017, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's combined operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

## 11. RELATED PARTY TRANSACTIONS

**Due from Related Party**

At December 31, 2017 and 2016, amounts due from related party consisted of:

| | 2017 | 2016 |
|---|---|---|
| Note receivable dated December 15, 2017, principal due by December 31, 2018, plus interest at 1.52%. | $ 605,000 | $— |
| Note receivable dated July 20, 2017, principal due the earlier of July 19, 2018 or upon the achievement of defined capital raising activities; plus interest at 2%; note repaid on February 13, 2018. | 575,000 | — |
| Other | 8,686 | |
| **Total Due from Related Party** | **$1,188,686** | **$—** |

The note receivable of $605,000 is due from Wendy Berger, a director of the Company. In addition, the note receivable of $575,000 is due from Mosaic Real Estate Sparks LLC which is managed by an entity in which Wendy Berger is a principal.

## 12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

**Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, member contribution receivable, notes receivable, due from related parties, investments, accounts payable and accrued liabilities, notes payable, derivative liability, liability for acquisition of noncontrolling interest and contingent consideration payable.

## 12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

| | As of December 31, 2017 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and Cash Equivalents | $29,565,497 | $ — | $ — | $29,565,497 |
| Members Contribution Receivable | 2,785,998 | — | — | 2,785,998 |
| Due from Related Parties | 1,188,686 | — | — | 1,188,686 |
| | $33,540,181 | $ — | $ — | $33,540,181 |

| | As of December 31, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and Cash Equivalents | $12,955,518 | $ — | $ — | $12,955,518 |

There have been no transfers between fair value levels during the periods ended December 31, 2017 and 2016.

**Financial Risk Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

**(a) Credit Risk**

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2017 and 2016 is the carrying amount of cash and cash equivalents. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk, but has limited risk as the majority of its sales are transacted with cash.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure.

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

## 12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

**(b) Liquidity Risk** (continued)

In addition to the commitments outlined in Note 10, the Company has the following contractual obligations:

| | < 1 Year | 1 to 3 Years | 3 to 5 Years | > 5 Years | Total |
|---|---|---|---|---|---|
| Accounts Payable and Accrued Liabilities | 5,205,281 | | | | 5,205,281 |
| Notes Payable | 8,861,376 | 1,720,227 | 1,353,553 | 4,132,893 | 16,068,049 |

**(c) Interest Rate Risk**

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

## 13. SEGMENT REPORTING

The Company operates in two segments: the cultivation, production and sale of cannabis via retail stores (wholesale) and retailing of cannabis to patients and consumers (retail). The below table presents revenues by segment for the years ended December 31, 2017 and 2016:

| *Revenues* | 2017 | 2016 |
|---|---|---|
| Wholesale | $ 8,375,953 | $ 4,227,102 |
| Retail | 9,924,970 | 3,752,352 |
| Intersegment Eliminations/Corporate | (1,772,144) | (782,214) |
| **Total Revenues** | **$ 16,528,779** | **$ 7,197,240** |

The Company's assets are aggregated into two reportable segments (retail and wholesale). For the purposes of testing goodwill, GTI has identified 10 reporting units. The Company analyzed it's reporting units by first reviewing the operating segments based on the geographic areas in which GTI conducts business (or each market). The markets were then further divided into reporting units based on the market operations (retail and wholesale) which were primarily determined based on the licenses each market holds. All revenues are derived from customers domiciled in the United States and all assets are located in the United States.

Goodwill assigned to the Retail segment as of December 31, 2017 and 2016 was $188,260 and $0 respectively. Intangible assets assigned to the Retail segment as of December 31, 2017 and 2016 was $14,161,995 and $3,384,575, respectively.

## 14. SUBSEQUENT EVENTS

The Company closed on a number of acquisitions during 2019. The Company evaluated each acquisition under ASC 805, Business Combinations and determined that each qualified as a business combination. Each acquisition was accounted for by applying the acquisition method, whereby the assets acquired, and liabilities assumed are recorded at fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Each acquisition was completed to further facilitate GTI's expansion plans.

**14. SUBSEQUENT EVENTS** *(Continued)*

Below is a summary of the total consideration and initial accounting estimates for each acquisition (unaudited):

| | Advanced Grow Labs, LLC | Integral Associates, LLC | Other Acquisitions |
|---|---|---|---|
| Cash Paid | $ 15,481,967 | $ 52,807,500 | $ 42,612,694 |
| Shares of the Company Issued | 79,959,170 | 273,146,014 | 118,038,863 |
| Conversion of Previous Notes Receivable | — | — | 27,525,800 |
| Acquisition Liability | 6,616,916 | 2,421,068 | 9,690,000 |
| Contingent Consideration | 8,197,000 | 35,531,000 | 9,136,000 |
| **Total Consideration** | **$ 110,255,053** | **$ 363,905,582** | **$ 207,003,357** |
| Cash | $ 1,406,377 | $ 744,825 | $ 614,399 |
| Inventory | 1,906,828 | 10,107,303 | 1,427,034 |
| Accounts Receivable | 420,649 | 1,477,535 | 219,228 |
| Prepaid Expenses | — | 492,571 | 355,710 |
| Property and Equipment | 5,934,295 | 8,831,693 | 2,471,525 |
| Right-of-Use Asset | 470,703 | 1,655,309 | 1,198,042 |
| Deposits and Other Assets | 200,340 | 122,826 | 446,290 |
| Intangible Assets: | | | |
| Licenses and Permits | 28,920,000 | 130,000,000 | 34,000,000 |
| Tradename | 930,000 | — | 20,000,000 |
| Customer Relationships | 17,750,000 | 30,000,000 | 15,220,000 |
| Non-competition Agreements | 100,000 | — | 2,465,000 |
| Liabilities Assumed | (1,174,361) | (9,134,651) | (3,582,497) |
| Deferred Tax Liabilities | (12,815,000) | — | (17,191,200) |
| Total Identifiable Net Assets | 44,049,831 | 174,297,411 | 57,643,531 |
| Goodwill | 66,205,222 | 189,608,171 | 149,359,826 |
| **Net Assets** | **$ 110,255,053** | **$ 363,905,582** | **$ 207,003,357** |

*Pro Forma Financial Information*

The below table summarizes the pro forma financial information for Advanced Grow Labs, LLC and Integral Associates, LLC as if the acquisition had occurred at January 1, 2017. Other acquisitions were not included in the pro forma financial information described below as they were not considered material to the combined results of GTI.

| | For the Year ended December 31, 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Green Thumb Industries | Advanced Grow Labs, LLC *Unaudited* | Integral Associates, LLC *Unaudited* | Pro Forma Adjustments | Notes | Pro Forma Combined |
| Revenues, net of discounts | $ 16,528,779 | $ 13,979,514 | $ 30,420,101 | | | $ 60,928,394 |
| Net Income (Loss) Attributable To Green Thumb Industries Inc. | (4,249,775) | 7,721,627 | 6,983,028 | (16,699,653) | (a),(b) | $ (6,244,772) |

(a) Represents estimated amortization expense on intangible assets acquired as part of the acquisition of Advance Grow Labs, LLC and Integral Associates, LLC of $13,997,336.

(b) Represents estimated income tax expense of $2,702,317 based on a 24% effective tax rate.

**14. SUBSEQUENT EVENTS** *(Continued)*

*Business Acquisitions:*

**(a) Acquisition of Advanced Grow Labs, LLC**

On February 12, 2019, the Company acquired 100% of the ownership interests of Connecticut-based Advanced Grow Labs, LLC (AGL). AGL is licensed in Connecticut to grow and process cannabis. The acquisition includes a manufacturing facility and an ownership stake in a recently awarded dispensary, making AGL the only vertically licensed operator in the state. The transaction consideration was approximately $110.3 million, which included $15 million of cash, approximately 7.0 million Subordinate Voting Shares of GTI which were valued at approximately $80.0 million. The purchase agreement also included additional consideration based upon future performance targets (as detailed in the above table).

**(b) Acquisition of Integral Associates, LLC**

On June 5, 2019, the Company acquired 100% of the ownership interests of Integral Associates. The acquisition included Integral Associate's retail brand Essence, as well as two cultivation and processing facilities. The transaction consideration included $52 million paid in cash and approximately 20.8 million in Company Subordinate Voting Shares. The purchase agreement also includes additional consideration based upon future performance targets of which an additional 3.9 million Subordinate Voting Shares have been issued as of November 30, 2019.

**(c) Acquisition of For Success Holding Company**

On February 21, 2019, the Company acquired 100% of the ownership interests of For Success Holding Company, the Los Angeles-based creator of the lifestyle suite of Beboe branded products. Beboe is currently available in certain retail locations in California and Colorado and via home delivery across California. The acquisition was an all stock transaction whereby consideration was satisfied through the issuance of GTI Subordinate Voting Shares. The purchase agreement also includes additional consideration based upon performance targets.

**(d) Acquisition of Fiorello Pharmaceuticals, Inc**

On August 23, 2019, the Company acquired 100% of the ownership interests of New York-based Fiorello Pharmaceuticals, Inc. The consideration paid includes $46,000,000 of cash and 1,700,000 of the Company's Subordinate Voting Shares. The acquisition includes the license and assets for one cultivation, one processing, and four retail facilities in New York.

**(e) Acquisition of KW Ventures Holdings, LLC**

On January 1, 2019, the Company closed on its acquisition of KW Ventures Holdings, LLC (Firefly). Firefly holds a medical marijuana dispensary license from the Pennsylvania Department of Health and has operating dispensaries in Steelton, Carlisle, and York, Pennsylvania. The acquisition was an all stock transaction whereby consideration was satisfied through the issuance of Subordinate Voting Shares.

**14. SUBSEQUENT EVENTS** *(Continued)*

*Changes in Noncontrolling Interests*

**(f) Redemption of Noncontrolling Interests in GTI Pennsylvania, LLC**

In December 2018, the Company issued the reciprocal put and call options to the noncontrolling interest holders of GTI Pennsylvania, LLC. On January 7, 2019, the Company closed on its acquisition of the remaining membership interest in GTI Pennsylvania, LLC from two noncontrolling partners. Following the transaction, the Company owns 100% of GTI Pennsylvania, LLC. The acquisition was an all stock transaction whereby consideration was satisfied through the issuance of 31,000 Multiple Voting Shares. Please see Note 15 for additional detail.

**(g) Acquisition of Noncontrolling Interests in JB17, LLC**

On June 12, 2018, the Company acquired all of the noncontrolling interests in JB17, LLC. The consideration paid was $700,000 and the issuance of 59,900 Multiple Voting shares, which were convertible into 5,990,000 Subordinate Voting shares, at a value of $6.00 per Subordinate Voting share-equivalent. This resulted in an increase to share capital of $35,940,000, and a decrease to contributed surplus of $33,662,548 after the reclassification of the noncontrolling interest carrying balance upon the issuance date.

**(h) Acquisition of Noncontrolling Interest in GTI Nevada, LLC**

In December 2018, the Company acquired the noncontrolling interests of GTI Nevada, LLC, in exchange for shares of the Company. The shares are to be issued in six tranches, the first of which was delivered in December 2018.

*Other Transactions:*

**(i) GTI Restructuring (Illinois and non-Illinois Businesses)**

On January 1, 2018, GTI-Clinic Illinois Holdings, LLC (representing GTI's Illinois operations and ownership) and RCP23, LLC (representing GTI's non-Illinois operations that included Nevada, Pennsylvania, Massachusetts, and Maryland ownership) closed on a restructuring, which combined all of GTI's operational and ownership structure within VCP23, LLC. Prior to January 1, 2018, these businesses were managed by GTI senior management. Subsequent to January 1, 2018, VCP23, LLC was controlled by the members of GTI-Clinic Illinois Holdings, LLC and RCP 23, LLC.

**(j) iAnthus Debenture Investment**

On January 17, 2018, GTI entered into a Debenture Purchase Agreement with iAnthus Capital Holdings, Inc. whereby GTI loaned $20 million to iAnthus for the purchase of a Florida medical cannabis business. As part of the Debenture Purchase Agreement, GTI received (i) an Unsecured Debenture with a principal amount of $20 million accruing interest at the rate of 15% per annum, and (ii) a Warrant Certificate providing GTI with 10,040,000 iAnthus warrants at a price of $1.9928 per common share. The Unsecured Debenture had a maturity of 12 months but had certain early repayment provisions in the event of subsequent capital offerings made by iAnthus. On May 16, 2018 iAnthus completed a capital raise and subsequently repaid the outstanding principal of $20,000,000 and accrued interest of $978,082 on the Unsecured Debenture.

**14. SUBSEQUENT EVENTS** *(Continued)*

**(k) Reverse Takeover**

In April 2018, the Company raised approximately $65.1 million in subscription receipts, gross of approximately $4.0 million in transaction costs. The subscription receipts were for the potential purchase of shares in GTI Finco Inc. ("GTI Finco") and were held in an escrow account until the reverse takeover transaction.

At a meeting of shareholders on June 11, 2018, the Company's shareholders approved a resolution to restructure the Company's share capital to, among other things, re-designate its existing common shares as subordinate voting shares ("Subordinate Voting Shares") and create a class of multiple voting shares ("Multiple Voting Shares") and super voting shares ("Super Voting Shares").

On June 12, 2018, Green Thumb Industries Inc., 1165318 B.C. Ltd. (a wholly-owned subsidiary of Bayswater) ("Subco"), VCP23, LLC ("VCP"), GTI23, Inc. ("GTI23") and GTI Finco entered into a Business Combination Agreement whereby the Corporation, Subco, VCP, GTI23 and GTI Finco combined their respective businesses (the "Transaction"). The Transaction was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps. The subscription receipts of GTI Finco were then released from escrow.

In connection with the Transaction completed on June 12, 2018, the Corporation changed its name from "Bayswater Uranium Corporation" to "Green Thumb Industries Inc." and consolidated its existing common shares on the basis of one Subordinate Voting Share for each 368 existing common shares of the Corporation.

The Corporation, Subco and GTI Finco were parties to a three-cornered amalgamation ("Amalgamation") whereby GTI Finco shareholders received Subordinate Voting Shares of the Corporation on a one-for-one basis and members of VCP contributed their membership interests to GTI23 for shares of GTI23 and then contributed their shares of GTI23 to GTI in exchange for Super Voting Shares and Multiple Voting Shares of GTI.

The acquired net assets of Bayswater were nil, and all value was attributed to the acquiror (GTI).

**(l) Private Placement of Shares in Connection with Reverse Takeover**

In contemplation of its reverse takeover (RTO) transaction, the Company issued $45,000,000 in convertible notes payable to various investors. The original maturity of the convertible notes payable was three years from the funding date of April 30, 2018, and the notes bore simple interest at a rate of 8% per year. At June 12, 2018, the carrying value of the convertible notes payable, including accrued interest, was $15,245,960 and the fair value assigned to the conversion feature of the notes was $28,894,566. Upon the RTO transaction, the convertible notes payable were converted into 122,442 Multiple Voting shares and 2,211 Super Voting shares, carrying a total value of $44,140,526.

On April 25, 2018, Subscription Receipts were sold at a price of CAD $7.75 per Subscription Receipt, for gross proceeds of $64,075,295 less issuance costs of $4,014,585. The Subscription Receipts were for the potential purchase of shares in GTI FinCo Inc. and were to be held in an escrow account until the reverse takeover transaction were to occur. Upon the RTO transaction, simultaneously with the issuance of shares of the Company to the holders of the Subscription Receipts, the funds held in the escrow account were released to the Company, and the shares converted into 10,744,995 Subordinate Voting shares of the Company. Also upon the RTO transaction, 4,550 Multiple Voting shares, which are convertible into 455,000 Subordinate

**14. SUBSEQUENT EVENTS** *(Continued)*

**(l) Private Placement of Shares in Connection with Reverse Takeover** (continued)

Voting shares, were issued for gross proceeds of $2,730,000. Last, in connection with the private placement, the Company issued 285,000 options to consultants as compensation for the services provided. The options provided the recipients the right to purchase Subordinate Voting shares at an exercise price of CAD $7.75 per share. The options vested immediately and had a contractual life of two years.

**(m) Stock Based Compensation**

In June 2018, the Company established the GTII Stock and Incentive Plan (the "Plan"). The maximum number of shares issued under the Plan shall not exceed 10% of the issued and outstanding shares. Equity incentives granted generally vest over one to three years, and typically have a life of ten years. Option grants are determined by the Compensation Committee of the Board with the option price set at no less than 100% of the fair market value of a share on the date of grant.

During 2018 the Company granted 1,604,000 restricted stock units, to employees and directors, vesting over one to two years. During 2018, 15,000 of the restricted stock units were forfeited. Such units will be equity settled.

**(n) Bought Deals**

On August 2, 2018 the Company closed on its $61.7 million bought deal financing (the "Offering") for 7,300,000 shares, co-led by Canaccord Genuity Corp. and GMP Securities L.P. and including Beacon Securities Limited, Echelon Wealth Partners Inc. and Eight Capital. Financing costs related to the Offering totaled $3.0 million (CAD $3.9 million).

On October 17, 2018 the Company closed on its $78.8 million bought deal financing (the "Offering") for 5,083,000 shares, co-led by Canaccord Genuity Corp. and GMP Securities L.P. and including Beacon Securities Limited, Echelon Wealth Partners Inc. and Eight Capital. The proceeds are intended to be used for business development, including wholesale capacity, strategic initiatives, and working capital. Financing costs related to the Offering totaled $4.3 million.

**(o) Issuance of Debt**

On April 12, 2019, the Company completed a private placement of $12,500,000 in six-month senior secured promissory notes. The Company has the right to draw an additional $12,500,000 from the lenders at any time within 120 days of closing. The notes accrue interest at an annual rate of 10.5%, payable on a monthly basis commencing June 1, 2019. Each $12,500,000 tranche also includes warrants to purchase 109,484 Subordinate Voting Shares at an exercise price of CAD $22.90, which can be exercised 42 months after the closing.

On May 22, 2019, the Company completed a private placement of approximately $105.5 million in three-year senior secured promissory notes and extinguished the notes issued on April 12, 2019. The Company has the right to raise an additional approximately $44.5 million under the credit facility at any time within 180 days of closing. The Company also has the sole discretion to extend the financing an additional twelve months. The notes accrue interest at an annual rate of 12.0%, payable in cash on a quarterly basis commencing June 30, 2019. The purchasers of the Notes also received warrants to purchase 1,822,771 Subordinate Voting Shares at an exercise price of CAD $19.39, which can be exercised 60 months after the closing.

**14. SUBSEQUENT EVENTS** *(Continued)*

**(p) Sale and Leaseback Transaction**

On November 12, 2019, the Company closed on a transaction to sell its Danville, Pennsylvania cultivation and processing facility to an unrelated third party. GTI will lease back the facility via a long-term agreement and continue to operate and manage it.

The purchase price for the property was $20,300,000, excluding transaction costs. GTI is also expected to make certain improvements to the property that will significantly enhance production capacity, for which GTI will be reimbursed up to $19,300,000. Assuming full reimbursement for such improvements, the total investment in the property will be $39,600,000.

As part of the transaction, GTI entered into the first amendment of the Notes Purchase Agreement whereby among other things, the amended agreement reduced the additional amount of funds available for borrowing from $44.5 million to $24.5 million and extended the time frame in which GTI may borrow these funds an additional 180 days to May 2020. As of September 30, 2019, GTI has not drawn any additional funds from the lenders.

## Independent Auditor's Report

To the Members of
Integral Associates Group of Companies

### Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Integral Associates Group of Companies (the "Company") which comprise the combined balance sheets as of December 31, 2018 and 2017, and the related combined statements of income, members' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

#### *Management's Responsibility for the Combined Financial Statements*

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the combined financial statements referred to on the previous page present fairly, in all material respects, the combined balance sheets of Integral Associates Group of Companies as of December 31, 2018 and 2017, and the combined statements of income, members' equity and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Macias Gini & O'Connell LLP
Los Angeles, California
December 20, 2019

**INTEGRAL ASSOCIATES GROUP OF COMPANIES**
**Combined Balance Sheets**
**As of December 31, 2018 and 2017**

| | 2018 | 2017 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash | $ 5,368,074 | $ 3,681,030 |
| Accounts Receivable, Net | 1,441,739 | 418,678 |
| Inventories | 8,479,260 | 4,722,276 |
| Prepaid Expenses and Other Current Assets | 447,042 | 320,788 |
| Total Current Assets | 15,736,115 | 9,142,772 |
| Property and Equipment, Net | 6,761,047 | 8,362,970 |
| Other Assets | 156,160 | 66,626 |
| **TOTAL ASSETS** | **$ 22,653,322** | **$ 17,572,368** |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| Liabilities: | | |
| Current Liabilities: | | |
| Accounts Payable | $ 1,717,437 | $ 779,300 |
| Accrued Liabilities | 3,858,269 | 2,864,120 |
| Other Liability | — | 100,000 |
| Current Portion of Notes Payable | 10,054 | 10,054 |
| Total Current Liabilities | 5,585,760 | 3,753,474 |
| Long-Term Liabilities: | | |
| Notes Payable, Net of Current Portion | 4,188 | 14,243 |
| Other Liability | — | 300,000 |
| Total Long-Term Liabilities | 4,188 | 314,243 |
| **TOTAL LIABILITIES** | **5,589,948** | **4,067,717** |
| **TOTAL MEMBERS' EQUITY** | **17,063,374** | **13,504,651** |
| **TOTAL LIABILITIES AND MEMBERS' EQUITY** | **$ 22,653,322** | **$ 17,572,368** |

Accompanying Notes are an Integral Part of the Combined Financial Statements

**INTEGRAL ASSOCIATES GROUP OF COMPANIES**
**Combined Statements of Income**
**For the Years Ended December 31, 2018 and 2017**

| | 2018 | 2017 |
|---|---|---|
| Revenues, net of discounts | $ 60,261,432 | $ 30,420,101 |
| Cost of Goods Sold | 35,192,662 | 15,702,502 |
| Gross Profit | 25,068,770 | 14,717,599 |
| Expenses: | | |
| General and Administrative | 7,614,328 | 6,741,483 |
| Sales and Marketing | 1,198,423 | 1,006,311 |
| Depreciation | 696,393 | 616,547 |
| Total Expenses | 9,509,144 | 8,364,341 |
| Income from Operations | 15,559,626 | 6,353,258 |
| Other Income (Expense): | | |
| Interest Expense, Net | (1,117) | (5,510) |
| Income from Sale of License | — | 187,500 |
| Income from Licensing Agreement | 787,242 | 447,770 |
| License Application Fees | (3,108,536) | — |
| Other Income (Expense) | (19,056) | 10 |
| Total Other (Expense) Income, Net | (2,341,467) | 629,770 |
| **Net Income** | **$ 13,218,159** | **$ 6,983,028** |

Accompanying Notes are an Integral Part of the Combined Financial Statements

**INTEGRAL ASSOCIATES GROUP OF COMPANIES**
**Combined Statements of Members' Equity**
**For the Years Ended December 31, 2018 and 2017**

| | |
|---|---|
| **Balance, January 1, 2017** | **$ 16,335,438** |
| Net Income | 6,983,028 |
| Contributions from Members | 1,970,000 |
| Distributions to Members | (4,020,000) |
| Non-Cash Distributions to Members | (7,763,815) |
| **Balance, December 31, 2017** | **$ 13,504,651** |
| Net Income | 13,218,159 |
| Distributions to Members | (9,659,436) |
| **Balance, December 31, 2018** | **$ 17,063,374** |

Accompanying Notes are an Integral Part of the Combined Financial Statements

**INTEGRAL ASSOCIATES GROUP OF COMPANIES**
**Combined Statements of Cash Flows**
**For the Years Ended December 31, 2018 and 2017**

| | 2018 | 2017 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net Income | $ 13,218,159 | $ 6,983,028 |
| Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities: | | |
| Depreciation | 1,998,379 | 1,003,926 |
| Reserve for Allowance and Bad Debt | 29,615 | — |
| Changes in Operating Assets and Liabilities: | | |
| Accounts Receivables | (1,052,676) | (418,678) |
| Inventories | (3,756,984) | (4,193,151) |
| Prepaid Expenses and Other Current Assets | (126,254) | (317,898) |
| Other Assets | (89,534) | (7,076) |
| Due from Related Party | — | (63,357) |
| Accounts Payable | 938,137 | 779,300 |
| Accrued Liabilities | 994,148 | 2,479,110 |
| Other Current Liability | (100,000) | 100,000 |
| Other Liability | (300,000) | 300,000 |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | 11,752,990 | 6,645,204 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of Property and Equipment | (396,456) | (1,042,386) |
| **NET CASH USED IN INVESTING ACTIVITIES** | (396,456) | (1,042,386) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Contributions from Members | — | 1,970,000 |
| Distributions to Members | (9,659,436) | (4,020,000) |
| Principal Repayments of Notes Payable | (10,054) | (10,054) |
| **NET CASH USED IN FINANCING ACTIVITIES** | (9,669,490) | (2,060,054) |
| **NET INCREASE IN CASH** | **1,687,044** | **3,542,764** |
| CASH, BEGINNING OF YEAR | 3,681,030 | 138,266 |
| **CASH, END OF YEAR** | **$ 5,368,074** | **$ 3,681,030** |
| **NON-CASH TRANSACTIONS:** | | |
| Notes Payable Issued for Purchase of Property and Equipment | $ — | $ 34,349 |
| Non-Cash Payment of Property and Equipment and Due from Related Party | $ — | $ 5,564,764 |
| Non-Cash Distributions to Members | $ — | $ 7,763,815 |

Accompanying Notes are an Integral Part of the Combined Financial Statements

**INTEGRAL ASSOCIATES GROUP OF COMPANIES**
**Notes to Combined Financial Statements**
**For the Years Ended December 31, 2018 and 2017**

## 1. NATURE OF OPERATIONS

Integral Associates Group of Companies includes the following companies: Integral Associates, LLC ("IA"), ABCATM, LLC (ABCATM), and Integral Associates CA, LLC ("IACA") (collectively, "the Company").

Prior to 2018, Integral Associates Group of Companies includes the following companies: IA, Integral Associates II, LLC ("IA II") and ABCATM. During 2018, the Company was reorganized to merge IA II into IA and created IACA to hold and operate various entities and operations in California.

Through IA, the Company leases and operates a 54,000 square foot state-of-the art cultivation and production facility (see "Note 10 – Commitments and Contingencies"). The cultivation operation is controlled by a sophisticated computerized system that manages the cultivation cycle such as water mix, nutrient consumption and temperatures. The production operations produce various products, including concentrates, edibles and disposable electronic vaporizers. All products produced from the cultivation operation and production operations are sold to various dispensaries. IA also owns and operates three strategically located dispensaries in Nevada. The dispensaries are located in Clark County on Tropicana Avenue, in the city of Las Vegas on Las Vegas Boulevard, and in the city of Henderson on Sunset Boulevard.

Through IACA, the Company intends to own and operate manufacturing, cultivation, distribution and dispensaries in the state of California, which are currently subject to regulatory approval.

Prior to March 31, 2017, IA, IA II and ABCATM were each owned equally by three members: KHOD Holdings, LLC ("KHOD"), GV Health Partners, LLC ("GV") and Unified, LLC ("Unified"). On March 31, 2017, the members entered into a Membership Interest Agreement (the "MIA") whereby Unified agreed to exchange its membership interests in IA, IA II and ABCATM for the membership interest of a related party company. As a result of the MIA, IA, IA II and ABCATM are now each owned equally by KHOD and GV. In conjunction with the MIA, Unified agreed to repay the related party balance due to the Company through a contribution of property and equipment. The remaining balance due to the Company was forgiven and distributed to Unified (see "Note 8 – Members' Equity").

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The accompanying combined financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The following are the Company's subsidiaries that are included in these combined financial statements as of December 31, 2018 and 2017:

| Integral Associates, LLC | | |
|---|---|---|
| Entity | | Ownership |
| Essence Henderson, LLC | * | 100.0% |
| Essence LV Blvd, LLC | * | 100.0% |
| Essence Tropicana, LLC | * | 100.0% |
| Integral Production, LLC | * | 100.0% |
| Integral Cultivation, LLC | * | 100.0% |
| Integral Associates (New Jersey Limted Liability Company) | ** | 90.0% |
| ENJ Acquisitions, LLC | ** | 90.0% |
| Essence Route 22, LLC | ** | 90.0% |

**INTEGRAL ASSOCIATES GROUP OF COMPANIES**
**Notes to Combined Financial Statements (Continued)**
**For the Years Ended December 31, 2018 and 2017**

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (a) Basis of Preparation *(continued)*

| Integral Associates CA, LLC | | |
|---|---|---|
| Entity | | Ownership |
| Essense WeHo, LLC | *** | 97.5% |
| Essence DTLA, LLC | *** | 100.0% |
| Essence La Cienaga, LLC | *** | 100.0% |
| Essence Melrose, LLC | *** | 100.0% |
| Essence CC, LLC | *** | 90.0% |
| Ant Distribution, LLC | *** | 100.0% |
| Integral Associates Dena, LLC | *** | 100.0% |

* A Nevada Limited Liability Company
** A New Jersey Limited Liability Company, for which operations have not commenced as of December 31, 2018
*** A California Limited Liability Company, for which operations have not commenced as of December 31, 2018

### (b) Basis of Combination

The accompanying combined financial statements include entities which are controlled either through common control or common management. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. Common management exists when entities operate under the terms of management service agreements. All entities were either under common control or management throughout the years ended December 31, 2018 and 2017.

These combined financial statements include the accounts of the Company and its affiliates: IA, IACA and ABCATM. All significant intercompany balances and transactions have been eliminated in combination.

### (c) Cash

Cash include cash deposits in financial institutions and cash held at its facilities.

### (d) Accounts Receivable and Allowances

Accounts receivable are recorded at the invoiced amount and do not bear interest. An allowance for doubtful accounts is recorded for any amounts deemed uncollectable. The Company reviews all outstanding accounts receivable for collectability on a quarterly basis and does not accrue interest receivable on past due accounts receivable. As of December 31, 2018, the Company recorded an allowance of $29,615. There was no allowance as of December 31, 2017.

### (e) Inventories

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value. Costs incurred during the growing and

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (e) Inventories *(continued)*

production process are capitalized as incurred to the extent that cost is less than net realizable value. These costs include materials, labor and manufacturing overhead used in the growing and production processes. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. The Company reviews inventories for obsolete, redundant and slow moving goods and any such inventories identified are written down to net realizable value. At December 31, 2018 and 2017, there were no reserves for inventories required.

### (f) Investments

The Company accounts for investments under ASC 323, “Investment – Equity Method and Joint Ventures”. Investments are first evaluated if whether an investor has the ability to exercise significant influence. Significant influence is defined as the following: a) significant direct or indirect holding of the outstanding voting securities with more than 20 percent; b) representation on the board of directors; c) participation in the policy – making processes; d) significant intercompany transactions; e) technology dependency; f) investee dependence on the investor; g) interchange of managerial personal and g) extent of ownership by an investor in relation to the concentration of other shareholders. Investments in joint venture with significant influence are accounted for using the equity method of accounting. Interests in joint venture accounted for using the equity method are initially recognized at cost. Subsequent adjustments should be made through recognition in the profit-and-losses and through recognition in shareholders’ equity for other post-acquisition changes in the investee’s net assets. During the year ended December 31, 2017, the Company’s prior investment in a joint venture was dissolved. Accordingly, the Company has no investment as of December 31, 2018 and December 31, 2017.

### (g) Property and Equipment

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

| | |
|---|---|
| Computer Equipment | 5 Years |
| Leasehold Improvements | Remaining Life of the Lease |
| Manufacturing Equipment | 5 – 7 Years |
| Automobiles | 5 Years |

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (h) Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and awards incidental to ownership to the Company. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

### (i) Cost of Goods Sold

Cost of goods sold includes costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as production and processing costs, packaging and other supplies, fees for services and processing, other expenses for services, and allocated overhead.

### (j) Sales and Marketing

Sales and marketing costs are expensed as incurred. Costs associated with sales and marketing totaling $ 1,198,423 and $ 1,006,311 for the years ended December 31, 2018 and 2017, respectively.

### (k) Shipping

The Company uses a third party distributor to deliver its products to third-party dispensaries. Costs associated with shipping totaling $520,535 and $569,298 have been included as part of cost of goods sold for the years ended December 31, 2018 and 2017, respectively.

### (l) Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped to customers:

- The Company has transferred the significant risks and rewards of ownership of the goods to the customer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the customer; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### (m) Loyalty Reward Program

The Company offers a loyalty reward program to its dispensary customers. Customers receive one point for every dollar purchase they make. For every 33 points, a customer earns $1 dollar towards

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (m) Loyalty Reward Program *(continued)*

their next purchase. The Company's loyalty point liability amounted to $535,388 and $423,988 for the years ended December 31, 2018 and 2017, respectively.

### (n) Income Taxes

The Company's members have elected to have the Company treated as a partnership for income tax purpose. As such, all the Company's items of income, loss, deduction, and credit are passed through to, and taken into account by, the Company's members in computing their own taxable income.

As the Company operates in the cannabis industry, it is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

### (o) Fair Value Measurement

The carrying amounts of combined financial instruments, including accounts receivable, accounts payable and accrued liabilities, approximate fair value due to the short maturity of these instruments. The carrying amounts of long-term debt approximate fair value because the interest rates fluctuate with market interest rates or the fix rate are based on current rates received by the Company for instruments with similar terms and maturities.

It is the Company's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to these combined financial statements.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the years ended December 31, 2018 and 2017.

### (p) Concentrations of Risk

The Company's significant concentrations of risk consists of cash. The Company maintains its cash with high-credit, quality financial institutions. At times, such deposits may be in excess of amounts insured by the Federal Deposit Insurance Corporation, up to $250,000 per bank. At December 31, 2018 and 2017, the Company had approximately $1,577,000 and $0 held in banks in excess of federally insured limits, respectively. The Company has not experienced any losses in such accounts and believes that is not exposed to any significant credit risk.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (q) Use of Estimates

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes and related disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from the estimates. Such estimates include the allowance in doubtful accounts, inventory related assumptions, loyalty program liability and useful lives and depreciation for property and equipment.

The Company is subject to a number of risks similar to those of other companies of similar size and having a focus on serving the cannabis industry, including limited number of suppliers, acquisitions and integration, and government regulations.

### (r) Significant Accounting Pronouncements Applicable in Future Years

*(i)* In January 2017, the FASB issued ASU No. 2017-04 "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), which simplifies the accounting for goodwill impairment. ASU 2017-04 requires entities to record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (Step 1 under the current impairment test). The standard eliminates Step 2 from the current goodwill impairment test, which included determining the implied fair value of goodwill and comparing it with the carrying amount of that goodwill. ASU 2017-04 must be applied prospectively and is effective in the first quarter of 2020. Early adoption is permitted.

*(ii)* In February 2016, the FASB issued ASU No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which requires lessees to put most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. For lessors, ASU 2016-02 also modifies the classification criteria and the accounting for sales-type and direct financing leases. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements and is effective in the first quarter of 2019. Early adoption of ASU 2016-02 is permitted; however the Company plans to adopt the standard in the first quarter of 2019. The Company has completed its analysis of the impact of the adoption of ASU 2016-02 and expects to recognize material right-of-use assets and leased liabilities.

*(iii)* In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"), which outlines a single comprehensive model for entities to use in accounting for revenue using a five-step process that supersedes virtually all existing revenue guidance. ASU 2014-09 also requires additional quantitative and qualitative disclosures. In August 2015, the FASB issued ASU No. 2015-14 "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date" ("ASU 2015-14"), which defers the effective date of ASU 2014-09 to beginning after December 15, 2018 for private entities. Early adoption of ASU 2016-02 is permitted; however the Company plans to adopt the standard on January 1, 2019. The Company has completed its analysis of the impact of the adoption of ASU 2014-09 and has determined there will be no impact.

**INTEGRAL ASSOCIATES GROUP OF COMPANIES**
**Notes to Combined Financial Statements (Continued)**
**For the Years Ended December 31, 2018 and 2017**

## 3. ACCOUNTS RECEIVABLES

The Company's accounts receivables include the following at December 31:

| | 2018 | 2017 |
|---|---|---|
| Accounts Receivable, Net | $ 1,425,447 | $ 265,394 |
| Other Receivables | 16,292 | 153,284 |
| **Total Accounts Receivables** | **$ 1,441,739** | **$ 418,678** |

## 4. INVENTORIES

The Company's inventories include the following at December 31:

| | 2018 | 2017 |
|---|---|---|
| Raw Material | | |
| Harvested Cannabis | $ 1,593,457 | $ 887,213 |
| Packaging and supplies | 438,028 | — |
| Total Raw Material | 2,031,486 | 887,213 |
| Work-in-Progress | 3,255,692 | 1,207,290 |
| Finished Goods | 3,192,083 | 2,627,773 |
| **Total Inventories** | **$ 8,479,260** | **$ 4,722,276** |

## 5. PROPERTY AND EQUIPMENT

The Company's property and equipment consists of the following at December 31:

| | 2018 | 2017 |
|---|---|---|
| Leasehold Improvements | $ 6,724,286 | $ 6,549,520 |
| Manufacturing Equipment | 3,381,107 | 3,255,422 |
| Automobiles | 55,755 | 55,755 |
| Computer Equipment | 96,005 | — |
| Total Property and Equipment, Gross | 10,257,153 | 9,860,697 |
| Less: Accumulated Depreciation | (3,496,106) | (1,497,727) |
| **Property and Equipment, Net** | **$ 6,761,047** | **$ 8,362,970** |

Depreciation expense for the years ended December 31, 2018 and 2017, totaled $1,998,379 and $1,003,926, of which $1,301,986 and $387,379, respectively, was included in cost of goods sold.

## 6. OTHER LIABILITY

On April 27, 2014, the Company entered into an agreement with a consultant. The agreement provides that the consultant is entitled to receive annually an amount equal to 9% of the annual net profits earned by the Company solely attributed to their respective licensed business. On August 30, 2017, the Company entered into another agreement with the consultant. Pursuant to the agreement, the consultant agreed to forgo receiving 9% of the

## 6. OTHER LIABILITY *(Continued)*

annual net profits for $500,000, to be paid in five equal installments of $100,000 with the first payment paid on October 1, 2017 and the remaining payments of $100,000 each for the next four successive calendar years on October 1. The Company paid the remaining $400,000 on October 4, 2018. As of December 31, 2018 and 2017, the balances of other liability were $0 and $400,000, respectively.

## 7. NOTES PAYABLE

The Company's notes payable includes the following at December 31:

| | 2018 | 2017 |
|---|---|---|
| Automobile Loan – Secured promissory note issued for $ 20,107, which matures on February 18, 2020, and non-interest bearing. | $ 5,864 | $ 10,892 |
| Automobile Loan – Secured promissory note issued for $ 20,107, which matures on August 27, 2020, and non-interest bearing. | 8,378 | 13,405 |
| Total Notes Payable | 14,242 | 24,297 |
| Less Current Portion of Notes Payable | (10,054) | (10,054) |
| **Notes Payable, Net of Current Portion** | **$ 4,188** | **$ 14,243** |

## 8. MEMBERS' EQUITY

Allocations of profits and losses for each fiscal year are allocated pro rata in proportion to the member's capital interest. There are no members units. No member has the right to transfer any or part of their membership interest without the express written permission of a vote of members.

During the years ended December 31, 2018 and 2017, the members of the Company contributed $0 and $1,970,000, respectively, to the Company for working capital needs.

During the years ended December 31, 2018 and 2017, the Company distributed $9,659,436 and $4,020,000, respectively, in cash to the members of the Company.

During the year ended December 31, 2017, two members of the Company agreed to repurchase the membership interest of the third member. The selling member agreed to take the interest of another related party company. As a result of this transaction, the selling member repaid a portion of the related party balance due from the related party company through a contribution of property and equipment of $5,564,764. The remaining related party balance due to the Company in the amount of $7,763,815 was forgiven. The balance forgiven was recorded as a non-cash distribution to the selling member.

## 9. INVESTMENT

The Company started a joint venture during 2016 with an unaffiliated company in 50/50 ownership structure. The joint venture entity provides extraction and production of various cannabis related products. The Company used the equity method to account for its investment in the joint venture. Accordingly, the Company's combined results of operations include its proportionate share of the net income or loss of the joint venture. There was no activity during 2016, thus, the Company had no remaining carrying value in the joint venture at December 31, 2016.

## 9. INVESTMENT *(Continued)*

During the year ended December 31, 2017, the Company dissolved the joint venture and entered into a licensing agreement with the unaffiliated third party. The licensing agreement provides for a license fee equal to 50 percent of the profits from the unaffiliated third party's operations generated from the license. For the years ended December 31, 2018 and 2017, the proportionate shares of the income from the licensing agreement was $787,242 and $447,770, respectively.

## 10. COMMITMENTS AND CONTINGENCIES

### (a) Office and Operating Leases

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2028 and contain certain renewal provisions. Additionally, certain leases provide for rent abatement, and rent expense is calculated on straight-line basis over the terms of the leases. The Company's rent expense for the years ended December 31, 2018 and 2017, were approximately $933,000 and $635,000, of which $791,000 and $94,000, respectively was included in cost of goods sold, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

| Year Ending December 31 | Scheduled Payments |
|---|---|
| 2019 | $ 1,528,811 |
| 2020 | 1,389,434 |
| 2021 | 1,430,488 |
| 2022 | 1,332,947 |
| 2023 | 975,691 |
| Thereafter | 2,327,881 |
| **Total Future Minimum Lease Payments** | **$ 8,985,252** |

### (b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation at December 31, 2018, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

### (c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2018 and 2017, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's combined operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

**INTEGRAL ASSOCIATES GROUP OF COMPANIES**
**Notes to Combined Financial Statements (Continued)**
**For the Years Ended December 31, 2018 and 2017**

## 11. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017 and as a result of the membership interest transaction during the year (see “Note 1 – Nature of Operations” and “Note 8 – Members’ Equity”), the Company’s former member contributed $5,564,764 of property and equipment to the Company for partial repayment of the $13,328,579 balance due from a related party entity that the former member owned. The succeeding members of the Company forgave the remaining balance of $7,763,815 due to the Company as a non-cash distribution to the selling member. As a result of the transaction, no amount is due from the related party as of December 31, 2017.

## 12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 20, 2019, the date the combined financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2018 have been incorporated into these combined financial statements.

On June 5, 2019, a publicly traded company (“GTI”) acquired 100% of the ownership interests of Integral Associates Group of Companies. The acquisition included Integral Associates Group of Companies’ retail brand Essence, as well as two cultivation and processing facilities. The transaction consideration included $52 million paid in cash and approximately 20.8 million in Company Subordinate Voting Shares. The purchase agreement also includes additional consideration based upon future performance targets.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
of Advanced Grow Labs, LLC and Subsidiaries

We have audited the accompanying financial statements of Advanced Grow Labs, LLC and Subsidiaries (a Connecticut limited liability company), which comprise the balance sheet as of December 31, 2018, and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advanced Grow Labs, LLC and Subsidiaries as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Macias Gini & O'Connell LLP
Los Angeles, California
December 20, 2019

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Consolidated Balance Sheet
Year Ended December 31, 2018

| | |
|---|---|
| **ASSETS** | |
| Current Assets: | |
| Cash and Cash Equivalents | $ 1,149,560 |
| Restricted Cash | 500,000 |
| Accounts Receivable | 735,028 |
| Due from Members | 85,865 |
| Inventories | 1,463,867 |
| Prepaid Expenses and Other Current Assets | 178,807 |
| Total Current Assets | 4,113,127 |
| Property and Equipment, Net | 6,011,124 |
| Investment | 2,617,513 |
| Deposits | 36,277 |
| **TOTAL ASSETS** | $ 12,778,041 |
| **LIABILITIES AND MEMBERS' EQUITY** | |
| **LIABILITIES** | |
| Current Liabilities: | |
| Accounts Payable and Accrued Liabilities | $ 266,654 |
| Current Portion of Notes Payable | 4,408,524 |
| Distributions Payable to Members | 705,411 |
| Total Current Liabilities | 5,380,589 |
| Long-Term Liabilities: | |
| Deferred Rent | 37,695 |
| Notes Payable, Net of Current Portion | 33,177 |
| **TOTAL LIABILITIES** | 5,451,461 |
| **MEMBERS' EQUITY OF ADVANCED GROWTH LABS, LLC AND SUBSIDIARIES** | 7,284,461 |
| **NON-CONTROLLING INTEREST** | 42,119 |
| **TOTAL MEMBERS' EQUITY** | 7,326,580 |
| **TOTAL LIABILITIES AND MEMBERS' EQUITY** | $ 12,778,041 |

Accompanying Notes are an Integral Part of the Consolidated Financial Statements

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Consolidated Statement of Operations
Year Ended December 31, 2018

| | |
|---|---|
| Revenues, net of discounts | $ 17,016,743 |
| Cost of Goods Sold | 6,818,485 |
| Gross Profit | 10,198,258 |
| **Expenses:** | |
| General and Administrative | 1,369,600 |
| Salaries and Benefits | 527,568 |
| **Total Expenses** | 1,897,168 |
| **Net Loss From Investment** | 382,487 |
| **Income From Operations** | 7,918,603 |
| **Other Income (Expense):** | |
| Other Income (Expense), net | 30,190 |
| Interest Expense, net | (368,216) |
| **Total Other Income (Expense)** | (338,026) |
| **Net Income Before Non-Controlling Interest** | 7,580,577 |
| **Loss Attributable To Non-Controlling Interest** | 82,881 |
| **Net Income Attributable To Advanced Grow Labs, LLC and Subsidiaries** | $ 7,663,458 |

Accompanying Notes are an Integral Part of the Consolidated Financial Statements

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Consolidated Statement of Members' Equity
Year Ended December 31, 2018

| | Members' Equity | Non-Controlling Interest | Total |
|---|---|---|---|
| **Balance, January 1, 2018** | $ 8,145,304 | $ — | $ 8,145,304 |
| Contributions from Members | — | 125,000 | 125,000 |
| Distributions to Members | (8,524,301) | — | (8,524,301) |
| Net Income (Loss) | 7,663,458 | (82,881) | 7,580,577 |
| **Balance, December 31, 2018** | $ 7,284,461 | $ 42,119 | $ 7,326,580 |

Accompanying Notes are an Integral Part of the Consolidated Financial Statements

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Consolidated Statement of Cash Flows
Year Ended December 31, 2018

| | |
|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | |
| Net income attributable to Advanced Growth Labs, LLC and Subsidiaries | $ 7,663,458 |
| Net loss attributable to non-controlling interest | (82,881) |
| Adjustments to reconcile net loss to net cash used in operating activities: | |
| Depreciation and amortization | 936,531 |
| Net loss from investment | 382,487 |
| Changes in operating assets and liabilities: | |
| Accounts receivable | (531,452) |
| Inventories | (728,233) |
| Prepaid expenses and other current assets | (29,402) |
| Deposits | 42,574 |
| Accounts payable and accrued liabilities | (25,324) |
| Deferred rent | 7,586 |
| Due from members | (85,865) |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | 7,549,479 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | |
| Purchases of property and equipment | (778,735) |
| Purchase of investment | (3,000,000) |
| **NET CASH USED IN INVESTING ACTIVITIES** | (3,778,735) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | |
| Contributions from members | 125,000 |
| Distributions to members | (9,478,058) |
| Proceeds from issuance of notes payable | 3,000,000 |
| Principal repayments of notes payable | (11,177) |
| **NET CASH USED IN FINANCING ACTIVITIES** | (6,364,235) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | (2,593,491) |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 3,743,051 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 1,149,560 |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | |
| Interest paid | $ 340,357 |

Accompanying Notes are an Integral Part of the Consolidated Financial Statements

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

## 1. NATURE OF OPERATIONS

References in this document to "the Company", or "AGL", are intended to mean the Advanced Grow Labs, LLC, individually, or as the context requires, collectively with its subsidiaries and affiliates on a consolidated basis.

The Company is a licensed producer and distributor of medical cannabis in Connecticut pursuant to the provisions of the State of Connecticut regulations on such. The Company received its license from the State of Connecticut Department of Consumer Protection on February 6, 2014.

In January 2018, the Company formed a wholly-owned subsidiary, AGLMA, LLC. In January and February 2018, AGLMA, LLC invested $3,000,000 for a 27% interest in CAL FUNDING, LLC, a Massachusetts limited liability company, which is a holding company for Mass Alternative Care, Inc. ("MAC").

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The accompanying consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### (b) Functional Currency

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

### (c) Basis of Consolidation

The consolidated financial statements include the accounts of its wholly owned subsidiaries, AGL Westport, LLC and AGLMA, LLC, and its 45.9% owned subsidiary Bluepoint Wellness of Westport, LLC. Significant intercompany accounts and transactions have been eliminated in consolidation.

Non-controlling interests in the subsidiary held by parties other than by Advanced Grow Labs, LLC are presented in the consolidated balance sheet within equity, but separate from the equity of Advanced Grow Labs, LLC.

### (d) Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions and other deposits that are readily convertible into cash.

### (e) Restricted Cash

Restricted cash represents funds held in escrow as required by the State of Connecticut Department of Consumer Protection. These funds are being released as the Company's production facility remains operational in compliance with state regulations over certain periods of time. Restricted cash is included in cash and cash equivalents on the consolidated statement of cash flows. These funds were released in 2019.

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (f) Accounts Receivable and Allowances

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Allowances for doubtful accounts reflect the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. The allowance is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered.

### (g) Inventories

Inventories purchased from third parties, which include work in process, finished goods, and packaging and supplies, are valued at the lower of cost and net realizable value. Costs incurred during the growing and production process are capitalized as incurred to the extent that cost is less than net realizable value. Cost is determined using the weighted average costing method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant and slow moving goods and any such inventories identified are written down to net realizable value. At December 31, 2018 there was no reserve for inventories required.

### (h) Property and Equipment

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

| | |
|---|---|
| Furniture and Fixtures | 7 Years |
| Computer Equipment and Software | 5 Years |
| Leasehold Improvements | Lessor of 15 Years or Life of Lease |
| Equipment | 5 - 10 Years |
| Automobiles | 5 Years |

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

### (i) Investment

The Company accounts for investments under ASC 323, "Investment – Equity Method and Joint Ventures". Investments are first evaluated if whether an investor has the ability to exercise significant influence. Significant influence is defined as the following: a) significant direct or indirect holding of the outstanding voting securities with more than 20 percent; b) representation on the board of directors; c) participation in the policy – making processes; d) significant intercompany transactions;

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (i) Investment *(continued)*

e) technology dependency; f) investee dependence on the investor; g) interchange of managerial personal and g) extent of ownership by an investor in relation to the concentration of other shareholders. Investments accounted for using the equity method are initially recognized at cost. Subsequent adjustments should be made through recognition in the profit-and-losses and through recognition in shareholders' equity for other post-acquisition changes in the investee's net assets. The Company has determined that its investment in CAL FUNDING, LLC should be accounted for under the equity method.

### (j) Leased Assets

A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, and accordingly, the difference between cash rent payments and the recognition of rent expense is recorded as a deferred rent liability.

### (k) Income Taxes

The Company's Members have elected to have the Company treated as a partnership for income tax purposes. As such, all the Company's items of income, loss, deduction, and credit are passed through to, and taken into account by, the Company's Members in computing their own taxable income.

As the Company operates in the cannabis industry, it is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

### (l) Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped to customers:

- The Company has transferred the significant risks and rewards of ownership of the goods to the customer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the customer; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

For the year ended December 31, 2018, amounts recorded as revenues are net of allowances, discounts, and rebates totaling approximately $74,000.

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (m) Fair Value of Financial Instruments

The carrying amounts of financial instruments, including accounts receivable, accounts payable, accrued expenses, and short-term borrowings, approximate fair value due to the short maturity of these instruments. The carrying amounts of long-term debt approximate fair value because the interest rates fluctuate with market interest rates or the fix rate are based on current rates received by the Company for instruments with similar terms and maturities.

It is the Company's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to these consolidated financial statements.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the year ended December 31, 2018.

### (n) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes and related disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from the estimates.

The Company is subject to a number of risks similar to those of other companies of similar size and having a focus on serving the cannabis industry, including limited number of suppliers, acquisitions and integration, and government regulations.

### (o) Impairment of Long-Lived Assets

Long-lived assets are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through estimated undiscounted future cash flows from the use of those assets. When any such impairment exists, the related assets will be written down to fair value. No such impairments were recorded for the year ended December 31, 2018.

### (p) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivable, investments, and cash and cash equivalents. The Company places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the historical collectability and large number of customers. The investment in CAL FUNDING, LLC represents approximately 20% of the Company's assets. The Company does not believe it is subject to any significant risk of loss related to concentrations of credit risk.

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (q) Non-controlling Interest

The Company's non-controlling interest represents the minority shareholder's ownership interest related to the Company's subsidiary, Bluepoint Wellness of Westport, LLC. The Company reports its non-controlling interest in subsidiaries as a separate component of equity in the Consolidated Balance Sheet and reports both net loss attributable to the non-controlling interest and net loss attributable to the Company's members on the face of the Consolidated Statements of Operations. The Company's equity interest in Bluepoint Wellness of Westport, LLC is 45.9% and the non-controlling stockholder's interest is 54.1%. This is reflected in the Consolidated Statements of Equity.

### (r) Significant Accounting Pronouncements Applicable in Future Years

*(i)* In February 2016, the FASB issued ASU No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which requires lessees to put most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. For lessors, ASU 2016-02 also modifies the classification criteria and the accounting for sales-type and direct financing leases. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements and is effective in the first quarter of 2019. Early adoption of ASU 2016-02 is permitted; however the Company plans to adopt the standard in the first quarter of 2019. The Company has completed its analysis of the impact of the adoption of ASU 2016-02 and expects to recognize material right-of-use assets and lease liabilities.

*(ii)* In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"), which outlines a single comprehensive model for entities to use in accounting for revenue using a five-step process that supersedes virtually all existing revenue guidance. ASU 2014-09 also requires additional quantitative and qualitative disclosures. In August 2015, the FASB issued ASU No. 2015-14 "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date" ("ASU 2015-14"), which defers the effective date of ASU 2014-09 to beginning after December 15, 2018 for private entities. Early adoption of ASU 2016-02 is permitted; however the Company plans to adopt the standard on January 1, 2019. The Company has completed its analysis of the impact of the adoption of ASU 2014-09 and has determined there will be no impact.

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

## 3. INVENTORIES

At December 31, 2018, The Company's inventories include the following:

| | |
|---|---|
| Harvested Cannabis | |
| Work-in-process | $ 720,724 |
| Finished goods | 47,341 |
| Total Harvested Cannabis | 768,065 |
| Cannabis oils | |
| Work-in-process | $ 564,512 |
| Finished goods | 74,954 |
| Total Cannabis Oils | 639,466 |
| Supplies and Consumables | 56,336 |
| **Total Inventories** | $ 1,463,867 |

## 4. PROPERTY AND EQUIPMENT

At December 31, 2018, The Company's property and equipment include the following:

| | |
|---|---|
| Furniture and Fixtures | $ 50,503 |
| Computer Equipment and Software | 28,561 |
| Equipment | 1,383,408 |
| Vehicles | 78,059 |
| Leasehold Improvements | 6,943,101 |
| Total Property and Equipment, Gross | 8,483,632 |
| Less: Accumulated Depreciation | (2,472,508) |
| **Property and Equipment, Net** | $ 6,011,124 |

Depreciation expense for the year ended December 31, 2018 was $936,531, of which $923,278 is included in cost of goods sold.

## 5. NOTES PAYABLE

In November 2017, the Company entered into promissory notes with certain Members and affiliates of Members. The total amount borrowed was $1,400,000. The notes bear interest at 8% annually and matures on December 15, 2020. Quarterly interest only payments were required commencing on March 15, 2018 and commencing on March 15, 2019 quarterly payments of principal and interest totaling $191,224 were required through December 15, 2020. The notes could be prepaid but were subject to a prepayment penalty. The notes were secured by substantially all assets of the Company. The balance outstanding was $1,400,000 at December 31, 2018.

The promissory notes restricted the Company from selling a substantial portion of the business or assets or liquidating or merging the Company. Additionally, it restricted the Company from incurring secured indebtedness in excess of $1,500,000 (including these promissory notes), or additional unsecured indebtedness in

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

**5. NOTES PAYABLE** *(Continued)*

excess of $1,000,000, or creating any additional liens or encumbrances on its assets. In connection with the additional financing described below, the note holders waived the restrictions on additional secured debt. Additionally, the Company was required to meet a liquidity covenant of no less than $500,000 in cash or cash equivalents on hand at all times, and no distributions or stock repurchases could be declared or paid that would cause the Company to not be in compliance with this liquidity covenant. Also, the Class A Members were required to own at least 50.1% of the total outstanding membership units of the Company. During the year ended December 31, 2018 the Company was in compliance with these covenants.

The notes were repaid in full subsequent to year end in connection with the merger transaction described in Note 10. The provisions restricting merger activity were waived by the debt-holders.

To fund the investment in CAL FUNDING, LLC, the Company issued $3,000,000 of convertible promissory notes to various parties in February 2018. These notes bear interest at 10% and were to mature in March 2021. Quarterly interest only payments were required commencing on June 1, 2018 through March 1, 2019 and commencing on June 1, 2019 quarterly payments of principal and interest totaling $418,402 were required through March 1, 2021. The balance outstanding was $3,000,000 at December 31, 2018.

The notes automatically convert at a dollar for dollar ratio into the Company's Class D units or other convertible interests upon sale of the Company, or in the case of an initial public offering or reverse take over with a public company. The notes were converted to equity in connection with the merger transaction described in Note 9.

The notes are secured by substantially all assets of the Company, however the security interest was subordinate to the lien held by the senior notes to Members of $1,4000,000, more fully above. The junior promissory notes were subject to similar restrictions as the senior notes except there was no liquidity covenant.

In addition, the Company has several equipment loans, at an interest rate of 4.26%, maturing in 2022. As of December 31, 2018, $41,701 was outstanding on these loans.

Stated maturities of debt obligations are as follows:

| Year Ending December 31 | Convertible Debt | Term Notes | Total |
|---|---|---|---|
| 2019 | $ 3,000,000 | $ 1,408,524 | $ 4,408,524 |
| 2020 | — | 19,088 | 19,088 |
| 2021 | — | 9,291 | 9,291 |
| 2022 | — | 4,798 | 4,798 |
| | **$ 3,000,000** | **$ 1,441,701** | **$ 4,441,701** |

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

## 6. MEMBERS' EQUITY

The Company is authorized to issue units and could create new classes of units upon terms and conditions authorized by the Board of Managers. The operating agreement provided for the issuance of Class A Common units, Class B Preferred units, Class C-1 Preferred units, Class C-2 Preferred units, Class D-1 Common units, Class D-2 Common units, and Class P Common units.

The Class A and Class B units has voting rights. The Class C, Class D and Class P units were non-voting. The Class P units were granted in exchange for services provided or to be provided to the Company. All Class P units are intended to constitute profit interests for U.S. federal income tax purposes.

The operating agreement requires periodic distributions to be made to Members in connection with taxable income allocated to Members for income tax purposes multiplied by the assumed income tax rate of 41% ("Tax Distributions"). Other distributions, as approved by the Board of Managers, are based on each Members' unit percentage interest. Distributions to Class P Members were subordinated to a return of the Class A Members value of their capital interests at the time of the issuance of the Class P units.

The Class C Preferred Members have a preference on distributions ("Preferred Distributions") for any amounts released to the Company from the State Escrow Fund. As of December 31, 2018, there was $500,000 still held in the State Escrow Fund which would be due to the Class C Preferred members as a return of capital upon such release.

Except for Tax Distributions and Preferred Distributions as discussed above, distributions are to be made to Members in proportion to their respective Percentage Interests as of the time of such distribution.

In connection with the merger transaction described in Note 10, the operating agreement was terminated.

## 7. INVESTMENT

The Company invested $3M in CAL FUNDING, LLC in 2018. Accordingly, the Company's consolidated results of operations include its proportionate share of the net loss of the investment.

A reconciliation of the beginning and ending balances of the investment is as follows:

| | 2018 |
|---|---|
| Beginning balance | $ — |
| Initial investment in CAL FUNDING, LLC | 3,000,000 |
| Proportionate share of net loss | (382,487) |
| Ending balance | $ 2,617,513 |

## 8. COMMITMENTS AND CONTINGENCIES

### (a) Office and Operating Leases

The Company leases office space and grow facility space under a non-cancelable operating lease. The lease expires in October 2021. The lease provides for two five-year renewal extensions at stated escalated base rents. The lease requires escalating payments over the lease term. The Company

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

## 8. COMMITMENTS AND CONTINGENCIES *(Continued)*

### (a) Office and Operating Leases *(continued)*

recognizes rent expense on the lease on a straight-line basis and accrues the difference each month between the amount expenses and the amount actually paid as deferred rent.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

| Year Ending December 31 | |
|---|---|
| 2019 | $ 232,664 |
| 2020 | 243,760 |
| 2021 | 211,277 |
| **Total Future Minimum Lease Payments** | **$ 687,701** |

### (b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation at December 31, 2018, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

### (c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2018, there were no pending or threatened lawsuits, other than described below, that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

A former chief operating office of a subsidiary of the Company has asserted a claim against the subsidiary, the Company, and certain of its members/officers, alleging breach of contract and of implied covenant of good faith and fair dealing, among other things. The claim alleges that the former chief operating offer was promised ownership in the subsidiary, which did not materialize. Green Thumb Industries, Inc. (GTI) which acquired the Company in February 2019, was also named in the claim; however, GTI has filed an indemnification claim against the Company pursuant to purchase agreement. The matter has been referred to the insurance carrier which underwrites the Company's director and officers' liability insurance coverage. In the opinion of counsel, the Company's insurance coverage is expected to cover any losses.

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

## 9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

**Financial Risk Management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

**(a) Credit Risk**

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2018 and 2016 is the carrying amount of cash and cash equivalents. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

**(c) Interest Rate Risk**

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

## 10. SUBSEQUENT EVENTS

**(a) Tax Status**

Subsequent to year end, the Company elected to be taxed as a C Corporation effective January 1, 2019.

**(b) Merger and Reorganization**

Effective January 4, 2019, the Company entered into an agreement and plan of merger and reorganization with Green Thumb Industries, Inc. and their subsidiary GTI Merger Sub, LLC ("the Merger"). The Merger closed on February 11, 2019 and the Company became a wholly owned subsidiary of Green Thumb Industries, Inc. ("GTI"). The transaction consideration was approximately $80 million, which included $15 million of cash and approximately 7.0 million subordinate voting shares of GTI. The purchase agreement also includes additional consideration based upon future performance target.

On the date of closing, the convertible promissory notes for $3,000,000, more fully described in Note 5, were converted into Class D units. Additionally, the promissory notes for $1,400,000, more fully described in Note 5, were paid in full.

**ADVANCED GROW LABS, LLC**
**AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
Year Ended December 31, 2018

**10. SUBSEQUENT EVENTS** *(Continued)*

**(b) Merger and Reorganization** *(continued)*

On the date of the closing the LLC operating agreement was terminated.

Subsequent events have been evaluated through December 20, 2019, which is the date these consolidated financial statements were available to be issued.

**Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)**
**Unaudited Interim Condensed Consolidated Balance Sheet**
**As of September 30, 2019 and December 31, 2018**
*(Amounts Expressed in United States Dollars)*

| | September 30, 2019 (unaudited) | December 31, 2018 (audited) |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ 66,121,654 | $ 145,986,072 |
| Accounts Receivable | 6,541,565 | 4,574,404 |
| Inventories | 35,440,157 | 12,359,064 |
| Notes Receivable | — | 3,500,000 |
| Prepaid Expenses and Other Current Assets | 6,747,590 | 2,642,481 |
| Total Current Assets | 114,850,966 | 169,062,021 |
| Property and Equipment, Net | 148,660,147 | 65,324,080 |
| Right of Use Assets | 28,848,614 | — |
| Investments | 18,815,058 | 40,933,283 |
| Investment in Associate | — | 5,850,000 |
| Notes Receivable | — | 7,424,727 |
| Intangible Assets, Net | 349,518,982 | 88,365,678 |
| Goodwill | 448,865,160 | 39,204,360 |
| Deposits and Other Assets | 1,908,052 | 2,184,417 |
| **TOTAL ASSETS** | $ 1,111,466,979 | $ 418,348,566 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts Payable | $ 30,847,266 | $ 8,928,528 |
| Accrued Liabilities | 15,250,109 | 7,046,029 |
| Current Portion of Notes Payable | 180,957 | 1,480,660 |
| Liability for Acquisition of Noncontrolling Interest | — | 25,420,009 |
| Contingent Consideration Payable | 55,217,049 | — |
| Derivative Liability | — | 4,238,701 |
| Acquisition Liabilities | 2,937,798 | — |
| Income Tax Payable | 1,138,120 | 457,585 |
| Total Current Liabilities | 105,571,299 | 47,571,512 |
| Long-Term Liabilities: | | |
| Deferred Rent | — | 280,127 |
| Lease Liabilities | 30,752,365 | — |
| Notes Payable, Net of Current Portion | 96,768,028 | 5,733,797 |
| Contingent Consideration Payable | 8,559,386 | 9,035,250 |
| Acquisition Liabilities | 17,151,388 | — |
| Deferred Income Taxes | 38,035,000 | 13,541,000 |
| **TOTAL LIABILITIES** | 296,837,466 | 76,161,686 |
| Subordinate Voting Shares (Shares Authorized: Unlimited, Shares Issued: 127,150,672, Shares Outstanding: 127,150,672) | — | — |
| Multiple Voting Shares (Shares Authorized: Unlimited, Shares Issued: 37,681,100, Shares Outstanding: 37,681,100) | — | — |
| Super Voting Shares (Shares Authorized: Unlimited, Shares Issued: 40,228,900, Shares Outstanding: 40,228,900) | — | — |
| Share Capital | 938,376,070 | 397,590,465 |
| Shares to be Issued | — | 27,773,234 |
| Contributed Surplus | 25,142,628 | 14,202,659 |
| Accumulated Deficit | (146,970,230) | (100,876,937) |
| Equity of Green Thumb Industries Inc. | 816,548,468 | 338,689,421 |
| Noncontrolling interests | (1,918,955) | 3,497,459 |
| **TOTAL EQUITY** | 814,629,513 | 342,186,880 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | $ 1,111,466,979 | $ 418,348,566 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)**
**Unaudited Interim Condensed Consolidated Statements of Operations**
**Nine Months Ended September 30, 2019 and 2018**
*(Amounts Expressed in United States Dollars)*

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2019** | **2018** |
| | *(unaudited)* | *(unaudited)* |
| Revenues, net of discounts | $ 140,630,847 | $ 41,722,266 |
| Cost of Goods Sold, net | (74,196,750) | (21,952,871) |
| Gross Profit | 66,434,097 | 19,769,395 |
| **Expenses:** | | |
| General and Administrative | 70,360,225 | 26,961,792 |
| Sales and Marketing | 3,996,050 | 963,664 |
| Depreciation and Amortization | 13,657,494 | 1,390,489 |
| **Total Expenses** | 88,013,769 | 29,315,945 |
| **Loss From Operations** | (21,579,672) | (9,546,550) |
| **Other Income (Expense):** | | |
| Other Income (Expense), net | (7,969,433) | 42,820,043 |
| Interest Income | 1,300,233 | 1,408,512 |
| Interest Expense | (11,762,222) | (1,137,984) |
| **Total Other (Expense) Income** | (18,431,422) | 43,090,571 |
| **Income (Loss) Before Provision for Income Taxes And Non-Controlling Interest** | (40,011,094) | 33,544,021 |
| **Provision For Income Taxes** | 4,706,000 | 4,164,000 |
| **Net Income (Loss) Before Non-Controlling Interest** | (44,717,094) | 29,380,021 |
| **Net Income Attributable to Non-Controlling Interest** | 328,804 | 31,320,230 |
| **Net Loss Attributable to Green Thumb Industries Inc.** | $ (45,045,898) | $ (1,940,209) |
| **Net Loss per share - diluted** | $ (0.24) | $ (0.02) |
| **Weighted average number of shares outstanding - diluted** | 190,126,766 | 128,471,910 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)**
**Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity**
**Nine Months Ended September 30, 2019 and 2018**
*(Amounts Expressed in United States Dollars)*

| | Share Capital | Shares to Be Issued | Contributed Surplus | Accumulated Earnings (Deficit) | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|
| **Balance, January 1, 2018** | $ 65,308,240 | $ — | $ — | $ (4,249,775) | $ 3,366,350 | $ 64,424,815 |
| Conversion of notes payable into share capital | — | — | — | — | 8,325,000 | 8,325,000 |
| Issuance of options as settlement of services provided | (906,366) | 906,366 | — | — | — | — |
| Reverse takeover | 3,002,634 | — | — | — | — | 3,002,634 |
| Purchase accounting adjustments for 2017 acquisitions | — | — | — | (2,800,000) | — | (2,800,000) |
| Issuance of shares upon reverse takeover | 65,082,283 | — | — | — | — | 65,082,283 |
| Reverse takeover transaction costs | (4,014,585) | — | — | — | — | (4,014,585) |
| Issuance of shares upon bought deal fundraise transaction | 61,726,497 | — | — | — | — | 61,726,497 |
| Interest on convertible note payable | 434,000 | — | — | — | — | 434,000 |
| Bought deal transaction costs | (3,133,722) | — | — | — | — | (3,133,722) |
| Contributions from shareholders | 49,059,965 | — | — | — | 17,020,006 | 66,079,971 |
| Stock based compensation | — | | 2,700,295 | — | — | 2,700,295 |
| Exercise of stock options | 1,395,733 | (489,437) | — | — | — | 906,296 |
| Initial consolidation of variable interest entity | — | — | — | — | (164,635) | (164,635) |
| Distributions to shareholders | (1,916,627) | — | — | — | (15,521,657) | (17,438,284) |
| Net loss | — | — | — | (4,527,655) | 31,320,230 | 26,792,575 |
| **Balance, September 30, 2018** | $236,038,052 | $ 416,929 | $ 2,700,295 | $ (11,577,430) | $ 44,345,294 | $271,923,140 |
| **Balance, January 1, 2019** | $397,590,465 | $ 27,773,234 | $ 14,202,659 | $ (100,876,937) | $ 3,497,459 | $342,186,880 |
| Deferred tax liability from reorganization | — | — | — | — | — | — |
| Adoption of ASC 842, *Leases* | — | — | — | (1,047,395) | — | (1,047,395) |
| Noncontrolling interests adjustment for change in ownership | 27,773,234 | (27,773,234) | 4,200,382 | — | — | 4,200,382 |
| Contributions from limited liability company unit holders | — | — | — | — | 1,750,000 | 1,750,000 |
| Issuance of shares under business combinations and investments | 487,943,524 | — | (18,022,854) | — | — | 469,920,670 |
| Issuance of shares for redemption of noncontrolling interests | 25,068,847 | — | — | — | — | 25,068,847 |
| Stock based compensation | — | — | 13,324,083 | — | — | 13,324,083 |
| Warrants issued for note payable | — | — | 11,563,418 | — | — | 11,563,418 |
| Treasury shares withheld in lieu of cash | — | — | (125,060) | — | — | (125,060) |
| Distributions to limited liability company unit holders | — | — | — | — | (7,495,218) | (7,495,218) |
| Net loss | — | — | — | (45,045,898) | 328,804 | (44,717,094) |
| **Balance, September 30, 2019** | $938,376,070 | $ — | $ 25,142,628 | $ (146,970,230) | $ (1,918,955) | $814,629,513 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)**
**Unaudited Interim Condensed Consolidated Statements of Cash Flows**
**Nine Months Ended September 30, 2019 and 2018**
*(Amounts Expressed in United States Dollars)*

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2019** | **2018** |
| | *(unaudited)* | *(unaudited)* |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net loss attributable to Green Thumb Industries Inc. | $ (45,045,898) | $ (1,940,209) |
| Net income attributable to non-controlling interest | 328,804 | 31,320,230 |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Depreciation and amortization | 17,528,891 | 1,713,839 |
| Amortization of operating lease assets | 1,639,527 | — |
| Loss on disposal of property and equipment | — | 47,033 |
| Loss from investment in associate | 56,423 | 55,750 |
| Deferred rent | — | (23,617) |
| Deferred income taxes | (5,712,000) | 1,889,000 |
| Stock based compensation | 13,324,083 | 2,700,295 |
| Decrease in fair value of investments | 886,002 | — |
| Interest on contingent consideration payable and acquisition liabilities | 3,258,804 | — |
| Increase in fair value of warrants | — | (42,449,120) |
| Equity conversion and listing expenses | — | 1,006,988 |
| Decrease in fair value of convertible note receivable | 7,424,727 | — |
| Changes in value of liabilities related to put option and purchase of noncontrolling interests | (823,550) | — |
| Interest on convertible note payable | — | 434,000 |
| Amortization of debt discount | 2,100,738 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 1,165,271 | (1,880,524) |
| Inventory | (9,478,848) | (5,351,705) |
| Prepaid expenses and other current assets | (3,237,772) | (2,067,570) |
| Due from related parties | | — |
| Deposits and other assets | 1,045,821 | (2,850,790) |
| Accounts payable | 20,876,634 | 1,020,863 |
| Accrued liabilities | (5,252,537) | 2,847,971 |
| Operating lease liabilities | (1,593,866) | — |
| Income tax payable | 260,535 | 304,490 |
| **NET CASH USED IN OPERATING ACTIVITIES** | (1,248,211) | (13,223,076) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Investments in debentures | — | (32,550,000) |
| Repayment of debenture investments | 3,000,000 | 20,000,000 |
| Purchases of property and equipment | (66,875,245) | (16,229,578) |
| Advances to related parties | — | (3,088,760) |
| Repayments from related parties | — | 575,000 |
| Consolidation of controlled entities | 68,668 | 154,776 |
| Deposit into escrow for future business combinations | — | (6,000,000) |
| Purchases of licenses | — | (49,999) |
| Purchase of businesses, net of cash acquired | (108,136,560) | — |
| **NET CASH USED IN INVESTING ACTIVITIES** | (171,943,137) | (37,188,561) |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)**
**Unaudited Interim Condensed Consolidated Statements of Cash Flows**
**Nine Months Ended September 30, 2019 and 2018**
*(Amounts Expressed in United States Dollars)*

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2019** | **2018** |
| | *(unaudited)* | *(unaudited)* |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Contributions from limited liability company unit holders | $ 1,750,000 | $ 194,695,001 |
| Distributions to limited liability company unit holders | (7,495,218) | (17,649,800) |
| Proceeds from exercise of options | — | 906,296 |
| Reverse takeover and bought deal financing costs | — | (7,148,307) |
| Proceeds from issuance of notes payable | 106,403,011 | 825,000 |
| Issuance of warrants | 11,563,418 | — |
| Principal repayments of notes payable | (18,769,221) | (1,007,955) |
| Treasury share repurchases | (125,060) | — |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | 93,326,930 | 170,620,235 |
| **NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS** | (79,864,418) | 120,208,598 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD** | 145,986,072 | 29,565,497 |
| **CASH AND CASH EQUIVALENTS, END OF PERIOD** | $ 66,121,654 | $ 149,774,095 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)**
**Unaudited Interim Condensed Consolidated Statements of Cash Flows**
**Nine Months Ended September 30, 2019 and 2018**
*(Amounts Expressed in United States Dollars)*

| | Nine Months Ended September 30, 2019 | 2018 |
|---|---|---|
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Interest paid | $ 5,964,621 | $ 409,312 |
| **OTHER NONCASH INVESTING AND FINANCING ACTIVITIES** | | |
| Purchase of property and equipment with cancellation of note receivable | $ — | $ 605,000 |
| Conversion of notes payable into equity | $ — | $ 2,279,452 |
| Initial consolidation of controlled entities, net of cash | $ 449,941 | $ 934,472 |
| Due from investors for equity contributions | $ — | $ 2,785,998 |
| Accrued capital expenditures | $ 4,232,914 | $ — |
| Net liability upon adoption of ASC 842, *Leases* | $ (1,047,395) | $ — |
| Exercise of put option | $ 4,200,382 | $ — |
| Issuance of shares under business combinations | $ 471,143,931 | $ — |
| Acquisitions | | |
| Inventory | $ 13,441,161 | |
| Accounts receivable | 2,117,412 | |
| Prepaid assets | 848,281 | |
| Property and equipment | 17,237,513 | |
| Right of use assets | 3,324,054 | |
| Identifiable intangible assets | 279,385,000 | |
| Goodwill | 405,173,019 | |
| Deposits and other assets | 769,456 | |
| Liabilities assumed | (13,691,505) | |
| Contingent liabilities | (52,864,000) | |
| Equity interests issued | (471,144,047) | |
| Conversion of note receivable previously issued | (27,525,800) | |
| Acquisition liability | (18,727,984) | |
| Deferred income taxes | (30,206,000) | |
| | **$ 108,136,560** | |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**GREEN THUMB INDUSTRIES INC.**
**Notes to the Condensed Consolidated Financial Statements**
**For the Nine Months Ended September 30, 2019 and 2018**

## 1. NATURE OF OPERATIONS

GTI is empowering the right to wellness by progressing responsible adult use of cannabis through branded consumer packaged goods and people-first retail experiences, while being committed to community and sustainable profitable growth. GTI owns, manufactures, and distributes a portfolio of cannabis consumer packaged goods brands including Rythm, Dogwalkers, The Feel Collection, incredibles, Dr. Solomon's and Beboe, primarily to third-party retail stores across the United States as well as to GTI owned retail stores. The Corporation also owns and operates a rapidly growing national chain of retail cannabis stores called Rise$^{tm}$ and Essence. As of the nine months ended September 30, 2109, GTI has operating revenue in eleven of twelve markets (California, Colorado, Connecticut, Florida, Illinois, Nevada, Maryland, Massachusetts, New York, Ohio, and Pennsylvania) and ramp up expenses related to the build out of new markets (New Jersey) in preparation for revenue generation over the next six months.

In addition to the States listed above, the Company also conducts pre-licensing activities in several other markets. In these markets, the Company has either applied for licenses, or plans on applying for licenses, but does not currently own any cultivation, production or retail licenses. The Company also provides management services and solutions to state licensed cannabis cultivators and dispensaries.

On June 12, 2018, the Company completed a reverse takeover transaction ("RTO") further described in Note 3. Following the RTO, the Company is listed on the Canadian Securities Exchange (the "CSE") under ticker symbol "GTII" and on the OTCQX, part of the OTC Markets Group, under the ticker "GTBIF".

The Company's registered office is located at 885 West Georgia Street, Suite 2200, Vancouver, British Columbia, V6C 3E8, Canada. The Company's U.S. headquarters are at 325 W. Huron St., Chicago, IL 60654.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation and Statement of Compliance

The unaudited interim condensed consolidated financial statements as of September 30, 2019 and for the nine months ended September 30, 2019 and 2018 (the "financial statements"), have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

These unaudited condensed consolidated financial statements have been prepared following the requirements of the Securities and Exchange Commission ("SEC"), for interim reporting. As permitted under those rules, certain footnotes and other financial information that are normally required by accounting principles generally accepted in the United States of America ("U.S. GAAP") can be condensed or omitted. The condensed consolidated balance sheet for the year ended December 31, 2018 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The information included in this interim quarterly report should be read in conjunction with the consolidated financial statements and notes thereto of the Company for the year ended December 31, 2018 which are included here within this filing on Form 10.

In the opinion of management, these condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and notes thereto of the Company with the exception of the adoption of new lease accounting standard ASC 842 (see Note 9), and include all adjustments, consisting only of normal recurring adjustments, considered necessary for the fair presentation of the Company's financial position and operating results. The results for the nine months

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (a) Basis of Preparation and Statement of Compliance (continued)

ended September 30, 2019 are not necessarily indicative of the operating results for the year ending December 31, 2019, or any other interim or future periods.

### (b) Functional and Presentation Currency

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

### (c) Basis of Consolidation

The unaudited interim condensed consolidated financial statements as of September 30, 2019 and for the nine months ended September 30, 2019 include the accounts of the Company, its wholly-owned subsidiaries, its partially-owned subsidiaries, and those controlled by the Company by virtue of agreements, on a consolidated basis after elimination of intercompany transactions and balances.

Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee, and when the Company has the ability to affect those returns through its power over the investee. The financial statements of entities controlled by the Company by virtue of agreements are fully consolidated from the date that control commences and deconsolidated from the date control ceases.

On January 1, 2018, the members of GTI-Clinic Illinois Holdings, LLC (representing GTI's Illinois operations and ownership) and RCP23, LLC (representing GTI's non-Illinois operations that included Nevada, Pennsylvania, Massachusetts, and Maryland ownership) closed on a restructuring, which combined all of GTI's operational and ownership structure within VCP23, LLC. Prior to January 1, 2018, these businesses were managed and controlled by GTI senior management. Subsequent to January 1, 2018, VCP23, LLC was controlled by the members of GTI-Clinic Illinois Holdings, LLC and RCP23, LLC.

On June 12, 2018, the Company completed a reverse takeover transaction with Bayswater Uranium Corporation (Bayswater). The Transaction was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps as explained further in Note 3.

The following are the Company's wholly owned subsidiaries that are included in these unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2019:

| Subsidiaries | Jurisdiction | Interest |
|---|---|---|
| GTI23, Inc. | Delaware | 100% |
| VCP23, LLC | Delaware | 100% |
| GTI Core, LLC | Delaware | 100% |

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (c) Basis of Consolidation (continued)

The following are VCP23, LLC's and GTI Core, LLC's wholly owned subsidiaries and entities over which the Company has control, that are included in these unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2019:

| Subsidiaries | Ownership | Jurisdiction | Purpose |
|---|---|---|---|
| JB17, LLC | 100% | Maryland | Management company |
| GTI-Clinic Illinois Holdings, LLC | 100% | Illinois | License holder |
| IL Disp, LLC [1] | 50% | Illinois | License holder |
| RISE Holdings, Inc. | 100% | Massachusetts | License holder |
| GTI Maryland, LLC | 100% | Maryland | License holder |
| Ohio Investors 2017, LLC [1] | 40% | Ohio | Holding company |
| GTI Ohio, LLC [1] | 40% | Ohio | License holder |
| GTI Nevada, LLC | 100% | Nevada | License holder |
| GTI Pennsylvania, LLC | 100% | Pennsylania | License holder |
| KSGNF, LLC | 100% | Florida | License holder |
| GTI Florida, LLC | 100% | Florida | Holding company |
| GTI New Jersey, LLC | 67% | New Jersey | License holder |
| KW Ventures Holdings, LLC [1] | 0% | Pennsylvania | License holder |
| Chesapeake Alternatives, LLC [1] | 0% | Maryland | License holder |
| Meshow, LLC [1] | 0% | Maryland | License holder |
| Vision Management Services, LLC | 100% | Delaware | Management company |
| TWD18, LLC | 100% | Delaware | Investment company |
| VCP IP Holdings, LLC | 100% | Delaware | Intellectual property |
| VCP Real Estate Holdings, LLC | 100% | Delaware | Real estate holding company |

### (d) Non-controlling Interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI may be initially measured at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement is made on a transaction by transaction basis. GTI elected to measure each NCI at its proportionate share of the recognized amounts of the acquiree's identifiable net assets. The share of net assets attributable to NCI are presented as a component of equity. Their share of net income or loss and comprehensive income or loss is recognized directly in equity. Total comprehensive income or loss of subsidiaries is attributed to the shareholders of the Company and to the NCI, even if this results in the NCI having a deficit balance.

1 Illinois, Disp, LLC, Chesapeake Alternatives, LLC and Meshow, LLC were considered Variable Interest Entities (VIEs) and consolidated within GTI's consolidated Financial Statements as 1) GTI was determined to be the primary beneficiary of the operations of these entities and 2) GTI possesses the power to direct activities through management services agreements (MSAs).

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (e) Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions, other deposits that are readily convertible into cash, with original maturities of three months or less, and cash held at retail locations.

### (f) Accounts Receivable

Accounts receivable are recorded net of an allowance for doubtful accounts. The Company estimates the allowance for doubtful accounts based on existing contractual payment terms, actual payment patterns of its customers and individual customer circumstances. For the nine months ended September 30, 2019 the Company recorded $250,000 in allowance for doubtful accounts. For the nine months ended September 30, 2018, the Company determined that an allowance for doubtful accounts was not required. No accounts were written off during the nine months ended September 30, 2019 or 2018.

### (g) Inventories

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value.

Costs incurred during the growing and production process are capitalized as incurred to the extent that cost is less than net realizable value. These costs include materials, labor and manufacturing overhead used in the growing and production processes.

Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at lower of cost and net realizable value. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value.

### (h) Property and Equipment

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

| | |
|---|---|
| Land | Not Depreciated |
| Buildings and Improvements | 39 Years |
| Furniture and Fixtures | 5 – 7 Years |
| Computer Equipment and Software | 5 Years |
| Leasehold Improvements | Remaining Life of Lease |
| Production and Processing Equipment | 5 - 7 Years |
| Assets Under Construction | Not Depreciated |

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (j) Convertible Notes Receivable and Investments in Equity

Convertible notes investments and investments in equity of private companies are classified as financial assets at fair value through profit or loss. Upon initial recognition, the investment is recognized at fair value with directly attributable transaction costs expensed as incurred. Subsequent changes in fair value are recognized in profit or loss.

### (k) Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is provided on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

| | |
|---|---|
| Licenses and Permits | 15 years |
| Tradenames | Indefinite |
| Patient Relationships | 5 years |
| Non-competition Agreements | 2 years |

The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

### (l) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is either assigned to a specific reporting unit or allocated between reporting units based on the relative fair value of each reporting unit.

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Company reviews indefinite-lived intangible assets, which includes goodwill, annually at fiscal year-end for impairment or more frequently if events or circumstances indicate that the carrying value may not be recoverable. An impaired asset is written down to its estimated fair value based on the most recent information available. The Company assesses the fair values of its intangible assets, and its reporting unit for goodwill testing purposes, using an income-based approach. Under the income approach, fair value is based on the present value of estimated future cash flows. The income approach is dependent on a number of factors, including forecasted revenues and expenses, appropriate discount rates and other variables. The annual impairment review utilizes the estimated fair value of the intangible assets and the overall reporting unit and compares the estimated fair values to the carrying values as of the testing date. If the carrying value of these intangible assets or the reporting unit exceeds the fair values, the Company would then use the fair values to measure the amount of any required impairment charge. No impairment charge was recognized for intangible assets for any of the fiscal periods presented.

### (m) Leases

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(m) Leases** (continued)

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

This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

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

However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(m) Leases** (continued)

guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

**(n) Convertible Promissory Note Payable**

At December 31, 2017, the Company had a convertible promissory note. Management evaluated the convertible note to determine whether the conversion feature required bifurcation from the host instrument, which management concluded it did not, and whether the conversion feature was a beneficial conversion feature, which similarly was concluded to not be beneficial. Accordingly, the convertible note was accounted for entirely as a liability instrument through conversion.

**(o) Income Taxes**

Deferred taxes are provided using an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Deferred tax assets and liabilities are measured using the enacted taxes rates. The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period that enactment occurs.

As discussed further in Note 11, the Company is subject to the limitations of IRC Section 280E.

**(p) Revenue Recognition**

Revenue is recognized by the Company in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under ASU 2014-09, the Company applies the following five (5) steps:

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(p) Revenue Recognition** (continued)

- Allocate the transaction price to the performance obligation(s) in the contract;
- Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenues consist of wholesale and retail sales of cannabis, which are generally recognized at a point in time when control over the goods have been transferred to the customer and is recorded net of sales discounts. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy. Sales discounts were not material during the nine months ended September 30, 2019 and 2018, respectively.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

Based on the Company's assessment, the adoption of this new standard had no impact on the amounts recognized in its consolidated financial statements.

**(q) Stock-Based Payments**

The Company operates equity settled stock-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any stock-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity settled stock-based payments under stock-based payments plans are ultimately recognized as an expense in profit or loss with a corresponding credit to reserve for stock-based payments, in equity.

The Company recognizes compensation expense for Restricted Stock Units ("RSUs") and options on a straight-line basis over the requisite service period of the award. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

**(r) Fair Value of Financial Instruments**

The Company applies fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers all related factors of the asset by market participants in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(r) Fair Value of Financial Instruments** (continued)

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

**(s) Commitments and Contingencies**

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in other liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records contingent liabilities for such contracts.

Contingent consideration is measured upon acquisition and is estimated using probability weighting of potential payouts. Subsequent changes in the estimated contingent consideration from the final purchase price allocation are recognized in the Company's consolidated statement of operations.

**(t) Share Capital**

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with Accounting Standards Codification (ASC) 740, Income Taxes.

**(u) Loss per Share**

Basic loss per share is calculated using the treasury stock method, by dividing the net loss attributable to shareholders by the weighted average number of common shares outstanding during each of the years presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding common shares and consequently are not included in the loss per share calculations. Diluted income per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: restricted stock units and stock options. In order to determine diluted income per share, it is assumed that any proceeds from the exercise of dilutive stock options would be used to repurchase common shares at the average market price during the period. The diluted income per share calculation excludes any potential conversion of stock options and convertible debt that would increase earnings per share or decrease loss per share.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### (v) Business Combinations

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

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with Accounting Standards Codification (ASC) 450, *Contingencies*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

### (w) Foreign Currency

Assets and liabilities denominated in currencies other than GTI's functional currency are initially measured in the functional currencies at the transaction date exchange rate. Monetary assets are re-measured at the rate of exchange in effect as of the balance sheet date. Revenues and expenses are translated at the transaction date exchange rate. Foreign currency gains and losses resulting from translation are reflected in net comprehensive loss for the period. During the nine months ended September 30, 2019 and 2018, there were no transactions in currencies other than US Dollars.

### (x) Impairment of Other Long-Lived Assets

The Company evaluates the recoverability of other long-lived assets, including property, plant and equipment, and certain identifiable intangible assets, whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. The Company performs impairment tests of indefinite-lived intangible assets on an annual basis or more frequently in certain circumstances. Factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the overall business, a significant decrease in the market value of the assets or significant negative industry or economic trends. When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value. There was no impairment charge related to intangible assets or property, plant and equipment for the nine months ended September 30, 2019 and 2018, respectively.

### (y) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(y) Significant Accounting Judgments, Estimates and Assumptions** (continued)

assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

*(i) Estimated Useful Lives and Amortization of Intangible Assets (Also see Note 2(k))*

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

*(ii) Business Combinations*

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

*(iii) Inventories*

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(y) Significant Accounting Judgments, Estimates and Assumptions** (continued)

*(iv) Investments in Private Holdings*

Investments include private company investments which are carried at fair value based on the value of the Company's interests in the private companies determined from financial information provided by management of the companies, which may include operating results, subsequent rounds of financing and other appropriate information. Any change in fair value is recognized on the consolidated statement of operations.

*(v) Goodwill Impairment*

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

*(vi) Determination of Reporting Units*

The Company's assets are aggregated into two reportable segments (retail and wholesale). For the purposes of testing goodwill, GTI has identified 22 reporting units. The Company analyzed it's reporting units by first reviewing the operating segments based on the geographic areas in which GTI conducts business (or each market). The markets were then further divided into reporting units based on the market operations (retail and wholesale) which were primarily determined based on the licenses each market holds. The following represent the markets in which GTI's operates as of September 30, 2019: California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio and Pennsylvania.

*(vii) Consolidation*

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

*(viii) Allowance for Uncollectible Accounts*

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**(y) Significant Accounting Judgments, Estimates and Assumptions** (continued)

*(ix) Stock-Based Payments*

Valuation of stock-based compensation and warrants requires management to make estimates regarding the inputs for option pricing models, such as the expected life of the option, the volatility of the Company's stock price, the vesting period of the option and the risk-free interest rate are used. Actual results could differ from those estimates. The estimates are considered for each new grant of stock options or warrants.

*(x) Fair Value of Financial Instruments*

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

**(z) New and Revised Standards**

*(i)* In January 2017, the FASB issued Accounting Standards Update No. 2017-04 "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"), which simplifies the accounting for goodwill impairment. ASU 2017-04 requires entities to record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (Step 1 under the current impairment test). The standard eliminates Step 2 from the current goodwill impairment test, which included determining the implied fair value of goodwill and comparing it with the carrying amount of that goodwill. ASU 2017-04 must be applied prospectively and is effective in the first quarter of 2020. Early adoption is permitted.

*(ii)* In February 2016, the FASB issued Accounting Standards Update No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which requires lessees to record most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. For lessors, ASU 2016-02 also modifies the classification criteria and the accounting for sales-type and direct financing leases. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements and is effective in the first quarter of 2019.

Upon adoption of ASU 2016-02, the Company recorded right-of-use assets of $10,932,883 and corresponding lease liabilities of $11,984,980 with the difference of $1,052,097 recorded in opening retained earnings. See Note 9 for additional details.

**GREEN THUMB INDUSTRIES INC.**
**Notes to the Condensed Consolidated Financial Statements**
**For the Nine Months Ended September 30, 2019 and 2018**

## 3. REVERSE TAKEOVER TRANSACTION

In April 2018, the Company raised approximately $65.1 million in subscription receipts, gross of approximately $4.0 million in transaction costs. The subscription receipts were for the potential purchase of shares in GTI Finco Inc. (“GTI Finco”) and were held in an escrow account until the reverse takeover transaction.

At a meeting of shareholders on June 11, 2018, the Company’s shareholders approved a resolution to restructure the Company’s share capital to, among other things, re-designate its existing common shares as subordinate voting shares (“Subordinate Voting Shares”) and create a class of multiple voting shares (“Multiple Voting Shares”) and super voting shares (“Super Voting Shares”).

On June 12, 2018, Green Thumb Industries Inc., 1165318 B.C. Ltd. (a wholly-owned subsidiary of Bayswater) (“Subco”), VCP23, LLC (“VCP”), GTI23, Inc. (“GTI23”) and GTI Finco entered into a Business Combination Agreement whereby the Corporation, Subco, VCP, GTI23 and GTI Finco combined their respective businesses (the “Transaction”). The Transaction was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps. The subscription receipts of GTI Finco were then released from escrow.

In connection with the Transaction completed on June 12, 2018, the Corporation changed its name from “Bayswater Uranium Corporation” to “Green Thumb Industries Inc.” and consolidated its existing common shares on the basis of one Subordinate Voting Share for each 368 existing common shares of the Corporation. Such share consolidation has been reflected retrospectively in these consolidated financial statements.

The Corporation, Subco and GTI Finco were parties to a three-cornered amalgamation (“Amalgamation”) whereby GTI Finco shareholders received Subordinate Voting Shares of the Corporation on a one-for-one basis and members of VCP contributed their membership interests to GTI23 for shares of GTI23 and then contributed their shares of GTI23 to GTI in exchange for Super Voting Shares and Multiple Voting Shares of GTI.

GTI was the acquirer for accounting purposes and the net assets of Bayswater acquired were nil.

Pursuant to the reverse merger, the historical financial statements of Green Thumb Industries, Inc. (the accounting acquirer) become the historical financial statements of Bayswater Uranium Corporation (legal acquirer) on a go forward basis. As a result, Green Thumb Industries, Inc. has retroactively restated its share capital on a per share basis pursuant to Accounting Standards Codification (ASC) 805, *Business Combinations* to reflect that of the legal acquirer.

## 4. INVENTORIES

The Company's inventories include the following at September 30, 2019 and December 31, 2018:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Raw Material | | |
| Harvested Cannabis | $ 3,567,585 | $ 527,456 |
| Packaging and Miscellaneous | 10,648,488 | 2,511,769 |
| Total Raw Material | 14,216,073 | 3,039,225 |
| Work in Process | 16,647,551 | 5,231,630 |
| Finished Goods | 5,076,533 | 4,088,209 |
| Reserve for Obsolete Inventory | (500,000) | — |
| **Total Inventories** | **$ 35,440,157** | **$ 12,359,064** |

## 5. NOTES RECEIVABLE

*Notes Receivable*

On October 16, 2018, the Company executed a promissory note to an unrelated third party. The value of the note is variable in nature as the note is secured by an investment vehicle which expires in January 2020. The maturity date of the note is tied directly to the expiration date of the warrants, both being January 2020. The initial fair value upon execution of the note was $11,630,867. The fair value as of September 30, 2019 and December 31, 2018 was $0 and $7,424,727, respectively, resulting in an adjustment to fair value of $(7,424,727) during the nine months ended September 30, 2019, which is recorded in other income (expense) on the unaudited interim condensed consolidated statement of operations. The note receivable is categorized as a financial instrument measured at fair value. The fair value of the note was determined to be $0 as the strike price of $1.9928 exceeded the share price of $1.405. The value of the note was tied to the value of the warrants, which did not have value as of September 30, 2019. Repayment of the note is due within ten days of exercise of the underlying security, at which time it will bear interest at the lowest applicable federal rate. The principal amount due is based on the actual value of the underlying security at the time of exercise. The Company used the Black Scholes option pricing model to estimate the fair value of the note receivable using the assumptions below.

| | |
|---|---|
| Risk-free Rate | 1.86% |
| Exercise Price of Underlying Securities | $ 1.998 |
| Share Price of Underlying Security | $4.03 - $5.50 |
| Volatility | 71.50% |
| Remaining Life (in years) | 2.0 |

On October 22, 2018, the Company issued a line of credit to an entity, allowing for maximum borrowings of $1,000,000, of which $500,000 was drawn as of December 31, 2018. The note has a term of one year and bears interest at a rate of 8%. The $500,000 note receivable was included as part of the acquisition consideration of Beboe. See Note 7 for details.

On October 31, 2018, the Company issued a $3,000,000 promissory note to an unrelated third party. The note has a term of one year and bears interest at a rate of 8% which was repaid in 2019.

## 5. NOTES RECEIVABLE *(Continued)*

*Notes Receivable* (continued)

At each reporting date, the Company applies its judgment to evaluate the collectability of the notes receivable and makes a provision based on the assessed amount of expected credit loss. This judgment is based on parameters such as interest rates, specific country risk factors, and creditworthiness of the creditor. The Company has not experienced an increase in credit risk since the initial recognition of the notes receivable. An increase or decrease to the underlying share price and volatility rate of 5% would result in a nominal change to the fair value.

## 6. PROPERTY AND EQUIPMENT

At September 30, 2019 and December 31, 2018, property and equipment consisted of:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Land | $ 3,340,141 | $ 2,243,085 |
| Buildings and Improvements | 41,081,330 | 20,861,988 |
| Furniture and Fixtures | 3,738,062 | 2,328,847 |
| Computer Equipment and Software | 4,950,600 | 2,093,205 |
| Leasehold Improvements | 37,927,659 | 18,435,893 |
| Production and Processing Equipment | 17,888,582 | 6,579,446 |
| Assets Under Construction | 48,730,310 | 16,664,958 |
| | 157,656,684 | 69,207,422 |
| Less: Accumulated Depreciation | (8,996,537) | (3,883,342) |
| Total | $ 148,660,147 | $ 65,324,080 |

Assets under construction represent construction in progress related to both cultivation and dispensary facilities not yet completed or otherwise not ready for use.

Depreciation expense for the nine months ended September 30, 2019 totaled $5,113,195 of which $3,541,236, is included in cost of goods sold. For the nine months ended September 30, 2018, depreciation expense totaled $1,583,159 of which $358,539 is included in cost of goods sold.

## 7. ACQUISITIONS

The Company has determined that the below acquisitions are business combinations under Accounting Standards Codification (ASC) 805, *Business Combinations.* They are accounted for by applying the acquisition method, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these consolidated financial statements from the date of the acquisition. Any goodwill recognized is attributed based on reporting units.

## 7. ACQUISITIONS *(Continued)*

The following table summarizes the consideration for the acquisitions:

| | Advanced Grow Labs, LLC | Integral Associates, LLC | Other Acquisitions |
|---|---|---|---|
| Cash Paid | $ 15,481,967 | $ 52,807,500 | $ 42,612,694 |
| Shares of the Company Issued | 79,959,170 | 273,146,014 | 118,038,863 |
| Conversion of Previous Notes Receivable | — | — | 27,525,800 |
| Acquisition Liability | 6,616,916 | 2,421,068 | 9,690,000 |
| Contingent Consideration | 8,197,000 | 35,531,000 | 9,136,000 |
| **Total Consideration** | **$ 110,255,053** | **$ 363,905,582** | **$ 207,003,357** |

The Following table summarizes the initial accounting estimates:

| | Advanced Grow Labs, LLC | Integral Associates, LLC | Other Acquisitions |
|---|---|---|---|
| Cash | $ 1,406,377 | $ 744,825 | $ 614,399 |
| Inventory | 1,906,828 | 10,107,303 | 1,427,034 |
| Accounts Receivable | 420,649 | 1,477,535 | 219,228 |
| Prepaid Expenses | — | 492,571 | 355,710 |
| Property and Equipment | 5,934,295 | 8,831,693 | 2,471,525 |
| Right-of-Use Asset | 470,703 | 1,655,309 | 1,198,042 |
| Deposits and Other Assets | 200,340 | 122,826 | 446,290 |
| Intangible Assets: | | | |
| Licenses and Permits | 28,920,000 | 130,000,000 | 34,000,000 |
| Tradename | 930,000 | — | 20,000,000 |
| Customer Relationships | 17,750,000 | 30,000,000 | 15,220,000 |
| Non-competition Agreements | 100,000 | — | 2,465,000 |
| Liabilities Assumed | (1,174,361) | (9,134,651) | (3,582,497) |
| Deferred Tax Liabilities | (12,815,000) | — | (17,191,200) |
| Total Identifiable Net Assets | 44,049,831 | 174,297,411 | 57,643,531 |
| Goodwill | 66,205,222 | 189,608,171 | 149,359,826 |
| **Net Assets** | **$ 110,255,053** | **$ 363,905,582** | **$ 207,003,357** |

*Business Acquisitions:*

**(a) Acquisition of Advanced Grow Labs, LLC**

On February 12, 2019, the Company acquired 100% of the ownership interests of Connecticut-based Advanced Grow Labs, LLC (AGL). AGL is licensed in Connecticut to grow and process cannabis. The acquisition includes a manufacturing facility and an ownership stake in a recently awarded dispensary, making AGL the only vertically licensed operator in the state. The transaction consideration was approximately $110.3 million, which included $15 million of cash, approximately 7.0 million Subordinate Voting Shares of GTI which were valued at approximately $80.0 million. The purchase agreement also included additional consideration based upon future performance targets (as detailed in the above table).

**7. ACQUISITIONS** *(Continued)*

*Business Acquisitions* (continued)*:*

**(b) Acquisition of Integral Associates, LLC**

On June 5, 2019, the Company acquired 100% of the ownership interests of Integral Associates. The acquisition included Integral Associate's retail brand Essence, as well as two cultivation and processing facilities. The transaction consideration included $52 million paid in cash and approximately 20.8 million in Company Subordinate Voting Shares. The purchase agreement also includes additional consideration based upon future performance targets of which an additional 3.9 million Subordinate Voting Shares have been issued to-date.

Other Acquisitions are substantially comprised of the following:

**(c) Acquisition of For Success Holding Company**

On February 21, 2019, the Company acquired 100% of the ownership interests of For Success Holding Company, the Los Angeles-based creator of the lifestyle suite of Beboe branded products. Beboe is currently available in certain retail locations in California and Colorado and via home delivery across California. The acquisition was an all stock transaction whereby consideration was satisfied through the issuance of GTI Subordinate Voting Shares. The purchase agreement also includes additional consideration based upon performance targets.

**(d) Acquisition of Fiorello Pharmaceuticals, Inc**

On August 23, 2019, the Company acquired 100% of the ownership interests of New York-based Fiorello Pharmaceuticals, Inc. The consideration paid includes $46,000,000 of cash and 1,700,000 of the Company's Subordinate Voting Shares. The acquisition includes the license and assets for one cultivation, one processing, and four retail facilities in New York.

**(e) MC Brands**

On June 12, 2019, the Company acquired the remaining 75% interest in MC Brands which is based in Colorado. See Note 13 for additional details.

The Company also incurred approximately $731,000 of acquisition related costs which were expensed in the current period.

## 8. INTANGIBLE ASSETS

At September 30, 2019 and December 30, 2018, intangible assets consisted of the following:

| | Licenses and Permits | Tradenames | Customer Relationships | Non-Competition Agreements | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| As at December 31, 2018 | $ 89,705,213 | $ 360,000 | $ 820,000 | $ 20,480 | $ 90,905,693 |
| Additions from acquisitions | 187,104,000 | 20,930,000 | 62,970,000 | 2,565,000 | 273,569,000 |
| As at September 30, 2019 | $ 276,809,213 | $ 21,290,000 | $ 63,790,000 | $ 2,585,480 | $ 364,474,693 |
| Accumulated Amortization | | | | | |
| As at December 31, 2018 | $ 2,322,715 | $ — | $ 204,500 | $ 12,800 | $ 2,540,015 |
| Amortization | 9,181,543 | 746,223 | 2,170,445 | 317,485 | 12,415,696 |
| As at September 30, 2019 | $ 11,504,258 | $ 746,223 | $ 2,374,945 | $ 330,285 | $ 14,955,711 |
| Net book value | | | | | |
| As at December 31, 2018 | $ 87,382,498 | $ 360,000 | $ 615,500 | $ 7,680 | $ 88,365,678 |
| As at September 30, 2019 | $ 265,304,955 | $ 20,543,777 | $ 61,415,055 | $ 2,255,195 | $ 349,518,982 |

Intangible assets with finite lives are amortized over their estimated useful lives. The Company recorded amortization expense for the nine months ended September 30, 2019 of $12,415,696. The Company recorded amortization expense for the nine months ended September 30, 2018, of $43,560. Amortization periods of assets with finite lives are based on management's estimates at the date of acquisition.

The following table outlines the estimated annual amortization expense related to intangible assets as of September 30, 2019:

| Year Ending December 31 | Estimated Amortization |
|---|---|
| 2019 | $ 6,272,484 |
| 2020 | 25,089,938 |
| 2021 | 25,092,716 |
| 2022 | 25,016,104 |
| 2023 | 24,990,271 |
| Thereafter | 243,057,468 |
| | **$ 349,518,982** |

As described in Notes 2(k) and 2(l), a two-step method was used for determining goodwill impairment. In the first step ("Step One"), the Company compared the estimated fair value of each reporting unit to its carrying value, including goodwill. If the carrying value of a reporting unit exceeded the estimated fair value, the second step ("Step Two") is completed to determine the amount of the impairment charge. Step Two requires the allocation of the estimated fair value of the reporting unit to the assets, including any unrecognized intangible assets, and liabilities in a hypothetical purchase price allocation. Any remaining unallocated fair value represents the implied fair value of goodwill, which is compared to the corresponding carrying value of goodwill to compute the goodwill impairment charge. The results of Step One of the goodwill impairment test indicated that the estimated fair values for all reporting units exceeds their respective carrying values. The Company's

## 8. INTANGIBLE ASSETS *(Continued)*

reporting unit's to which goodwill has been assigned include California, Colorado, Connecticut, Florida, Illinois, Massachusetts, Nevada and New York. The net carrying value for goodwill was $448,165,160 and $39,204,360 as at September 30, 2019 and December 31, 2018, respectively.

## 9. LEASES

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which requires lessees to put most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. On January 1, 2019, the Company adopted the standard and all related amendments, using the optional transition method (modified retrospective approach) applied to leases at the adoption date. Under the modified retrospective approach, comparative periods have not been restated and continue to be reported under the accounting standards in effect for those periods. Additionally, an adjustment was recorded to retrained earnings to account for the initial adoption of the standard.

The Company elected the optional package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The Company also elected the practical expedient to not separate lease components from non-lease components for real estate leases. As a result of the adoption of ASU 2016-02, the Company recognized a lease liability of $11,984,980 and a right-of-use ("ROU") asset of $10,932,883 for operating leases at January 1, 2019.

The Company has operating leases for certain Rise and Essence retail dispensaries located throughout the US and processing and cultivation facilities in Connecticut, Florida, Massachusetts, Maryland, Nevada and New York as well as corporate office space in Illinois and Nevada. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date. Upon adoption of ASU 2016-02, ROU assets were adjusted for deferred rent and prepaids as of January 1, 2019. Lease expense is recognized on a straight-line basis over the expected lease term. The Company's incremental borrowing rate is used in determining the present value of future payments at the commencement date of the lease, or for the adoption of ASU 2016-02, at January 1, 2019. Balances related to operating leases are included in ROU assets and noncurrent lease liabilities on the condensed consolidated balance sheet.

All real estate leases are recorded on the balance sheet. Equipment and other non-real estate leases with an initial term of twelve months or less are not recorded on the balance sheet. Lease agreements for some locations provide for rent escalations and renewal options. Certain real estate leases require payment for taxes, insurance and maintenance which are considered non-lease components. The Company accounts for real estate leases and the related fixed non-lease components together as a single component

The Company determines if an arrangement is a lease at inception. The Company must consider whether the contract conveys the right to control the use of an identified asset. Certain arrangements require significant judgment to determine if an asset is specified in the contract and if the Company directs how and for what purpose the asset is used during the term of the contract.

For the nine months ended September 30, 2019, the Company recorded approximately $1,639,527 in Operating lease expense.

**9. LEASES** *(Continued)*

Other information related to operating leases as of and for the nine months ended September 30, 2019 were as follows:

| | Nine Months Ended September 30, 2019 |
|---|---|
| Weighted avgerage remaining lease term | 8.66 |
| Weighted average discount rate | 12.0% |

Maturities of lease liabilities for operating leases as of September 30, 2019 were as follows:

| | Maturities of Lease Liability | | |
|---|---|---|---|
| Year Ending December 31 | Third Party | Related Party | Total |
| 2019 | $ 1,554,792 | $ 316,422 | $ 1,871,215 |
| 2020 | 6,555,163 | 1,392,233 | 7,947,396 |
| 2021 | 6,657,299 | 1,424,852 | 8,082,151 |
| 2022 | 5,787,704 | 1,458,247 | 7,245,951 |
| 2023 | 5,334,693 | 1,492,438 | 6,827,131 |
| 2024 and Thereafter | 14,913,647 | 12,908,654 | 27,822,301 |
| Total Lease Payments | 40,803,299 | 18,992,846 | 59,796,145 |
| Less: Interest | (19,301,608) | (9,742,172) | (29,043,780) |
| **Present Value of Lease Liability** | **$ 21,501,690** | **$ 9,250,675** | **$ 30,752,365** |

**Related Party Operating Leases**

During 2019, GTI entered into three additional related party transactions with respect to its leasing arrangements for three GTI dispensaries operating in Florida, Illinois and Nevada.

With respect to leasing arrangements in Illinois and Florida, Wendy Berger, a director of the Corporation, is a principal of WBS Equities, LLC, which is the Manager of Mosaic Real Estate, LLC. Additionally, Mosaic Real Estate, LLC is owned in part by Ms. Berger (through the Wendy Berger 1998 Revocable Trust), Benjamin Kovler, the Chief Executive Officer and a director of the Corporation (through KP Capital, LLC), and Mr. Georgiadis, the Chief Financial Officer and a director of the Corporation (through Three One Four Holdings, LLC). The terms of these leases were each 15 years. For the nine months ended September 30, 2019, the Company recorded rent expense of approximately $390,000, associated with these lease arrangements.

In regards to the leasing arrangement in Nevada, and as a result of the acquisition of Integral Associates, LLC, Armen Yemenidjian, the President of the Integral Associates, LLC, and Alejandro Yemenidjian, a director of Integral Associates, LLC, each own 50% of Armenco Capital LLC, which owns 50% of Durango

Teco Partners, LLC. Durango Teco Partners, LLC owns the building in which an Essence dispensary leases. The term of the lease is 10 years. From the date of acquisition through September 30, 2019, the Company recorded rent expense of approximately $53,000 associated with this lease.

**9. LEASES** *(Continued)*

*Disclosures related to period prior to adoption of ASU 2016-02*

Future minimum rental commitments under non-cancelable operating leases as of December 31, 2018 were expected to be as follows:

| Year Ending December 31 | Third Parties | Related Parties | Total |
|---|---|---|---|
| 2019 | $ 1,188,865 | $ 574,477 | $ 1,763,342 |
| 2020 | 1,127,754 | 585,966 | 1,713,720 |
| 2021 | 1,123,769 | 597,686 | 1,721,455 |
| 2022 | 1,040,481 | 504,255 | 1,544,736 |
| 2023 | 1,067,783 | 366,802 | 1,434,585 |
| 2024 and Thereafter | 3,119,021 | 695,291 | 3,814,312 |
| **Total Future Minimum Lease Payments** | **$ 8,667,673** | **$ 3,324,477** | **$ 11,992,150** |

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The Company's net rent expense for the nine months ended September 30, 2018 totaled approximately $962,000 for these third party leases.

Certain facilities are occupied under the terms of lease agreements with related parties. Rent expense under these leases for the nine months ended September 30, 2018 totaled approximately $426,000.

## 10. NOTES PAYABLE

At September 30, 2019 and December 31, 2018, notes payable consisted of the following:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Promissory note dated October 2, 2017, in the original amount of $2,250,000 issued to accredited investors, which matures October 1, 2022; monthly payments of $55,611 including interest at 12.0% per annum | $ — | $ 2,007,256 |
| Promissory note dated October 2, 2017, in the original amount of $5,000,000 issued to accredited investors, which matures October 1, 2022; monthly payments of $112,490 including interest at 12.5% per annum | — | 4,084,885 |
| In connection with an acquisition completed in 2017, the Company is required to make quarterly charitable contributions of $50,000 through October 2024. The net present value of these required payments has been recorded as a liability with an interest rate of 2.17% | 945,236 | 1,122,316 |
| Private placement debt dated May 22, 2019, in the original amount of $105,466,429, which matures on May 22, 2022. The debt was issued at a discount, the carrying value of which is $9,547,392 as of September 30, 2019, and bears interest of 12.00% per annum. | 96,003,749 | — |
| **Total notes payable** | 96,948,985 | 7,214,457 |
| Less: current portion of notes payable | (180,957) | (1,480,660) |
| **Notes payable, net of current portion** | **$96,768,028** | **$ 5,733,797** |

### (a) Bridge Financing

On April 12, 2019, the Company completed a private placement of $12,500,000 in six-month senior secured promissory notes. These Notes included Warrants to purchase 218,964 Subordinate Voting Shares at an exercise price of CAD $22.90, which can be exercised 42 months after the closing.

On April 12, 2019, the Company valued the Warrants to equity using the Black-Scholes model, with inputs as volatility of 62.4%, dividend yield of 0.0% and risk-free rate of 1.64%. The fair value of the warrants was estimated to be $1,291,188 with the residual amount of $11,208,812 allocated to the debt.

On May 22, 2019, the Company repaid the full principal amount and accrued interest of $12,645,833 for the Bridge Notes. The Company recognized $1,391,188 in accretion expense on settlement of the repayment during the quarter.

## 10. NOTES PAYABLE *(Continued)*

### (b) Private Placement Financing

On May 22, 2019, the Company completed a private placement of $105,466,429 in three-year senior secured promissory notes and extinguished the bridge notes issued on April 12, 2019 and the promissory notes dated October 2, 2017 in the original amounts of $2,500,000 and $5,000,000. The Company has the right to draw an additional $44,533,571 from the lenders at any time within 180 days of closing. The Company also has the sole discretion to extend the financing an additional twelve months. The notes accrue interest at an annual rate of 12.0%, payable on a quarterly basis commencing June 30, 2019. For the nine months ended September 30, 2019, the Company recognized $4,758,205 in interest expense associated with the promissory notes and $1,240,254 in accretion expense, $228,760 of professional fees, and transaction related fees of $430,704.

As part of the transactions, the purchasers of the promissory notes also received warrants to purchase 1,822,771 Subordinate Voting Shares at an exercise price of CAD $19.39, which can be exercised 60 months after the closing of the transaction. Upon issuance, the Company classified the warrants as equity and measured the fair value of the warrants to be $10,043,468 and the fair value allocated to the debt was $95,422,961. The Black-Scholes model was used to derive the fair value of the warrants which required various inputs including management's estimate of volatility of 62.4%, dividend yield of 0.0% and risk-free rate of 1.62%.

## 11. INCOME TAXES

For the nine months ended September 30, 2019 and 2018, income taxes expense consisted of:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| **Current:** | | |
| Federal | $ 8,974,000 | $ 2,007,000 |
| State | 1,444,000 | 268,000 |
| Total Current | 10,418,000 | 2,275,000 |
| **Deferred:** | | |
| Federal | (4,965,000) | 1,336,000 |
| State | (747,000) | 553,000 |
| Total Deferred | (5,712,000) | 1,889,000 |
| **Total** | **$ 4,706,000** | **$ 4,164,000** |

Taxable income is computed for GTI Core, LLC and its respective LLC ownership interests up through the RTO date of June 12, 2018 and for all GTI companies and subsidiaries from this date forward. Effective with the Company's reverse takeover transaction on June 12, 2018, all GTI companies and subsidiaries have elected to be taxed as "C" corporations.

Income taxes paid for the nine months ended September 30, 2019 were $10,534,408 compared to $1,976,510 for the nine months ended September 30, 2018.

Green Thumb Industries Inc. is based in Canada, but maintains all of its operations in the United States. Due to this inverted entity structure, the Company is subject to both US and Canadian taxation, however we have no Canadian tax liability and accordingly filed a nil return with Canadian tax authorities.

## 11. INCOME TAXES *(Continued)*

On January 1, 2018, the Company, through a tax-free transfer under IRC Section 351, transferred ownership in GTI-Clinic Illinois Holdings, LLC (taxed as a partnership) to GTI Core, LLC (taxed as a "C" corporation). As a result of the transaction, the Company now accounts for income taxes in accordance with ASC 740 - *Income Taxes*, under which deferred tax assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between financial statement carrying values of assets and liabilities and the respective tax bases.

At September 30, 2019 and December 31, 2018, the components of deferred tax assets and liabilities were as follows:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| **Deferred Tax Assets** | | |
| Net Operating Losses | $ 4,010,000 | $ 1,046,000 |
| Share-based Compensation | 1,322,000 | 804,000 |
| Total Deferred Tax Assets | 5,332,000 | 1,850,000 |
| **Deferred Tax Liabilities** | | |
| Fair Value Investments | $ (4,294,000) | $ (5,911,000) |
| Intangibles | (39,073,000) | (9,480,000) |
| Total Deferred Tax Liabilities | (43,367,000) | (15,391,000) |
| **Net Deferred Tax Liabilities** | **$ (38,035,000)** | **$ (13,541,000)** |

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss. The Company has not identified any uncertain tax positions as of September 30, 2019 or December 31, 2018.

## 12. INVESTMENTS

The Company participated in various fundraises of other cannabis companies throughout the year. The investments include convertible notes with terms to maturity ranging from 1 to 2 years that carry simple interest ranging from 2.55% to 6.00% per annum and convert into common shares at pre-defined numbers of units. Management estimated that market interest rates on similar borrowings without the conversion feature was approximately 15% and has used an implied volatility of 100% in measuring the fair value. At September 30, 2019 and December 31, 2018, the fair value of these investments is $8,931,000 and $30,336,000, respectively.

The Company also made direct equity investments during the year. Management estimated that market yields were approximately 15% and used an implied volatility of 100% in measuring the fair value. At September 30, 2019 and December 31, 2018, the fair value of these investments was $9,630,742, respectively.

## 12. INVESTMENTS *(Continued)*

In addition to the investments discussed above, the Company also holds an equity interest in a publicly traded company (which is considered a Level 1 investment) in the amount of $253,316 and $966,541 as of September 30, 2019 and December 31, 2018, respectively. All of these investments are measured at fair value for financial reporting purposes. As these convertible notes (as described above) and equity investments are not traded in an active market, their fair values are estimated by using market data. Any resulting change in fair value is reflected on the consolidated statement of operations under the classification Other Expense (Income).

Management estimates that the market interest rate on similar borrowings without the conversion feature was approximately 15% and has used an implied volatility of 100% in valuing the convertibility feature.

| | Convertible Notes Receivable | Equity | Total |
|---|---|---|---|
| Balance at December 31, 2018 | $ 30,336,000 | $10,597,283 | $ 40,933,283 |
| Fair value adjustment | — | (713,225) | (713,225) |
| Applied to consideration in business combination | (21,405,000) | — | (21,405,000) |
| Total Current | **$ 8,931,000** | **$ 9,884,058** | **$ 18,815,058** |

## 13. INVESTMENT IN ASSOCIATE

The Company's investments in associates are as follows:

| Investment in associates | Jurisdiction | Interest |
|---|---|---|
| MC Brands, LLC | Colorado | 25% |

During 2018, the Company acquired a 25% interest in MC Brands, LLC, a Colorado based intellectual property business that licenses its edibles and extracts brand and product formulation to various cannabis operators. In June 2019, the Company acquired the remaining ownership interests of MC Brands, LLC. See Note 7 for details.

## 14. SHARE CAPITAL

### (a) Authorized

#### (i) Subordinate Voting Shares

The holders of the Subordinate Voting shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at shareholder meetings of the Company. All Subordinate Voting shares are ranked equally with regard to the Company's residual assets. The Company is authorized to issue an unlimited number of no par value Subordinate Voting shares.

#### (ii) Multiple Voting Shares

Each Multiple Voting share is exchangeable for 100 Subordinate Voting shares. The Company has 376,811 issued and outstanding multiple voting shares, which convert into 37,681,100 subordinate voting shares. The Company is authorized to issue an unlimited number of Multiple Voting shares.

**GREEN THUMB INDUSTRIES INC.**
**Notes to the Condensed Consolidated Financial Statements**
**For the Nine Months Ended September 30, 2019 and 2018**

## 14. SHARE CAPITAL *(Continued)*

### (a) Authorized (continued)

#### (iii) Super Voting Shares

Each Super Voting share is exchangeable for 100 Subordinate Voting shares. The Company has 402,289 issued and outstanding Super Voting shares which converts into 40,228,900 subordinate voting shares. The Company is authorized to issue an unlimited number of super voting shares.

### (b) Issued and Outstanding

A reconciliation of the beginning and ending amounts of the issued and outstanding shares by class is as follows:

| | Outstanding | | | | | Vested | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Subordinate Voting Shares | Multiple Voting Shares | Super Voting Shares | Stock Options | Restricted Stock Units | Subordinate Voting Shares | Multiple Voting Shares | Super Voting Shares | Stock Options | Restricted Stock Units |
| **As of December 31, 2018** | 43,920,131 | 677,230 | 424,513 | 1,677,192 | 1,589,000 | 43,920,131 | 677,230 | 424,513 | 131,192 | — |
| Issued in connection with business combinations | 42,551,316 | — | — | — | — | 42,551,316 | — | — | — | — |
| Change in ownership of non-controlling interests | — | 31,000 | — | — | — | — | 31,000 | — | — | — |
| Issuance of shares for redemption of noncontrolling interests | 4,198,838 | — | — | — | — | 4,198,838 | — | — | — | — |
| Stock options and RSU's issued to employees and consultants | — | — | — | 4,961,141 | 1,177,678 | — | — | — | — | — |
| Stock options and RSU's forfeited | — | — | — | (606,500) | (126,000) | — | — | — | — | — |
| Stock options and RSU's vested | 1,116,087 | — | — | — | (1,161,640) | 1,116,087 | — | — | 229,192 | 1,161,640 |
| Stock options exercised | — | — | — | — | — | — | — | — | — | — |
| Exchange of shares | 35,364,300 | (331,419) | (22,224) | — | — | 35,364,300 | (331,419) | (22,224) | — | — |
| **As at September 30, 2019** | **127,150,672** | **376,811** | **402,289** | **6,031,833** | **1,479,038** | **127,150,672** | **376,811** | **402,289** | **360,384** | **1,161,640** |

**14. SHARE CAPITAL** *(Continued)*

**(c) Private Placement of Shares in Connection with Reverse Takeover**

In contemplation of its reverse takeover (RTO) transaction, the Company issued $45,000,000 in convertible notes payable to various investors. The original maturity of the convertible notes payable was three years from the funding date of April 30, 2018, and the notes bore simple interest at a rate of 8% per year. At June 12, 2018, the carrying value of the convertible notes payable, including accrued interest, was $15,245,960 and the fair value assigned to the conversion feature of the notes was $28,894,566. The Black Scholes options pricing model assumptions used in calculating the fair value include a risk free rate of 2.04%, volatility of 100%, an expected term of 60 days, and a share price of $6.00. The fair value adjustment related to the conversion feature was $1,981,358, and is included in other income on the consolidated statement of operations. An increase in the share price and volatility assumptions of 5% would result in an increase in the fair value estimate of approximately $3,700,000, and a decrease in the share price and volatility assumptions of 5% would result in a decrease in the fair value estimate of approximately $3,694,000. Upon the RTO transaction, the convertible notes payable were converted into 122,442 Multiple Voting shares and 2,211 Super Voting shares, carrying a total value of $44,140,526.

On April 25, 2018, Subscription Receipts were sold at a price of CAD $7.75 per Subscription Receipt, for gross proceeds of $64,075,295 less issuance costs of $4,014,585. The Subscription Receipts were for the potential purchase of shares in GTI FinCo Inc. and were to be held in an escrow account until the reverse takeover transaction were to occur. Upon the RTO transaction, simultaneously with the issuance of shares of the Company to the holders of the Subscription Receipts, the funds held in the escrow account were released to the Company, and the shares converted into 10,744,995 Subordinate Voting shares of the Company. Also upon the RTO transaction, 4,550 Multiple Voting shares, which are convertible into 455,000 Subordinate Voting shares, were issued for gross proceeds of $2,730,000. Last, in connection with the private placement, the Company issued 285,000 options to consultants as compensation for the services provided. The options provided the recipients the right to purchase Subordinate Voting shares at an exercise price of CAD $7.75 per share. The options vested immediately and had a contractual life of two years. The value of the options was $906,366 under the Black-Scholes option pricing model. The total of the gross Subscription Receipts and Multiple Voting shares issued, less the direct costs of the Subscription Receipts and the value assigned to the options, resulted in an increase of $61,884,344 to share capital.

As discussed in Note 3, the RTO transaction was executed on June 12, 2018. Pursuant to the RTO transaction, Bayswater Uranium Corporation’s existing 185,186,988 common shares were converted into 500,439 Subordinate Voting shares of the Company. The value assigned to these shares was $3,002,634, which was based on a per-share price of $6.00 (US Dollars) on the RTO date. Also pursuant to the RTO transaction, 130,435,783 Common Units and 119,266,258 Preferred Units of VCP23, LLC were converted into 431,198 Super Voting shares and 644,083 Multiple Voting shares, respectively, of the Company.

**(d) Fundraise Transactions**

On August 2, 2018, the Company closed on a brokered fundraise transaction (the “First Offering”) for 7,300,000 Subordinate Voting shares, at a price of CAD $11.00 per share, for gross proceeds of $61,726,497. Financing costs related to the First Offering totaled $3,133,722.

On October 17, 2018, the Company closed on a brokered fundraise transaction (the “Second Offering”) for 5,083,000 Subordinate Voting shares, at a price of CAD $20.00 per share, for gross proceeds of $78,562,596. Financing costs related to the Second Offering totaled $3,479,116.

**14. SHARE CAPITAL** *(Continued)*

**(e) Changes in Ownership and Noncontrolling Interests**

On June 12, 2018, the Company acquired all of the noncontrolling interests in JB17, LLC. The consideration paid was $700,000 and the issuance of 59,900 Multiple Voting shares, which were convertible into 5,990,000 Subordinate Voting shares, at a value of $6.00 per Subordinate Voting share-equivalent. This resulted in an increase to share capital of $35,940,000, and a decrease of $33,662,548, which has been presented as a reduction to accumulated deficit, after the reclassification of the noncontrolling interest carrying balance upon the issuance date.

In December 2018, the Company issued the reciprocal put and call options discussed in Note 16 to the noncontrolling interest holders of GTI Pennsylvania, LLC. As discussed in Note 22, the noncontrolling interests were acquired by the Company subsequent to year-end, in January 2019. As it was determined that the Company had effective control over GTI Pennsylvania, LLC as of the put and call option date, an increase to shares to be issued was reflected in the statement of equity of $27,773,234, representing the fair value of the shares to be issued upon the subsequent acquisition date, along with a corresponding decrease of $30,663,670, which has been presented as a reduction to accumulated deficit, and the removal of the existing noncontrolling interest carrying balance as of December 31, 2018.

In December 2018, the Company acquired the noncontrolling interests of GTI Nevada, LLC, in exchange for shares of the Company. The shares are to be issued in six tranches, the first of which was delivered in December 2018. The removal of the noncontrolling interests carrying balance, as well as the recording of the liability to issue the shares, was resulted in a decrease of $25,917,883, which has been presented as a reduction to accumulated deficit. The balance of the remaining liability at December 31, 2018 is $25,420,009, and is recorded in liability for acquisition of noncontrolling interest on the consolidated balance sheet.

The total effect of the above three transactions was a reduction of $90,244,101, which has been presented as a reduction to accumulated deficit on the consolidated statement of changes in shareholders' equity.

**(f) Stock-Based Compensation**

In June 2018, the Company established the GTII Stock and Incentive Plan (the "Plan"). The maximum number of shares issued under the Plan shall not exceed 10% of the issued and outstanding shares. Option and RSU grants generally vest over one to three years, and Options typically have a life of ten years. Option grants are determined by the Compensation Committee of the Board with the option price set at no less than 100% of the fair market value of a share on the date of grant. The continuity of stock options is as follows:

| | Number of Shares | Weighted Average Exercise Price (CAD) | Weighted Average Contractual Life | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Balance as at December 31, 2018 | 1,677,192 | 13.23 | 8.72 | $ 27,698 |
| Granted | 4,961,141 | 16.02 | | |
| Exercised | — | — | | |
| Forfeited | (606,500) | 13.77 | | |
| Balance as at September 30, 2019 | 6,031,833 | 15.47 | 7.33 | |
| Vested | 312,284 | 14.43 | 8.87 | |
| Exercisable at September 30, 2019 | 186,192 | 5.22 | 2.71 | $319,332 |

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on September 30, 2019 and December 31, 2018, respectively,

## 14. SHARE CAPITAL *(Continued)*

**(f) Stock-Based Compensation** (continued)

and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options on September 30, 2019 and December 31, 2018. This amount will change in future periods based on the fair market value of the Company's stock and the number of options outstanding. There were no options exercised for nine months ended September 30, 2019 and 2018.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following ranges of assumptions:

| | |
|---|---|
| Risk-free interest rate | 1.86% - 2.33% |
| Expected dividend yield | 0% |
| Expected volatility | 100% |
| Expected option life | 2 - 10 years |

As the Company became publicly traded in June 2018, sufficient historical trading information was not available to determine an expected volatility rate. The volatility rate was based on comparable companies within the same industry.

The following table summarizes the number of nonvested restricted stock unit awards as of September 30, 2019 and December 31, 2018 and the changes during the nine months ended September 30, 2019:

| | Number of Shares | Weighted Average Grant Date Fair Value (CAD) |
|---|---|---|
| Nonvested Shares at December 31, 2018 | 1,589,000 | 10.28 |
| Granted | 1,177,678 | 10.84 |
| Forfeited | (126,000) | |
| Vested | (1,161,640) | |
| Nonvested Shares at September 30, 2019 | 1,479,038 | 10.28 |

The stock-based compensation expense for the nine months ended September 30, 2019 and 2018 was as follows:

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| Stock options expense | $ 4,248,461 | $ 454,141 |
| Restricted Stock Units | 9,075,622 | 2,246,154 |
| Total Stock Based Compensation Expense | $ 13,324,083 | $ 2,700,295 |

**(g) Profits Interests Units**

During the nine months ended September 30, 2018, the Company granted 7,657,700 membership units to certain employees and consultants as compensation for services. These membership units qualify as profits interests for U.S. federal income tax purposes and were accounted for in accordance with Accounting Standards Codification (ASC) 718, *Stock Compensation.* The Company amortizes awards over the service period until awards are fully vested.

## 14. SHARE CAPITAL *(Continued)*

**(g) Profits Interests Units** (continued)

The following table summarizes the status of the unvested profits interests at September 30, 2018:

| | Number of Units | Weighted Average Grant Date Fair Value |
|---|---|---|
| Unvested, beginning of period | — | $ — |
| Granted | 7,657,700 | 0.44 |
| Forfeited | — | — |
| Vested | (7,657,700) | 0.44 |
| Unvested, end of period | — | n/a |

The Company recorded $5,523,180 as compensation expense in connection with these awards during the nine months ended September 30, 2018. At September 30, 2018, there was no unamortized expense related to unvested profits interests.

## 15. NONCONTROLLING INTERESTS PUT AND CALL OPTIONS

The Company has entered into agreements with certain of its noncontrolling interests whereby the agreements contain a put option, which provides the holder with the right to require the Company to purchase their retained interest for deemed fair market value at the time the put is exercised. The Company has also negotiated reciprocal call options, which would require the same non-controlling interests to sell their retained interest to the Company for deemed fair market value at the time the call is exercised. These symmetrical put and call options are exercisable anytime after January 2, 2019.

The net liability recognized in connection with these put and call options has been estimated using the Black Scholes options pricing model. The assumptions used in the calculating the fair value include a risk free rate of 2.44%, volatility of 100%, an expected term of 30 days, and a share price of $8.07. Upon initial recognition, the Company recorded a derivative liability of $7,078,792. For the year ended December 31, 2018, the Company recorded a gain of $2,869,342 on revaluation of the derivative liability, which is included other income on the consolidated statement of operations. The value of the derivative at December 31, 2018 is $4,238,701 and is recorded as a derivative liability on the consolidated balance sheet. The options were exercised on January 7, 2019.

## 16. OTHER INCOME (EXPENSE)

For the nine months ended September 30, 2019 and 2018, other income was comprised of the following:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| Fair value adjustments on equity investments | $ (713,225) | $ — |
| Fair value adjustments on put and call options | 38,319 | — |
| Fair value adjustment on derivative liability | 409,847 | — |
| Fair value adjustments on variable note receivable | (7,424,727) | 42,449,120 |
| Fair value adjustments on convertible note receivable upon acquisition | (843,000) | — |
| Fair value adjustment on investment in associates upon acquisition | 670,223 | — |
| Other | (106,870) | 370,923 |
| **Total Other Income (Expense)** | $ **(7,969,433)** | $ **42,820,043** |

## 17. COMMITMENTS AND CONTINGENCIES

### (a) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations in that specific state or local jurisdiction. While management of the Company believes that the Company is in compliance with applicable local and state regulations at September 30, 2019, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

### (b) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

### (c) Construction Commitments

As of September 30, 2019, the Company held approximately $10,572,000 of open commitments to contractors on work being performed.

## 18. SEGMENT REPORTING

The Company operates in two segments: the cultivation, production and sale of cannabis via retail stores (wholesale), and retailing of cannabis to patients and consumers (retail). The below table presents revenues by type for the nine months ended September 30, 2019 and 2018:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| Wholesale | $ 71,522,403 | $ 17,849,291 |
| Retail | 85,501,646 | 27,708,360 |
| Intersegment Eliminations | (16,393,202) | (3,835,385) |
| **Total Revenues, net of discounts** | **$ 140,630,847** | **$ 41,722,266** |

The Company's assets are aggregated into two reportable segments (retail and wholesale). For the purposes of testing goodwill, GTI has identified 22 reporting units. The Company analyzed it's reporting units by first reviewing the operating segments based on the geographic areas in which GTI conducts business (or each market). The markets were then further divided into reporting units based on the market operations (retail and wholesale) which were primarily determined based on the licenses each market holds. All revenues are derived from customers domiciled in the United States and all assets are located in the United States.

## 19. SUBSEQUENT EVENTS

### (a) Sale and Leaseback Transaction

On November 12, 2019, the Company closed on a transaction to sell its Danville, Pennsylvania cultivation and processing facility to an unrelated third party. GTI will lease back the facility via a long-term agreement
and continue to operate and manage it.

The purchase price for the property was $20,300,000, excluding transaction costs. GTI is also expected to make certain improvements to the property that will significantly enhance production capacity, for which GTI will be reimbursed up to $19,300,000. Assuming full reimbursement for such improvements, the total investment in the property will be $39,600,000.

As part of this transaction, GTI entered into the first amendment of the Notes Purchase Agreement whereby among other things, the amended agreement reduced the additional amount of funds available for borrowing from $44,533,571 to $24,533,571 and extended the time frame in which GTI may borrow these funds an additional 180 days to May 2020. As of September 30, 2019, GTI has not drawn any additional funds from the lenders.

**GREEN THUMB INDUSTRIES INC.,**
**INTEGRAL ASSOCIATES, LLC AND ADVANCED GROW LABS, LLC**

## INTRODUCTION TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements are based on our historical consolidated and combined financial statements and Advanced Grow Labs and Integral Associates historical consolidated and combined financial statements as adjusted to give effect to the February 11, 2019 acquisition of Advanced Grow Labs and the June 05, 2019 acquisition of Integral Associates. The unaudited pro forma condensed combined statements of operations for the twelve months ended December 31, 2018 and 2017 give effect to the acquisition of Advanced Grow Labs and Integral Associates as if it had occurred on January 1, 2017. The unaudited pro forma condensed combined balance sheet as of December 31, 2018 and 2017 gives effect to the acquisition of Advanced Grow Labs and Integral Associates as if it had occurred on January 1, 2017.

The pro forma condensed combined financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

**GREEN THUMB INDUSTRIES INC.,**
**INTEGRAL ASSOCIATES, LLC AND ADVANCED GROW LABS, LLC**

**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS**

| | For the Year ended December 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Green Thumb Industries | Advanced Grow Labs, LLC | Integral Associates, LLC | Pro Forma Adjustments | Notes | Pro Forma Combined |
| **ASSETS** | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | $ 145,986,072 | $ 1,149,560 | $ 5,368,074 | $ — | | $ 152,503,706 |
| Inventories | 12,359,064 | 1,463,867 | 8,479,260 | — | | 22,302,191 |
| Other Current Assets | 10,716,885 | 1,499,700 | 1,888,781 | — | | 14,105,366 |
| Total Current Assets | 169,062,021 | 4,113,127 | 15,736,115 | — | | 188,911,263 |
| Property and Equipment, Net | 65,324,080 | 6,011,124 | 6,761,047 | — | | 78,096,251 |
| Investments | 40,933,283 | 2,617,513 | — | — | | 43,550,796 |
| Intangible Assets, Net | 88,365,678 | — | — | 179,705,329 | (a) | 268,071,007 |
| Goodwill | 39,204,360 | — | — | 268,215,393 | (b) | 307,419,753 |
| Other Noncurrent Assets | 15,459,144 | 36,277 | 156,160 | — | | 15,651,581 |
| **TOTAL ASSETS** | $ 418,348,566 | $ 12,778,041 | $ 22,653,322 | $ 447,920,722 | | $ 901,700,651 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | | |
| **LIABILITIES** | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | $ 8,928,528 | $ 266,654 | $ 1,717,437 | | | $ 10,912,619 |
| Accrued Liabilities | 7,046,029 | — | 3,858,269 | | | 10,904,298 |
| Current Portion of Notes Payable | 1,480,660 | 4,408,524 | 10,054 | | | 5,899,238 |
| Other Current Liabilities | 30,116,295 | 705,411 | — | — | | 30,821,706 |
| Total Current Liabilities | 47,571,512 | 5,380,589 | 5,585,760 | — | | 58,537,861 |
| Long-Term Liabilities: | | | | | | |
| Deferred Income Taxes | 13,541,000 | — | — | 10,748,400 | (b) | 24,289,400 |
| Other Noncurrent Liabilities | 15,049,174 | 70,872 | 4,188 | — | | 15,124,234 |
| **TOTAL LIABILITIES** | 76,161,686 | 5,451,461 | 5,589,948 | 10,748,400 | | 97,951,495 |
| **TOTAL EQUITY** | 342,186,880 | 7,326,580 | 17,063,374 | 437,172,322 | | 803,749,156 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | $ 418,348,566 | $ 12,778,041 | $ 22,653,322 | $ 447,920,722 | | $ 901,700,651 |

## GREEN THUMB INDUSTRIES INC.,
## INTEGRAL ASSOCIATES, LLC AND ADVANCED GROW LABS, LLC

## UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS

| | For the Year ended December 31, 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Green Thumb Industries | Advanced Grow Labs, LLC | Integral Associates, LLC | Pro Forma Adjustments | Notes | Pro Forma Combined |
| **ASSETS** | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | $ 29,565,497 | $ 3,743,051 | $ 3,681,030 | $ — | | $ 36,989,578 |
| Inventories | 3,862,862 | 735,634 | 4,722,276 | — | | 9,320,772 |
| Other Current Assets | 5,417,446 | 852,981 | 739,466 | — | | 7,009,893 |
| Total Current Assets | 38,845,805 | 5,331,666 | 9,142,772 | — | | 53,320,243 |
| Property and Equipment, Net | 31,558,357 | 6,168,920 | 8,362,970 | — | | 46,090,247 |
| Investments | — | — | — | — | | — |
| Intangible Assets, Net | 14,161,995 | — | — | 193,702,665 | (a) | 207,864,660 |
| Goodwill | 188,260 | — | — | 268,215,393 | (b) | 268,403,653 |
| Other Noncurrent Assets | 1,458,833 | 78,851 | 66,626 | — | | 1,604,310 |
| **TOTAL ASSETS** | $ 86,213,250 | $ 11,579,437 | $ 17,572,368 | $ 461,918,058 | | $ 577,283,113 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | | |
| **LIABILITIES** | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | $ 4,044,760 | $ 291,978 | $ 779,300 | $ — | | $ 5,116,038 |
| Accrued Liabilities | 1,160,521 | — | 2,864,120 | — | | 4,024,641 |
| Current Portion of Notes Payable | 8,861,376 | 1,411,177 | 10,054 | — | | 10,282,607 |
| Other Current Liabilities | 214,000 | 1,659,168 | 100,000 | — | | 1,973,168 |
| Total Current Liabilities | 14,280,657 | 3,362,323 | 3,753,474 | — | | 21,396,454 |
| Long-Term Liabilities: | | | | | | |
| Deferred Income Taxes | — | — | — | 11,575,200 | (b) | 11,575,200 |
| Other Noncurrent Liabilities | 7,507,778 | 71,810 | 314,243 | — | | 7,893,831 |
| **TOTAL LIABILITIES** | 21,788,435 | 3,434,133 | 4,067,717 | 11,575,200 | | 40,865,485 |
| **TOTAL EQUITY** | 64,424,815 | 8,145,304 | 13,504,651 | 450,342,858 | | 536,417,628 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | $ 86,213,250 | $ 11,579,437 | $ 17,572,368 | $ 461,918,058 | | $ 577,283,113 |

**GREEN THUMB INDUSTRIES INC.,**
**INTEGRAL ASSOCIATES, LLC AND ADVANCED GROW LABS, LLC**

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS**

| | For the Year ended December 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Green Thumb Industries Inc. | Advanced Grow Labs, LLC | Integral Associates, LLC | Pro Forma Adjustments | Notes | Pro Forma Combined |
| Revenues, net of discounts | $ 62,493,680 | $ 17,016,743 | $ 60,261,432 | $ — | | $ 139,771,855 |
| Cost of Goods Sold, net | (34,177,259) | (6,818,485) | (35,192,662) | — | | (76,188,406) |
| Gross Profit | 28,316,421 | 10,198,258 | 25,068,770 | — | | 63,583,449 |
| **Expenses:** | | | | | | |
| General and Administrative | 49,313,262 | 1,883,915 | 7,614,328 | — | | 58,811,505 |
| Sales and Marketing | 1,494,239 | — | 1,198,423 | — | | 2,692,662 |
| Depreciation and Amortization | 3,849,078 | 13,253 | 696,393 | 13,997,336 | (c) | 18,556,060 |
| **Total Expenses** | 54,656,579 | 1,897,168 | 9,509,144 | 13,997,336 | | 80,060,227 |
| **Income (Loss) From Operations** | (26,340,158) | 8,301,090 | 15,559,626 | (13,997,336) | | (16,476,778) |
| **Other Income (Expense):** | | | | | | |
| Other Income (Expense), net | 56,417,421 | (352,297) | (2,340,350) | — | | 53,724,774 |
| Interest Income | 1,952,945 | — | — | — | | 1,952,945 |
| Interest Expense | (2,278,834) | (368,216) | (1,117) | — | | (2,648,167) |
| **Total Other Income (Expense)** | 56,091,532 | (720,513) | (2,341,467) | — | | 53,029,552 |
| **Income (Loss) Before Provision for Income Taxes And Non-Controlling Interest** | 29,751,374 | 7,580,577 | 13,218,159 | (13,997,336) | | 36,552,775 |
| **Provision For Income Taxes** | 7,183,595 | — | — | 4,164,897 | (d) | 11,348,492 |
| **Net Income (Loss) Before Non-Controlling Interest** | 22,567,779 | 7,580,577 | 13,218,159 | (18,162,233) | | 25,204,283 |
| **Net Income (Loss) Attributable To Non-Controlling Interest** | 27,811,696 | 82,881 | — | — | | 27,894,577 |
| **Net Income (Loss) Attributable To Green Thumb Industries Inc.** | $ (5,243,917) | $ 7,497,696 | $ 13,218,159 | $ (18,162,233) | | $ (2,690,295) |
| **Net Income (Loss) per share - basic and diluted** | (.04) | | | | | (.02) |
| **Weighted average number of shares outstanding - basic and diluted** | 130,102,523 | | | | | 130,102,523 |

## GREEN THUMB INDUSTRIES INC.,
## INTEGRAL ASSOCIATES, LLC AND ADVANCED GROW LABS, LLC

## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

| | For the Year ended December 31, 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Green Thumb Industries Inc. | Advanced Grow Labs, LLC | Integral Associates, LLC | Pro Forma Adjustments | Notes | Pro Forma Combined |
| Revenues, net of discounts | $ 16,528,779 | $ 13,979,514 | $ 30,420,101 | | | $ 60,928,394 |
| Cost of Goods Sold, net | (9,807,775) | (5,347,881) | (15,702,502) | — | | (30,858,158) |
| Gross Profit | 6,721,004 | 8,631,633 | 14,717,599 | — | | 30,070,236 |
| **Expenses:** | | | | | | |
| General and Administrative | 11,039,124 | 905,097 | 6,741,483 | | | 18,685,704 |
| Sales and Marketing | 190,384 | — | 1,006,311 | | | 1,196,695 |
| Depreciation and Amortization | 261,264 | — | 616,547 | 13,997,336 | (c) | 14,875,147 |
| **Total Expenses** | 11,490,772 | 905,097 | 8,364,341 | 13,997,336 | | 34,757,545 |
| **Income (Loss) From Operations** | (4,769,768) | 7,726,537 | 6,353,258 | (13,997,336) | | (4,687,309) |
| **Other Income (Expense):** | | | | | | |
| Other Income (Expense), net | 544,399 | — | 635,280 | | | 1,179,679 |
| Interest Income | — | — | — | | | — |
| Interest Expense | (432,448) | (4,910) | (5,510) | | | (442,868) |
| **Total Other Income (Expense)** | 111,951 | (4,910) | 629,770 | — | | 736,811 |
| **Income (Loss) Before Provision for Income Taxes And Non-Controlling Interest** | (4,657,817) | 7,721,627 | 6,983,028 | (13,997,336) | | (3,950,497) |
| **Provision For Income Taxes** | 214,000 | — | — | 2,702,317 | (d) | 2,916,317 |
| **Net Income (Loss) Before Non-Controlling Interest** | (4,871,817) | 7,721,627 | 6,983,028 | (16,699,653) | | (6,866,814) |
| **Net Income (Loss) Attributable To Non-Controlling Interest** | (622,042) | — | — | — | | (622,042) |
| **Net Income (Loss) Attributable To Green Thumb Industries Inc.** | (4,249,775) | 7,721,627 | 6,983,028 | (16,699,653) | | (6,244,772) |
| **Net Income (Loss) per share - basic and diluted** | (.07) | — | — | | | (.10) |
| **Weighted average number of shares outstanding - basic and diluted** | 63,123,183 | | | | | 63,123,183 |

**GREEN THUMB INDUSTRIES INC.,**
**INTEGRAL ASSOCIATES, LLC AND ADVANCED GROW LABS, LLC**

**NOTES TO UNAUDITED PRO FORMA**
**CONDENSED COMBINED FINANCIAL STATEMENTS**

Note 1 — Basis of presentation

The unaudited pro forma condensed combined financial statements are based on Registrant's and Advanced Grow Labs and Integral Associates historical consolidated and combined financial statements as adjusted to give effect to the acquisition of Advanced Grow Labs and Integral Associates. The unaudited pro forma combined statements of operations for the twelve months ended December 31, 2018 and 2017 give effect to the Advanced Grow Labs and Integral Associates as if it had occurred on January 1, 2017. The unaudited pro forma condensed combined balance sheet as of December 31, 2018 and 2017 gives effect to the acquisition of Advanced Grow Labs and Integral Associates as if it had occurred on January 1, 2017.

Note 2 — Preliminary purchase price allocation

On February 11, 2019, Registrant acquired Advanced Grow Labs for total consideration of approximately $110.3 million. The purchase agreement also included additional consideration based upon future performance targets.

On June 05, 2019, Registrant acquired Integral Associates for total consideration of approximately $363.9 million. The purchase agreement also included additional consideration based upon future performance targets.

The unaudited pro forma condensed combined financial information includes various assumptions, including those related to the preliminary purchase price allocation of the assets acquired and liabilities assumed of Advanced Grow Labs and Integral Associates based on management's best estimates of fair value. The final purchase price allocation may vary based on final appraisals, valuations and analyses of the fair value of the acquired assets and assumed liabilities. Accordingly, the pro forma adjustments are preliminary and have been made solely for illustrative purposes.

The following table shows the preliminary allocation of the purchase price for Advanced Grow Labs and Integral Associates to the acquired identifiable assets, assumed liabilities and pro forma goodwill:

| | Advanced Grow Labs, LLC | Integral Associates, LLC |
|---|---|---|
| Cash | $ 1,406,377 | $ 744,825 |
| Inventory | 1,906,828 | 10,107,303 |
| Accounts Receivable | 420,649 | 1,477,535 |
| Prepaid Expenses | — | 492,571 |
| Property and Equipment | 5,934,295 | 8,831,693 |
| Right-of-Use Asset | 470,703 | 1,655,309 |
| Deposits and Other Assets | 200,340 | 122,826 |
| Intangible Assets: | | |
| Licenses and Permits | 28,920,000 | 130,000,000 |
| Tradename | 930,000 | — |
| Customer Relationships | 17,750,000 | 30,000,000 |
| Non-competition Agreements | 100,000 | — |
| Liabilities Assumed | (1,174,361) | (9,134,651) |
| Deferred Tax Liabilities | (12,815,000) | — |
| Total Identifiable Net Assets | 44,049,831 | 174,297,411 |
| Goodwill | 66,205,222 | 189,608,171 |
| **Net Assets** | $ **110,255,053** | $ **363,905,582** |

Note 3 — Pro forma adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

Adjustments to the pro forma condensed combined balance sheet

(a) Reflects the fair value adjustment of $207.7 million for intangible assets as described further in Note 8 of the unaudited condensed consolidated financial statements as of September 30, 2019.

(b) Reflects the preliminary estimate of goodwill, which represents the excess of the purchase price over the fair value of Advanced Grow Labs and Integral Associates identifiable assets acquired and liabilities assumed as shown in Note 2 Adjustments to the pro forma condensed statements of operations

Adjustments to the pro forma condensed statements of operations

(c) Reflects the estimated amortization expense related to the acquired intangible assets discussed at Note 3(a)

(d) Reflects the income tax effect of pro forma adjustments based on the estimated combined tax rate of 24%

**Exhibit 3.1**

# AMENDED AND RESTATED ARTICLES

# OF

# GREEN THUMB INDUSTRIES INC.

**INDEX TO THE AMENDED AND RESTATED ARTICLES**
**OF**
**GREEN THUMB INDUSTRIES INC.**
Continuation Number: C776592
(the “Company”)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**AMENDED AND RESTATED ARTICLES**
**OF**
**GREEN THUMB INDUSTRIES INC.**
Continuation Number: C776592
(the "Company")

## PART 1 - INTERPRETATION

### 1.1 Definitions

In these articles, unless the context otherwise requires:

(1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;

(2) *"Business Corporations Act"* means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(3) "legal personal representative" means the personal or other legal representative of the shareholder;

(4) "Notice of Articles" means the notice of articles for the Company contained in the Company's transition application, as amended from time to time;

(5) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

(6) "seal" means the seal of the Company, if any.

### 1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act* (British Columbia), with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* (British Columbia) relating to a term used in these articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these articles. If there is a conflict between these articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

## PART 2 - SHARES AND SHARE CERTIFICATES

### 2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company as the same may be amended from time to time.

2.2 **Form of Share Certificate**

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act.*

2.3 **Shareholder Entitled to Certificate or Acknowledgment**

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 **Delivery by Mail**

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 **Replacement of Worn Out or Defaced Certificate or Acknowledgement**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

(1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 **Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment**

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

(1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

(2) any indemnity the directors consider adequate.

2.7 **Splitting Share Certificates**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so

surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 **Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount determined by the directors, if any, which must not exceed the amount prescribed under the *Business Corporations Act.*

2.9 **Recognition of Trusts**

Except as required by law or statute or these articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

## PART 3 - ISSUE OF SHARES

3.1 **Directors Authorized**

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share, if any.

3.2 **Commissions and Discounts**

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 **Brokerage**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 **Conditions of Issue**

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

(1) consideration is provided to the Company for the issue of the share by one or more of the following:

(a) past services performed for the Company;

(b) property;

(c) money; and

(2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under article 3.1.

3.5 **Share Purchase Warrants and Rights**

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## PART 4 - SHARE REGISTERS

4.1 **Central Securities Register**

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 **Closing Register**

The Company must not at any time close its central securities register.

## PART 5 - SHARE TRANSFERS

5.1 **Registering Transfers**

A transfer of a share of the Company must not be registered unless:

(1) a duly signed instrument of transfer in respect of the share has been received by the Company;

(2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(3) if a non-transferable written acknowledgment of the shareholder’s right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 **Form of Instrument of Transfer**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company’s share certificates or in any other form that may be approved by the directors from time to time.

5.3 **Transferor Remains Shareholder**

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 **Signing of Instrument of Transfer**

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

(1) in the name of the person named as transferee in that instrument of transfer; or

(2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 **Enquiry as to Title Not Required**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 **Transfer Fee**

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

## PART 6 - TRANSMISSION OF SHARES

6.1 **Legal Personal Representative Recognized on Death**

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder’s interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 **Rights of Legal Personal Representative**

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these articles,

provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

## PART 7 - PURCHASE OF SHARES

### 7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

### 7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(1) the Company is insolvent; or

(2) making the payment or providing the consideration would render the Company insolvent.

### 7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(1) is not entitled to vote the share at a meeting of its shareholders;

(2) must not pay a dividend in respect of the share; and

(3) must not make any other distribution in respect of the share.

## PART 8 - BORROWING POWERS

### 8.1 Company Authorized to Borrow

The Company, if authorized by the directors, may:

(1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

(2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

## PART 9 - ALTERATIONS

9.1 **Alteration of Authorized Share Structure**

Subject to Article 9.2, the *Business Corporations Act*, and any regulatory or stock exchange requirements applicable to the Company, the Company may by directors' resolution:

(1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(4) if the Company is authorized to issue shares of a class of shares with par value:

(a) decrease the par value of those shares; or

(b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(6) alter the identifying name of any of its shares; or

(7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act.*

9.2 **Special Rights and Restrictions**

Subject to the *Business Corporations Act* and any regulatory or stock exchange requirements applicable to the Company, the Company may by directors' resolution:

(1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 **Change of Name**

The Company may by directors' resolution authorize an alteration of its Notice of Articles in order to change its name subject to any other regulatory or stock exchange requirements applicable to the Company.

9.4 **Other Alterations**

If the *Business Corporations Act* does not specify the type of resolution and these articles do not specify another type of resolution, the Company may by directors' resolution alter these articles, subject to any other regulatory or stock exchange requirements applicable to the Company.

## PART 10 - MEETINGS OF SHAREHOLDERS

10.1 **Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place, within or outside of British Columbia, as may be determined by the directors.

10.2 **Resolution Instead of Annual General Meeting**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 **Calling of Meetings of Shareholders**

The directors may, whenever they think fit, call a meeting of shareholders at such time and place, within or outside of British Columbia, as may be determined by a resolution of the directors.

10.4 **Meetings by Electronic Means**

A meeting of shareholders may be held by telephone or electronic means and a person who, through those means, votes at the meeting or establishes a communications link to the meeting shall be deemed to be present at the meeting.

10.5 **Notice for Meetings of Shareholders**

*The* Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these articles otherwise provide, at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

10.6 **Record Date for Notice**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 **Record Date for Voting**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 **Failure to Give Notice and Waiver of Notice**

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.9 **Notice of Special Business at Meetings of Shareholders**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(1) state the general nature of the special business; and

(2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(a) at the Company’s records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

(b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

## PART 11 - PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 **Special Business**

At a meeting of shareholders, the following business is special business:

(1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(2) at an annual general meeting, all business is special business except for the following:

(a) business relating to the conduct of or voting at the meeting;

(b) consideration of any financial statements of the Company presented to the meeting;

(c) consideration of any reports of the directors or auditor;

(d) the setting or changing of the number of directors;

(e) the election or appointment of directors;

(f) the appointment of an auditor;

(g) the setting of the remuneration of an auditor;

(h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

(i) any other business which, under these articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 **Special Majority**

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds (2/3) of the votes cast on the resolution.

11.3 **Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 **One Shareholder May Constitute Quorum**

If there is only one shareholder entitled to vote at a meeting of shareholders:

(1) the quorum is one person who is, or who represents by proxy, that shareholder; and

(2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 **Other Persons May Attend**

The directors, the chief executive officer (if any), the president (if any), the chief financial officer (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 **Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 **Lack of Quorum**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and

(2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 **Lack of Quorum at Succeeding Meeting**

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 **Chair**

The following individual is entitled to preside as chair at a meeting of shareholders:

(1) the chair of the board, if any;

(2) if the chair of the board is absent or unwilling to act as chair of the meeting, the vice chair of the board, if any;

(3) if the vice chair of the board is absent or unwilling to act as chair of the meeting, the chief executive officer, if any; or

(4) if the chief executive officer is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 **Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board, vice chair of the board, chief executive officer or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board, vice chair of the board, chief executive officer and president are unwilling to act as chair of the meeting, or if the chair of the board, vice chair of the board, chief executive officer and president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present may choose one of their number or the Company's solicitor to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 **Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 **Notice of Adjourned Meeting**

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 **Decisions by Show of Hands or Poll**

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 **Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, *as* the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 **Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 **Casting Vote**

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 **Manner of Taking Poll**

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

(1) the poll must be taken:

(a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(b) in the manner, at the time and at the place that the chair of the meeting directs;

(2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 **Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 **Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 **Casting of Votes**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 **Demand for Poll**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 **Demand for Poll Not to Prevent Continuance of Meeting**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 **Retention of Ballots and Proxies**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

## PART 12 - VOTES OF SHAREHOLDERS

12.1 **Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 **Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 **Votes by Joint Holders**

If there are joint shareholders registered in respect of any share:

(1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 **Legal Personal Representatives as Joint Shareholders**

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 **Representative of a Corporate Shareholder**

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(1) for that purpose, the instrument appointing a representative must:

(a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(b) if the notice so provides, be provided at the meeting to the chair of the meeting or to a person designated by the chair of the meeting;

(2) if a representative is appointed under this Article 12.5:

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 **Proxy Provisions Do Not Apply to All Companies**

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions (as defined in section 1(1) of the *Business Corporations Act)* as part of its articles or to which the Statutory Reporting Company Provisions apply.

12.7 **Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 **Alternate Proxy Holders**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 **Proxy Holder Need Not Be Shareholder**

A person appointed as a proxy holder need not be a shareholder.

12.10 **Deposit of Proxy**

A proxy for a meeting of shareholders must:

(1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 **Validity of Proxy Vote**

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(2) by the chair of the meeting, before the vote is taken.

12.12 **Form of Proxy**

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[*name of company*]
(the "*Company*")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy if given in respect of all shares registered in the name of the shareholder):

Signed [*month, day, year*]

*[Signature of shareholder]*

*[Name of shareholder—printed]*

12.13 **Revocation of Proxy**

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

(1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(2) provided, at the meeting, to the chair of the meeting.

12.14 **Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.13 must be signed as follows:

(1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 **Production of Evidence of Authority to Vote**

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

## PART 13 - DIRECTORS

13.1 **First Directors; Number of Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act.* The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;

(2) if the Company is a public company, the greater of three and the most recently set of:

(a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4;

(3) if the Company is not a public company, the most recently set of:

(a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4.

13.2 **Change in Number of Directors**

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

(1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

(2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 **Directors' Acts Valid Despite Vacancy**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 **Qualifications of Directors**

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 **Remuneration of Directors**

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 **Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 **Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 **Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## PART 14 - ELECTION AND REMOVAL OF DIRECTORS

### 14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these articles; and

(2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

### 14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(1) that individual consents to be a director in the manner provided for in the *Business Corporations Act;*

(2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act.*

### 14.3 Failure to Elect or Appoint Directors

If:

(1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act;* or

(2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(3) the date on which his or her successor is elected or appointed; and

(4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these articles.

### 14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to

complete the number of directors for the time being set pursuant to these articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 **Directors May Fill Casual Vacancies**

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 **Remaining Directors Power to Act**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 **Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 **Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 **Ceasing to be a Director**

A director ceases to be a director when:

(1) the term of office of the director expires;

(2) the director dies;

(3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 **Removal of Director by Shareholders**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 **Removal of Director by Directors**

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

## PART 15 - ALTERNATE DIRECTORS

15.1 **Appointment of Alternate Director**

Any director (an “appointor”) may by notice in writing received by the Company appoint any person (an “appointee”) who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 **Notice of Meetings**

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 **Alternate for More Than One Director Attending Meetings**

A person may be appointed as an alternate director by more than one director, and an alternate director:

(1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;

(2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

(3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;

(4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 **Consent Resolutions**

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 **Alternate Director Not an Agent**

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 **Revocation of Appointment of Alternate Director**

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 **Ceasing to be an Alternate Director**

The appointment of an alternate director ceases when:

(1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

(2) the alternate director dies;

(3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;

(4) the alternate director ceases to be qualified to act as a director; or

(5) his or her appointor revokes the appointment of the alternate director.

15.8 **Remuneration and Expenses of Alternate Director**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

## PART 16 - POWERS AND DUTIES OF DIRECTORS

16.1 **Powers of Management**

The directors must, subject to the *Business Corporations Act* and these articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these articles, required to be exercised by the shareholders of the Company.

16.2 **Appointment of Attorney of Company**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

## PART 17 - DISCLOSURE OF INTEREST OF DIRECTORS

17.1 **Obligation to Account for Profits**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act) in* a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act.*

17.2 **Restrictions on Voting by Reason of Interest**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 **Interested Director Counted in Quorum**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 **Disclosure of Conflict of Interest or Property**

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act.*

17.5 **Director Holding Other Office in the Company**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 **No Disqualification**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 **Professional Services by Director or Officer**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 **Director or Officer in Other Corporations**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

## PART 18 - PROCEEDINGS OF DIRECTORS

18.1 **Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 **Voting at Meetings**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 **Chair of Meetings**

The following individual is entitled to preside as chair at a meeting of directors:

(1) the chair of the board, if any;

(2) in the absence of the chair of the board, the vice chair of the board, if any;

(3) in the absence of the vice chair of the board, the chief executive officer, if any, provided the chief executive officer is a director, unless the board has determined otherwise;

(4) in the absence of the chief executive officer, the president, if any, provided the president is a director, unless the board has determined otherwise; or

(5) any other director chosen by the directors or, if the directors wish, the Company's solicitor, if:

(a) neither the chair of the board, the vice chair of the board, the chief executive officer (if a director, unless the board has determined otherwise), nor the president (if a director, unless the board has determined otherwise), is present at the meeting within 15 minutes after the time set for holding the meeting;

(b) neither the chair of the board, the vice chair of the board, the chief executive officer (if a director, unless the board has determined otherwise), nor the president (if a director, unless the board has determined otherwise), is willing to chair the meeting; or

(c) the chair of the board, the vice chair of the board, the chief executive officer (if a director, unless the board has determined otherwise), and the president (if a director, unless the board has determined otherwise), have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 **Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these articles to be present at the meeting and to have agreed to participate in that manner.

18.5 **Calling of Meetings**

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 **Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors at least 48 hours before the time appointed for holding the meeting or such lesser time as may be reasonable under the circumstances, by any method set out in Article 24.1 or orally in person or by telephone.

18.7 **When Notice Not Required**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

(1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 **Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 **Waiver of Notice of Meetings**

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

18.10 **Quorum**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 **Validity of Acts Where Appointment Defective**

Subject to the *Business Corporations Act*, *an* act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 **Consent Resolutions in Writing**

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these articles relating to meetings of the directors or of a committee of the directors.

## PART 19 - EXECUTIVE AND OTHER COMMITTEES

19.1 **Appointment and Powers of Executive Committee**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(1) the power to fill vacancies in the board of directors;

(2) the power to remove a director;

(3) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 **Appointment and Powers of Other Committees**

The directors may, by resolution:

(1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) the power to appoint or remove officers appointed by the directors; and

(3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 **Obligations of Committees**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

(1) conform to any rules that may from time to time be imposed on it by the directors; and

(2) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 **Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(2) terminate the appointment of, or change the membership of, the committee; and

(3) fill vacancies in the committee.

19.5 **Committee Meetings**

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) the committee may meet and adjourn as it thinks proper;

(2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(3) a majority of the members of the committee constitutes a quorum of the committee; and

(4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

## PART 20 - OFFICERS

20.1 **Directors May Appoint Officers**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 **Functions, Duties and Powers of Officers**

The directors may, for each officer:

(1) determine the functions and duties of the officer;

(2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 **Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act.* One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

20.4 **Remuneration and Terms of Appointment**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration

be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## PART 21 - INDEMNIFICATION

21.1 **Definitions**

In this Article 21:

(1) "**associated corporation**" means a corporation or entity referred to in paragraph (ii) or (iii) of the definition of "eligible party";

(2) "**eligible party**" means an individual who:

(a) is or was a director or alternate director of the Company;

(b) is or was a director or alternate director of another corporation,

i. at a time when the corporation is or was an affiliate of the Company; or

ii. at the request of the Company; or

(c) at the request of the Company, is or was, or holds or held a position equivalent to that of, a director or alternate director of a partnership, trust, joint venture or other unincorporated entity;

(3) "**eligible penalty**" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(4) "**eligible proceeding**" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which an eligible party or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company or an associated corporation:

(a) is or may be joined as a party; or

(b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding; and

(5) "**expenses**" has the meaning set out in the *Business Corporations Act.*

21.2 **Mandatory Indemnification of Eligible Party**

Subject to the *Business Corporations Act*, the Company must indemnify an eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 **Indemnification of Other Persons**

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

21.4 **Non-Compliance with Business Corporations Act**

The failure of an eligible party to comply with the *Business Corporations Act* or these articles does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 **Company May Purchase Insurance**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(1) is or was a director, alternate director, officer, employee or agent of the Company;

(2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or

(4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity,

against any liability incurred by him or her by reason of having been a director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## PART 22 - DIVIDENDS

22.1 **Payment of Dividends Subject to Special Rights**

The provisions of this Part PART 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 **Declaration of Dividends**

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 **No Notice Required**

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 **Record Date**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 **Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of cash or of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

22.6 **Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(1) set the value for distribution of specific assets;

(2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 **When Dividend Payable**

Any dividend may be made payable on such date as is fixed by the directors.

22.8 **Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 **Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 **Dividend Bears No Interest**

No dividend bears interest against the Company.

22.11 **Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 **Payment of Dividends**

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the

amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 **Capitalization of Surplus**

Notwithstanding anything contained in these articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

## PART 23 - DOCUMENTS, RECORDS AND REPORTS

23.1 **Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act.*

23.2 **Inspection of Accounting Records**

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

23.3 **Remuneration of Auditor**

The directors may set the remuneration of the Company's auditor (if any).

## PART 24 - NOTICES

24.1 **Method of Giving Notice**

Unless the *Business Corporations Act* or these articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these articles to be sent by or to a person may be sent by any one of the following methods:

(1) mail addressed to the person at the applicable address for that person as follows:

  (a) for a record mailed to a shareholder, the shareholder's registered address;

  (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

  (c) in any other case, the mailing address of the intended recipient;

(2) delivery at the applicable address for that person as follows, addressed to the person:

  (a) for a record delivered to a shareholder, the shareholder's registered address;

(b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

(c) in any other case, the delivery address of the intended recipient;

(3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;

(5) physical delivery to the intended recipient.

24.2 **Deemed Receipt of Mailing**

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

24.3 **Certificate of Sending**

A certificate or other document signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

24.4 **Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

24.5 **Notice to Trustees**

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(1) mailing the record, addressed to them:

(a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

## PART 25 – ADVANCE NOTICE OF NOMINATION FOR ELECTION OF DIRECTORS

25.1 **Nomination of Directors**

Subject to the provisions of the Act, these articles and any other regulatory or stock exchange requirements applicable to the Company ("**Applicable Securities Laws**"), only those individuals who are nominated in accordance with the procedures set out in this part shall be eligible for election as directors of the Company. Nominations of an individual for election to the board may only be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which such meeting was called is the election of directors of the Company, as follows:

(1) by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;

(2) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition to call a meeting of shareholders made in accordance with the provisions of the Act; or

(3) by a nominating shareholder who, (A) at the close of business on the date of the giving of the notice provided for below in this part and on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting, and (B) complies with the notice procedures set forth below in this part.

25.2 **Timely Notice**

In addition to any other applicable requirements, for a nomination to be made by a nominating shareholder, the nominating shareholder must have given timely notice thereof in proper written form to the chief executive officer of the Company at the registered office of the Company in accordance with this part.

To be timely, a nominating shareholder's notice to the chief executive officer of the Company must be made:

(1) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that if the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the initial public announcement of the date of the annual meeting of shareholders was made, notice by the nominating shareholder may be made not later than the close of business on the 10th day following such public announcement;

(2) in the case of a special meeting of shareholders that is not also an annual meeting but is called for the purpose of electing directors of the Company (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the initial public announcement of the special meeting of shareholders was made; and

(3) notwithstanding the foregoing clauses 3(a) and 3(b), in the case of an annual or special meeting of shareholders where "notice-and-access" is used for the delivery of proxy-related materials

and the initial public announcement is not less than 50 days before the date of the meeting, not less than 40 days prior to the date of the meeting.

25.3 **Form and Update of Notice**

To be in proper written form, a nominating shareholder's notice to the chief executive officer of the Company must set forth:

(1) as to each individual whom the nominating shareholder proposes to nominate for election as a director:

(a) his or her name, age, business address and residence address;

(b) his or her principal occupation or employment for the past five years;

(c) the class or series and number of shares in the capital of the Company which are owned beneficially, or which are controlled or over which direction is exercised, directly or indirectly, or of record by him or her, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available by the Company and shall have occurred) and as of the date of such notice;

(d) a statement as to whether he or she would be "independent" of the Company (within the meaning of Sections 1.4 and 1.5 of National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators, as such provisions may amended from time to time) if elected as a director of the Company at such meeting and the reasons and basis for such determination; and

(e) any other information relating to him or her that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and

(2) as to the nominating shareholder giving the notice:

(a) the name and address of the nominating shareholder;

(b) the class or series and number of shares in the capital of the Company which are owned beneficially, or which are controlled or over which direction is exercised, directly or indirectly, or of record by the nominating shareholder or its joint actors as of the record date for the meeting of shareholders (if such date shall then have been made publicly available by the Company and shall have occurred) and as of the date of such notice;

(c) full particulars of any proxy, contract, arrangement, understanding or relationship pursuant to which such nominating shareholder or any joint actor has the right to vote any shares in the capital of the Company;

(d) full particulars of any derivatives, hedges or other economic or voting interests relating to the nominating shareholder's interest in the securities of the Company; and

(e) any other information relating to such nominating shareholder or its joint actors that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

In addition, to be considered timely and in proper written form, a nominating shareholder's notice shall be promptly updated and supplemented, if necessary, so that information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

25.4 **Eligibility for Nomination**

No individual shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this part provided, however, that nothing in this part shall be deemed to preclude discussions by a shareholder of the Company (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the chairman of the meeting. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not determined to be in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

25.5 **Delivery of Notice**

Notwithstanding any other provision of these articles, notice given to the chief executive officer of the Company pursuant to this part may only be given by personal delivery, by email (at such email address as may be stipulated from time to time by the chief executive officer of the Company for this notice) or by facsimile transmission, and shall be deemed to have been given and made only at the time it is served by personal delivery to the chief executive officer at the address of the registered office of the Company, or by email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) provided, that if such delivery, electronic communication or transmission is made on a day which is not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery, electronic communication or transmission shall be deemed to have been made on the subsequent day that is a business day.

25.6 **Discretion to Waive.**

Notwithstanding the foregoing, the directors of the Company may, in their sole discretion, waive any requirement in this Part 25.

## PART 26 - SEAL

26.1 **Who May Attest Seal**

Except as provided in Articles 26.2 and 26.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(1) any two directors;

(2) any officer, together with any director;

(3) if the Company only has one director, that director; or

(4) any one or more directors or officers or persons as may be determined by the directors.

26.2 **Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 26.1, the impression of the seal may be attested by the signature of any director or officer.

26.3 **Mechanical Reproduction of Seal**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## PART 27 – SUBORDINATE VOTING SHARES

27.1 **Special Rights and Restrictions**

An unlimited number of Subordinate Voting Shares, without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

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

(2) **Alteration to Rights of Subordinate Voting Shares.** 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, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

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

(4) **Liquidation, Dissolution or Winding-Up.** 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 shall, 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 other holders of Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

(5) **Rights to Subscribe; Pre-Emptive Rights.** The holders of Subordinate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Company now or in the future.

(6) **Subdivision or Consolidation.** No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

(7) **Conversion of Subordinate Voting Shares Upon an Offer.** In the event that an offer is made to purchase Multiple Voting Shares, and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange, if any, on which the Multiple Voting Shares are then listed, to be made to all or substantially all the holders of Multiple Voting Shares in a province or territory of Canada to which the requirement applies, each Subordinate Voting Share shall become convertible at the option of the holder into Multiple Voting Shares at the inverse of the Conversion Ratio (as defined in Part 29) then in effect, at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Multiple Voting Shares under the offer, and for no other reason. In such event, the transfer agent for the Subordinated Voting Shares shall deposit under the offer the resulting Multiple Voting Shares, on behalf of the holder.

(8) To exercise such conversion right, the holder or his or its attorney duly authorized in writing shall:

(a) give written notice to the transfer agent of the exercise of such right, and of the number of Subordinate Voting Shares in respect of which the right is being exercised;

(b) deliver to the transfer agent the share certificate or certificates representing the Subordinate Voting Shares in respect of which the right is being exercised, if applicable; and

(c) pay any applicable stamp tax or similar duty on or in respect of such conversion.

(9) No share certificates representing the Multiple Voting Shares, resulting from the conversion of the Subordinate Voting Shares will be delivered to the holders on whose behalf such deposit is being made. If Multiple Voting Shares, resulting from the conversion and deposited pursuant to the offer, are withdrawn by the holder or are not taken up by the offeror, or the offer is abandoned,

withdrawn or terminated by the offeror or the offer otherwise expires without such Multiple Voting Shares being taken up and paid for, the Multiple Voting Shares resulting from the conversion will be re-converted into Subordinate Voting Shares at the then Conversion Ratio and a share certificate representing the Subordinate Voting Shares will be sent to the holder by the transfer agent. In the event that the offeror takes up and pays for the Multiple Voting Shares resulting from conversion, the transfer agent shall deliver to the holders thereof the consideration paid for such shares by the offeror.

## PART 28 – SUPER VOTING SHARES

28.1 **Special Rights and Restrictions**

An unlimited number of Super Voting Shares, without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

(1) **Issuance.** The Super Voting Shares are only issuable in connection with the closing of the Business Combination. For the purposes hereof, "Business Combination" means the business combination (the "Business Combination") of the Corporation, a wholly-owned subsidiary of the Corporation, VCP23, LLC and GTI Finco Inc., pursuant to a business combination agreement entered into prior to the filing of these articles.

(2) **Voting Rights.** Holders of Super Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting, holders of Super Voting Shares will be entitled to 10 votes in respect of each Subordinate Voting Share into which such Super Voting Share could ultimately then be converted, which for greater certainty, shall initially equal 1,000 votes per Super Voting Share.

(3) **Alteration to Rights of Super Voting Shares**. As long as any Super Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Consent of the holders of a majority of the outstanding Super Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights contained in this Article 28.1(2) each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held.

(4) **Dividends.** The holder of Super Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, pari passu (on an as converted to Subordinated Voting Share basis) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Super Voting Shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Multiple Voting Shares.

(5) **Liquidation, Dissolution or Winding-Up.** In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Super Voting Shares will, subject to the prior rights of the holders of any shares of the

Corporation ranking in priority to the Super Voting Shares, be entitled to participate rateably along with all other holders of Super Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).

(6) **Rights to Subscribe; Pre-Emptive Rights.** The holders of Super Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Company now or in the future.

(7) **Conversion.**

Holders of Super Voting Shares Holders shall have conversion rights as follows (the "Conversion Rights"):

(a) **Right to Convert.** Each Super Voting Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for such shares, into one fully paid and non-assessable Multiple Voting Shares as is determined by multiplying the number of Super Voting Shares by the Conversion Ratio applicable to such share, determined as hereafter provided, in effect on the date the Super Voting Share is surrendered for conversion. The initial "Conversion Ratio" for shares of Super Voting Shares shall be one Multiple Voting Share for each Super Voting Share; provided, however, that the Conversion Ratio shall be subject to adjustment as set forth in Articles 28.1(7)(d) and (e).

(b) **Automatic Conversion.** A Super Voting Share shall automatically be converted without further action by the holder thereof into one Multiple Voting Share upon the transfer by the holder thereof to anyone other than (i) another Initial Holder, an immediate family member of an Initial Holder or a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by an Initial Holder or immediate family members of an Initial Holder or which an Initial Holder or immediate family members of an Initial Holder are the sole beneficiaries thereof; or (ii) a party approved by the Corporation (each a "Permitted Holder"). Each Super Voting Share held by a particular Initial Holder shall automatically be converted without further action by the holder thereof into Multiple Voting Shares at the Conversion Ratio for each Super Voting Share held if at any time the aggregate number of issued and outstanding Super Voting Shares beneficially owned, directly or indirectly, by that Initial Holder and that Initial Holder's predecessor or transferor, permitted transferees and permitted successors, divided by the number of Super Voting Shares beneficially owned, directly or indirectly, by that Initial Holder (and the Initial Holder's predecessor or transferor, permitted transferees and permitted successors) as at the date of completion of the Business Combination is less than 50%. The holders of Super Voting Shares will, from time to time upon the request of the Corporation, provide to the Corporation evidence as to such holders' direct and indirect beneficial ownership (and that of its permitted transferees and permitted successors) of Super Voting Shares, including as set out below, to enable the Corporation to determine if its right to convert has occurred. For purposes of these calculations, a holder of Super Voting Shares will be deemed to beneficially own Super Voting Shares held by an intermediate company or fund in proportion to their equity ownership of such company or fund, except with respect to Super Voting Shares held by (i) GTI II, LLC, for all periods that all or some of the Initial Holders, directly or indirectly,

hold management control of GTI II, LLC, such shares shall be deemed to be, for these purposes only, beneficially owned by the Initial Holders in the percentages set out in a certificate provided by GTI II, LLC on the date of closing of the Business Combination; (ii) RCP23, LLC, for all periods that all or some of the Initial Holders, directly or indirectly, hold management control of RCP23, LLC, such shares shall be deemed to be, for these purposes only, beneficially owned by the Initial Holders in the percentages set out in a certificate provided by GTI II, LLC on the date of closing of the Business Combination; (iii) RCPFM, LLC, for all periods that all or some of the Initial Holders, directly or indirectly, hold management control of RCPFM, LLC, such shares shall be deemed to be, for these purposes only, beneficially owned by the Initial Holders in the percentages set out in a certificate provided by RCPFM, LLC on the date of closing of the Business Combination; and (iv) VCP Convert, LLC, for all periods that all or some of the Initial Holders, directly or indirectly, hold management control of VCP Convert, LLC, such shares shall be deemed to be, for these purposes only, beneficially owned by the Initial Holders in the percentages set out in a certificate provided by VCP Convert, LLC on the date of closing of the Business Combination; provided that the percentages of each Initial Holder (and corresponding number of Super Voting Shares deemed to be beneficially owned for these purposes only) set out in such certificates shall be appropriately adjusted in the event of any actual distribution or transfer of any such Super Voting Shares by GTI II, LLC, RCP23, LLC, RCPFM, LLC or VCP Convert, LLC and upon any such adjustment or from time to time as requested by the Corporation, GTI II, LLC, RCP23, LLC, RCPFM, LLC or VCP Convert, LLC, as applicable, shall provide a certificate outlining the current applicable percentages of each Initial Holder (and corresponding number of Super Voting Shares deemed to be beneficially owned for these purposes only). For the purposes hereof, “Initial Holders” means Ben Kovler, Peter Kadens, Anthony Georgiadis and Andrew Grossman.

(c) **Mechanics of Conversion.** Before any holder of Super Voting Shares shall be entitled to convert Super Voting Shares into Multiple Voting Shares, the holder thereof shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for Multiple Voting Shares, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for Multiple Voting Shares are to be issued (each, a “Conversion Notice”). The Corporation shall (or shall cause its transfer agent to), as soon as practicable thereafter, issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates for the number of Multiple Voting Shares to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Super Voting Shares to be converted, and the person or persons entitled to receive the Multiple Voting Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Multiple Voting Shares as of such date.

(d) **Adjustments for Distributions.** In the event the Corporation shall declare a distribution to holders of Multiple Voting Shares payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights not otherwise causing adjustment to the Conversion Ratio (a “Distribution”), then, in each such case for the purpose of this Article 28.1(7)(d), the holders of Super Voting Shares shall be entitled to a proportionate share of any such

Distribution as though they were the holders of the number of Multiple Voting Shares into which their Super Voting Shares are convertible as of the record date fixed for the determination of the holders of Multiple Voting Shares entitled to receive such Distribution.

(e) **Recapitalizations; Stock Splits.** If at any time or from time-to-time, the Corporation shall (i) effect a recapitalization of the Multiple Voting Shares; (ii) issue Multiple Voting Shares as a dividend or other distribution on outstanding Multiple Voting Shares; (iii) subdivide the outstanding Multiple Voting Shares into a greater number of Multiple Voting Shares; (iv) consolidate the outstanding Multiple Voting Shares into a smaller number of Multiple Voting Shares; or (v) effect any similar transaction or action (each, a "Recapitalization"), provision shall be made so that the holders of Super Voting Shares shall thereafter be entitled to receive, upon conversion of Super Voting Shares, the number of Multiple Voting Shares or other securities or property of the Corporation or otherwise, to which a holder of Multiple Voting Shares deliverable upon conversion would have been entitled on such Recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Article 28.1(7) with respect to the rights of the holders of Super Voting Shares after the Recapitalization to the end that the provisions of this Article 28.1(7) (including adjustment of the Conversion Ratio then in effect and the number of Multiple Voting Shares issuable upon conversion of Super Voting Shares) shall be applicable after that event as nearly equivalent as may be practicable.

(f) **No Fractional Shares and Certificate as to Adjustments.** No fractional Multiple Voting Shares shall be issued upon the conversion of any share or shares of Super Voting Shares and the number of Multiple Voting Shares to be issued shall be rounded up to the nearest whole Multiple Voting Share. Whether or not fractional Multiple Voting Shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Super Voting Shares the holder is at the time converting into Multiple Voting Shares and the number of Multiple Voting Shares issuable upon such aggregate conversion.

(g) **Adjustment Notice.** Upon the occurrence of each adjustment or readjustment of the Conversion Ratio pursuant to this Article 28.1(7), the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Ratio for Super Voting Shares at the time in effect, and (C) the number of Multiple Voting Shares and the amount, if any, of other property which at the time would be received upon the conversion of a Super Voting Share.

(h) **Effect of Conversion.** All Super Voting Shares which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the time of conversion (the "Conversion Time"), except only the right of the holders thereof to receive

Multiple Voting Shares in exchange therefor and to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion.

(i) **Notice**. On the date of a Mandatory Conversion, the Corporation will issue or cause its transfer agent to issue each holder of Super Voting Shares of record on the Mandatory Conversion Date certificates representing the number of Multiple Voting Shares into which the Super Voting Shares are so converted and each certificate representing the Super Voting Shares shall be null and void.

(j) **Retirement of Shares.** Any Super Voting Share converted shall be retired and cancelled and may not be reissued as shares of such series or any other class or series, and the Corporation may thereafter take such appropriate action (without the need for shareholder action) as may be necessary to reduce the authorized number of Super Voting Shares accordingly.

(k) **Disputes.** Any holder of Super Voting Shares that beneficially owns more than 5% of the issued and outstanding Super Voting Shares may submit a written dispute as to the determination of the conversion ratio or the arithmetic calculation of the Conversion Ratio, the conversion ratio of Multiple Voting Shares to Subordinate Voting Shares (the "Subordinate Conversion Ratio") or of the 40% Threshold, FPI Protective Restriction or the Beneficial Ownership Limitation (each as defined in the terms of the Multiple Voting Shares) by the Corporation to the Board of Directors with the basis for the disputed determinations or arithmetic calculations. The Corporation shall respond to the holder within five (5) Business Days of receipt, or deemed receipt, of the dispute notice with a written calculation of the Conversion Ratio, Subordinate Conversion Ratio, 40% Threshold, FPI Protective Restriction or the Beneficial Ownership Limitation, as applicable. If the holder and the Corporation are unable to agree upon such determination or calculation of the Conversion Ratio, Subordinate Conversion Ratio, FPI Protective Restriction or the Beneficial Ownership Limitation, as applicable, within five (5) Business Days of such response, then the Corporation and the holder shall, within one (1) Business Day thereafter submit the disputed arithmetic calculation of the Conversion Ratio, Subordinate Conversion Ratio, FPI Protective Restriction or the Beneficial Ownership Limitation to the Corporation's independent, outside accountant. The Corporation, at the Corporation's expense, shall cause the accountant to perform the determinations or calculations and notify the Corporation and the holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

(8) **Notices of Record Date.** Except as otherwise provided under applicable law, in the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Super Voting Shares, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

## PART 29 – MULTIPLE VOTING SHARES

29.1 **Special Rights and Restrictions**

An unlimited number of Multiple Voting Shares, without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

(1) **Voting Rights.** Holders of Multiple Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting, holders of Multiple Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Multiple Voting Share could ultimately then be converted, which for greater certainty, shall initially equal 100 votes per Multiple Voting Share.

(2) **Alteration to Rights of Multiple Voting Shares.** As long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Multiple Voting Shares and Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. Consent of the holders of a majority of the outstanding Multiple Voting Shares and Super Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Multiple Voting Shares. In connection with the exercise of the voting rights contained in this Article 29.1(2) each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held.

(3) **Dividends.** The holder of Multiple Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as converted basis, assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares at the Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Super Voting Shares.

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

(5) **Rights to Subscribe; Pre-Emptive Rights.** The holders of Multiple Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Company now or in the future.

(6) **Conversion.** Subject to the Conversion Restrictions set forth in this Article 29.1(6), holders of Multiple Voting Shares Holders shall have conversion rights as follows (the "Conversion Rights"):

(a) **Right to Convert.** Each Multiple Voting Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for such shares, into fully paid and non-assessable Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares by the Conversion Ratio applicable to such share, determined as hereafter provided, in effect on the date the Multiple Voting Share is surrendered for conversion. The initial "Conversion Ratio" for shares of Multiple Voting Shares shall be 100 Subordinate Voting Shares for each Multiple Voting Share; provided, however, that the Conversion Ratio shall be subject to adjustment as set forth in Articles 29.1(6)(h) and (i).

(b) **Conversion Limitations.** Before any holder of Multiple Voting Shares shall be entitled to convert the same into Subordinate Voting Shares, the Board of Directors (or a committee thereof) shall designate an officer of the Corporation to determine if any Conversion Limitation set forth in Articles 29.1(6)(c) or 29.1(6)(e) shall apply to the conversion of Multiple Voting Shares.

(c) **Foreign Private Issuer Protection Limitation:** The Corporation will use commercially reasonable efforts to maintain its status as a "foreign private issuer" (as determined in accordance with Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, subject to the discretion of the Board to waive this restriction, the Corporation shall not effect any conversion of Multiple Voting Shares, and the holders of Multiple Voting Shares shall not have the right to convert any portion of the Multiple Voting Shares, pursuant to this Article 29.1(6) or otherwise, to the extent that after giving effect to all permitted issuances after such conversions of Multiple Voting Shares, the aggregate number of Subordinate Voting Shares, Super Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act ("U.S. Residents")) would exceed forty percent (40%) (the "40% Threshold") of the aggregate number of Subordinate Voting Shares, Super Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions (the "FPI Protective Restriction"). The Board may also, by resolution, increase the 40% Threshold to an amount not to exceed 50% and in the event of any such increase all references to the 40% Threshold herein, shall refer instead to the amended threshold set by such resolution.

**Conversion Limitations.** In order to effect the FPI Protection Restriction, each holder of Multiple Voting Shares will be subject to the 40% Threshold based on the number of Multiple Voting Shares held by such holder as of the date of the initial issuance of the Multiple Voting Shares and thereafter at the end of each of the Corporation's subsequent fiscal quarters (each, a "Determination Date"), calculated as follows:

$$X = [(A \times 0.4) - B] \times (C/D)$$

Where on the Determination Date:

X = Maximum Number of Subordinate Voting Shares Available For Issue upon Conversion of Multiple Voting Shares by a holder.

A = The Number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares issued and outstanding on the Determination Date.

B = Aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares held of record, directly or indirectly, by U.S. Residents on the Determination Date.

C = Aggregate number of Multiple Voting Shares held by holder on the Determination Date.

D = Aggregate number of all Multiple Voting Shares on the Determination Date.

For purposes of this Article 29.1(6)(c), the Board of Directors (or a committee thereof) shall designate an officer of the Corporation to determine as of each Determination Date: (A) the 40% Threshold and (B) the FPI Protective Restriction. Within thirty (30) days of the end of each Determination Date (a "Notice of Conversion Limitation"), the Corporation will provide each holder of record a notice of the FPI Protection Restriction and the impact the FPI Protective Provision has on the ability of each holder to exercise the right to convert Multiple Voting Shares held by the holder. To the extent that requests for conversion of Multiple Voting Shares subject to the FPI Protection Restriction would result in the 40% Threshold being exceeded, the number of such Multiple Voting Shares eligible for conversion held by a particular holder shall be prorated relative to the number of Multiple Voting Shares submitted for conversion. To the extent that the FPI Protective Restriction contained in this Article 29.1(6) applies, the determination of whether Multiple Voting Shares are convertible shall be in the sole discretion of the Corporation.

(d) **Mandatory Conversion.** Notwithstanding Article 29.1(6)(c), the Corporation may require each holder of Multiple Voting Shares to convert all, and not less than all, the Multiple Voting Shares at the applicable Conversion Ratio (a "Mandatory Conversion") if at any time all the following conditions are satisfied (or otherwise waived by special resolution of holders of Multiple Voting Shares):

iii. the Subordinate Voting Shares issuable upon conversion of all the Multiple Voting Shares are registered for resale and may be sold by the holder thereof pursuant to an effective registration statement and/or prospectus covering the Subordinate Voting Shares under the United States Securities Act of 1933, as amended (the "U.S. Securities Act");

iv. the Corporation is subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act; and

v. the Subordinate Voting Shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange or by way of reverse takeover transaction on the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities

Exchange or Aequitas NEO Exchange (or any other stock exchange recognized as such by the Ontario Securities Commission).

The Corporation will issue or cause its transfer agent to issue each holder of Multiple Voting Shares of record a Mandatory Conversion Notice at least 20 days prior to the record date of the Mandatory Conversion, which shall specify therein, (i) the number of Subordinate Voting Shares into which the Multiple Voting Shares are convertible and (ii) the address of record for such older. On the record date of a Mandatory Conversion, the Corporation will issue or cause its transfer agent to issue each holder of record on the Mandatory Conversion Date certificates representing the number of Subordinate Voting Shares into which the Multiple Voting Shares are so converted and each certificate representing the Multiple Voting Shares shall be null and void.

(e) **Beneficial Ownership Restriction:** The Corporation shall not effect any conversion of Multiple Voting Shares, and a holder thereof shall not have the right to convert any portion of its Multiple Voting Shares, pursuant to this Article 29.1(6) or otherwise, to the extent that after giving effect to such issuance after conversion as set forth on the applicable Conversion Notice, the Holder (together with the Holder's Affiliates (each, an "Affiliate" as defined in Rule 12b-2 under the U.S. Exchange Act), and any other persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of 9.99% of the number of the Subordinate Voting Shares outstanding immediately after giving effect to the issuance of Subordinate Voting Shares issuable upon conversion of the Multiple Voting Shares subject to the Conversion Notice (the "Beneficial Ownership Limitation").

For purposes of the foregoing sentence, the number of Subordinate Voting Shares beneficially owned by the holder and its Affiliates shall include the number of Subordinate Voting Shares issuable upon conversion of Multiple Voting Shares with respect to which such determination is being made, but shall exclude the number of Subordinate Voting Shares which would be issuable upon (i) conversion of the remaining, non-converted portion of Multiple Voting Shares beneficially owned by the holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or non-converted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the holder or any of its Affiliates. In any case, the number of outstanding Subordinate Voting Shares shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including Multiple Voting Shares subject to the Conversion Notice, by the holder or its Affiliates since the date as of which such number of outstanding Subordinate Voting Shares was reported. Except as set forth in the preceding sentence, for purposes of this Article 29.1(6)(e) beneficial ownership shall be calculated in accordance with Section 13(d) of the U.S. Exchange Act and the rules and regulations promulgated thereunder based on information provided by the shareholder to the Corporation in the Conversion Notice.

To the extent that the limitation contained in this Article 29.1(6)(e) applies and the Corporation can convert some, but not all, of such Multiple Voting Shares submitted for conversion, the Corporation shall convert Multiple Voting Shares up to the Beneficial Ownership Limitation in effect, based on the number of Multiple Voting Shares submitted for conversion on such date. The determination of whether Multiple Voting Shares are convertible (in relation to other securities owned by the holder together with any Affiliates)

and of which Multiple Voting Shares are convertible shall be in the sole discretion of the Corporation, and the submission of a Conversion Notice shall be deemed to be the holder's certification as to the holder's beneficial ownership of Subordinate Voting Shares of the Corporation, and the Corporation shall have the right, but not the obligation, to verify or confirm the accuracy of such beneficial ownership.

The holder, upon notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Article 29.1(6)(e), provided that the Beneficial Ownership Limitation in no event exceeds 19.99% of the number of the Subordinate Voting Shares outstanding immediately after giving effect to the issuance of Subordinate Voting Shares upon conversion of Multiple Voting Shares subject to the Conversion Notice and the provisions of this Article 29.1(6)(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Corporation. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Article 29.1(6)(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of Multiple Voting Shares.

(f) **Disputes.** In the event of a dispute as to the number of Subordinate Voting Shares issuable to a Holder in connection with a conversion of Multiple Voting Shares, the Corporation shall issue to the Holder the number of Subordinate Voting Shares not in dispute and resolve such dispute in accordance with Article 29.1(6)(m).

(g) **Mechanics of Conversion.** Before any holder of Multiple Voting Shares shall be entitled to convert Multiple Voting Shares into Subordinate Voting Shares, the holder thereof shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for Subordinate Voting Shares, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for Subordinate Voting Shares are to be issued (each, a "Conversion Notice"). The Corporation shall (or shall cause its transfer agent to), as soon as practicable thereafter, issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates for the number of Subordinate Voting Shares to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the Multiple Voting Shares to be converted, and the person or persons entitled to receive the Subordinate Voting Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Subordinate Voting Shares as of such date.

(h) **Adjustments for Distributions.** In the event the Corporation shall declare a distribution to holders of Subordinate Voting Shares payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights not otherwise causing adjustment to the Conversion Ratio (a "Distribution"), then, in each such case for the purpose of this Article 29.1(6)(h), the holders of Multiple Voting Shares shall be entitled to a proportionate share of any

such Distribution as though they were the holders of the number of Subordinate Voting Shares into which their Multiple Voting Shares are convertible as of the record date fixed for the determination of the holders of Subordinate Voting Shares entitled to receive such Distribution.

(i) **Recapitalizations; Stock Splits.** If at any time or from time-to-time, the Corporation shall (i) effect a recapitalization of the Subordinate Voting Shares; (ii) issue Subordinate Voting Shares as a dividend or other distribution on outstanding Subordinate Voting Shares; (iii) subdivide the outstanding Subordinate Voting Shares into a greater number of Subordinate Voting Shares; (iv) consolidate the outstanding Subordinate Voting Shares into a smaller number of Subordinate Voting Shares; or (v) effect any similar transaction or action (each, a "Recapitalization"), provision shall be made so that the holders of Multiple Voting Shares shall thereafter be entitled to receive, upon conversion of Multiple Voting Shares, the number of Subordinate Voting Shares or other securities or property of the Corporation or otherwise, to which a holder of Subordinate Voting Shares deliverable upon conversion would have been entitled on such Recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Article 29.1(6) with respect to the rights of the holders of Multiple Voting Shares after the Recapitalization to the end that the provisions of this Article 29.1(6) (including adjustment of the Conversion Ratio then in effect and the number of Multiple Voting Shares issuable upon conversion of Multiple Voting Shares) shall be applicable after that event as nearly equivalent as may be practicable.

(j) **No Fractional Shares and Certificate as to Adjustments.** No fractional Subordinate Voting Shares shall be issued upon the conversion of any Multiple Voting Shares and the number of Subordinate Voting Shares to be issued shall be rounded up to the nearest whole Subordinate Voting Share. Whether or not fractional Subordinate Voting Shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Multiple Voting Shares the holder is at the time converting into Subordinate Voting Shares and the number of Subordinate Voting Shares issuable upon such aggregate conversion.

(k) **Adjustment Notice.** Upon the occurrence of each adjustment or readjustment of the Conversion Ratio pursuant to this Article 29.1(6), the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Multiple Voting Shares a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Multiple Voting Shares, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Ratio for Multiple Voting Shares at the time in effect, and (C) the number of Subordinate Voting Shares and the amount, if any, of other property which at the time would be received upon the conversion of a Multiple Voting Share.

(l) **Effect of Conversion.** All Multiple Voting Shares which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the time of conversion (the "Conversion Time"), except only the right of the holders thereof to receive

Subordinate Voting Shares in exchange therefor and to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion.

(m) **Disputes.** Any holder of Multiple Voting Shares that beneficially owns more than 5% of the issued and outstanding Multiple Voting Shares may submit a written dispute as to the determination of the conversion ratio or the arithmetic calculation of the conversion ratio of Multiple Voting Shares to Subordinate Voting Shares, the Conversion Ratio, 40% Threshold, FPI Protective Restriction or the Beneficial Ownership Limitation by the Corporation to the Board of Directors with the basis for the disputed determinations or arithmetic calculations. The Corporation shall respond to the holder within five (5) Business Days of receipt, or deemed receipt, of the dispute notice with a written calculation of the conversion ratio, the Conversion Ratio, 40% Threshold, FPI Protective Restriction or the Beneficial Ownership Limitation, as applicable. If the holder and the Corporation are unable to agree upon such determination or calculation of the Conversion Ratio, FPI Protective Restriction or the Beneficial Ownership Limitation, as applicable, within five (5) Business Days of such response, then the Corporation and the holder shall, within one (1) Business Day thereafter submit the disputed arithmetic calculation of the conversion ratio, Conversion Ratio, FPI Protective Restriction or the Beneficial Ownership Limitation to the Corporation's independent, outside accountant. The Corporation, at the Corporation's expense, shall cause the accountant to perform the determinations or calculations and notify the Corporation and the holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

(7) **Conversion of Upon an Offer.** In addition to the conversion rights set out in Article 29.1(6), in the event that an offer is made to purchase Subordinate Voting Shares, and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange, if any, on which the Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Subordinate Voting Shares in a province or territory of Canada to which the requirement applies, each Multiple Voting Share shall become convertible at the option of the holder into Subordinate Voting Shares at the Conversion Ratio then in effect, at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right in this Article 29.1(7) may only be exercised in respect of Multiple Voting Shares for the purpose of depositing the resulting Subordinate Voting Shares under the offer, and for no other reason. In such event, the transfer agent for the Subordinate Voting Shares shall deposit under the offer the resulting Subordinate Voting Shares, on behalf of the holder.

To exercise such conversion right, the holder or his or its attorney duly authorized in writing shall:

(a) give written notice to the transfer agent of the exercise of such right, and of the number of Multiple Voting Shares in respect of which the right is being exercised;

(b) deliver to the transfer agent the share certificate or certificates representing the Multiple Voting Shares in respect of which the right is being exercised, if applicable; and

(c) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Subordinate Voting Shares, resulting from the conversion of the Multiple Voting Shares will be delivered to the holders on whose behalf such deposit is being made. If Subordinate Voting Shares, resulting from the conversion and deposited pursuant to the offer, are withdrawn by the holder or are not taken up by the offeror, or the offer is abandoned, withdrawn or terminated by the offeror or the offer otherwise expires without such Subordinate Voting Shares being taken up and paid for, the Subordinate Voting Shares resulting from the conversion will be reconverted into Multiple Voting Shares at the inverse of Conversion Ratio then in effect and a share certificate representing the Multiple Voting Shares will be sent to the holder by the transfer agent. In the event that the offeror takes up and pays for the Subordinate Voting Shares resulting from conversion, the transfer agent shall deliver to the holders thereof the consideration paid for such shares by the offeror.

(8) **Notices of Record Date.** Except as otherwise provided under applicable law, in the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Multiple Voting Shares, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

**-END OF DOCUMENT-**

**THE SHAREHOLDERS LISTED IN SCHEDULE A**

**GREEN THUMB INDUSTRIES INC.**

**- AND -**

**ODYSSEY TRUST COMPANY**

# COATTAIL AGREEMENT

**JUNE 12, 2018**

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**COATTAIL AGREEMENT**

**THIS AGREEMENT** dated the 12th day of June, 2018,

**BETWEEN:**

**THE SHAREHOLDERS LISTED IN SCHEDULE A**

(the "**Shareholders**"**)**

- and -

**GREEN THUMB INDUSTRIES INC.,** a corporation incorporated under the *Business Corporations Act* (British Columbia),

(the "**Corporation**"**)**

- and -

**ODYSSEY TRUST COMPANY,** a trust company incorporated under the laws of Canada, as trustee for the benefit of the Holders (as defined below) (the "**Trustee**")

**WHEREAS** by notice of alteration on June 12, 2018, the Corporation amended its notice of articles (which, as amended, are referred to as the "**Articles**") so that the authorized share capital of the Corporation would thereafter be comprised of an unlimited number of super voting shares of the Corporation (the "**Super Voting Shares**"), subordinate voting shares of the Corporation (the "**Subordinate Voting Shares**") and Multiple Voting Shares of the Corporation (the "**Multiple Voting Shares**");

**AND WHEREAS** the Shareholders, on the date hereof hold all of the Super Voting Shares, of which [433,388] are issued and outstanding as of the date of this Agreement;

**AND WHEREAS** it is the expectation of the Shareholders that the Subordinate Voting Shares will be listed on the Canadian Securities Exchange (the "**CSE**");

**AND WHEREAS** the Shareholders and the Corporation wish to enter into this Agreement for the purpose of ensuring that the holders, from time to time, of the Subordinate Voting Shares (collectively, the "**SVS Holders**") and that the holders, from time to time, of the Multiple Voting Shares (collectively, the "**MVS Holders**" and, together with the SVS Holders, the "**Holders**") will not be deprived of any rights under applicable take-over bid legislation to which they would have been entitled in the event of a take-over bid for the Super Voting Shares if the Super Voting Shares had been Subordinate Voting Shares or Multiple Voting Shares, as applicable;

**AND WHEREAS** pursuant to the Articles, Super Voting Shares will automatically convert into Multiple Voting Shares upon any transfer that is not a transfer to a Permitted Holder (as defined in the Articles);

**AND WHEREAS** the Shareholders and the Corporation hereby acknowledge that any transfer or sale of Super Voting Shares, whether in accordance with this Agreement or otherwise, shall in all circumstances be subject to the provisions of the Articles, including those relating to the automatic conversion of Super Voting Shares into Multiple Voting Shares;

**AND WHEREAS** the Shareholders and the Corporation wish to constitute the Trustee as a trustee for the Holders so that the Holders, through the Trustee, will receive the benefits of this Agreement, including the covenants of the Shareholders and the Corporation contained herein;

**AND WHEREAS** these recitals and any statements of fact in this Agreement are, and shall be deemed to be, made by the Shareholders and the Corporation and not by the Trustee;

**NOW THEREFORE** in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties) the parties hereto agree as follows:

## ARTICLE 1
## DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Agreement, capitalized terms that are not otherwise defined shall have the meaning given to them in the Articles.

### 1.2 Interpretation not Affected by Headings, etc.

The division of this Agreement into articles, sections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

### 1.3 Number, Gender, etc.

Words importing the singular number only shall include the plural and vice versa. Words importing the use of any gender shall include all genders.

### 1.4 Including

The word “including” shall mean including, without limitation.

## ARTICLE 2
## PURPOSE OF AGREEMENT

### 2.1 Establishment of Trust

The purpose of this Agreement is to ensure that the Holders will not be deprived of any rights under applicable take-over bid legislation to which they would have been entitled in the event of a take-over bid for the Super Voting Shares if the Super Voting Shares had been Subordinate Voting Shares or Multiple Voting Shares, as applicable.

### 2.2 Restriction on Sale

Subject to Section 2.3 and the Articles, each of the Shareholders shall not transfer, directly or indirectly, any Super Voting Shares pursuant to a take-over bid (as defined in applicable securities legislation) under circumstances in which securities legislation would have required the same offer to be made to the SVS Holders or the MVS Holders, as applicable, if the sale by such Shareholder had been a sale of Subordinate Voting Shares or Multiple Voting Shares, as applicable, rather than Super Voting Shares, but otherwise on the same terms.

For the purposes of this section, it shall be assumed that the offer that would have resulted in the sale of Subordinate Voting Shares or Multiple Voting Shares by such Shareholder would have constituted a take-over bid under applicable securities legislation, regardless of whether this actually would have been the case, and the varying of any material term of an offer shall be deemed to constitute the making of a new offer. For the avoidance of doubt, the determination of whether an offer constitutes a take-over bid (as defined in applicable securities legislation) for purposes of this Section 2.2 shall not be made by reference solely to the number of issued and outstanding Subordinate Voting Shares or Multiple Voting Shares, as applicable.

### 2.3 Permitted Sale

Subject to the provisions of the Articles, Section 2.2 shall not apply to prevent a sale by any Shareholder of Super Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares and Multiple Voting Shares that:

(a) offers a price per Subordinate Voting Share and a price per Multiple Voting Share (on an as-converted to Subordinate Voting Shares basis) at least as high as the highest price per share paid pursuant to such offer for the Super Voting Shares (on an as-converted to Subordinate Voting Share basis);

(b) provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) and the percentage of outstanding Multiple Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Super Voting Shares to be sold (exclusive of Super Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);

(c) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares and Multiple Voting Shares tendered if no shares are purchased pursuant to the offer for Super Voting Shares; and

(d) is in all other material respects identical to the offer for Super Voting Shares.

Notwithstanding the foregoing, subject to the provisions of the Articles, Section 2.2 shall not apply to prevent the transfer of Super Voting Shares by any Shareholder to a Permitted Holder, subject to Section 2.7 of this Agreement.

For greater certainty, the conversion of Super Voting Shares into Multiple Voting Shares, whether or not such Multiple Voting Shares are subsequently sold, shall not constitute a disposition of Super Voting Shares for the purposes of this Agreement.

**2.4 Improper Sale**

If any person or company, other than the Shareholders, carries out or purports to carry out a sale (including an indirect sale) of Super Voting Shares that the Shareholders are restricted from carrying out pursuant to Section 2.2, the Shareholders shall not and the Trustee shall take all necessary steps to ensure that the Shareholders shall not and shall not be permitted to, at or after the time such sale becomes effective, do any of the following with respect to any of the Super Voting Shares so sold or purported to be sold:

(a) dispose of them without the prior written consent of the Trustee;

(b) convert them into Multiple Voting Shares without the prior written consent of the Trustee; or

(c) exercise any voting rights attaching to them except in accordance with the written instructions of the Trustee, with which the Shareholders shall comply.

Without limiting the generality of the foregoing, the Trustee shall exercise the above rights in a manner that the Trustee, on the advice of counsel, considers to be: (i) in the best interests of the Holders, other than the Shareholders and the Holders who, in the opinion of the Trustee, participated directly or indirectly in the transaction that triggered the operation of this Section 2.4; and (ii) consistent with the intentions of the Shareholders and the Corporation in entering into this Agreement as such intentions are set out in the Recitals hereto.

**2.5 Assumptions**

For the purposes of this Article 2:

(a) any sale that would result in a direct or indirect acquisition of Super Voting Shares, Subordinate Voting Shares or Multiple Voting Shares, or in the direct or indirect acquisition of control or direction over those shares, shall be construed to be a sale of those Super Voting Shares, Subordinate Voting Shares or Multiple Voting Shares, as the case may be; and

(b) if there is an offer to acquire that would have been a take-over bid for the purposes of applicable securities legislation if not for the provisions of the Articles that cause the Super Voting Shares to automatically convert into Multiple Voting Shares in certain circumstances, that offer to acquire shall nonetheless be construed to be a take-over bid for the purposes of this Agreement.

**2.6 Prevention of Improper Sales**

Each Shareholder shall use its best efforts to prevent any person or company from carrying out a sale (including an indirect sale) in breach of this Agreement in respect of any Super Voting Shares, regardless of whether that person or company is a party to this Agreement.

**2.7 Supplemental Agreements**

Without limiting any provision of this Agreement, the Shareholders shall not dispose of any Super Voting Shares unless the disposition is conditional upon the person or company acquiring those shares entering into an agreement substantially in the form of this Agreement and under which that person or company has the same rights and obligations as the Shareholders have under this Agreement. Neither the conversion of Super Voting Shares into Subordinate Voting Shares nor any subsequent disposition of those Subordinate Voting Shares shall constitute a disposition of Super Voting Shares for the purposes of this section.

**2.8 Security Interest**

Nothing in this Agreement shall prevent any Shareholder from time to time, directly or indirectly, from granting a *bona fide* security interest, by way of pledge, hypothecation or otherwise, whether directly or indirectly, in Super Voting Shares to any financial institution with which it deals at arm's length (within the meaning of the *Income Tax Act* (Canada)) in connection with a bona fide borrowing, provided that the financial institution agrees in writing to become a party to and abide by the terms of this Agreement as if such financial institution were a Shareholder as defined herein until such time as the pledge, hypothecation or other security interest has been released or the Super Voting Shares which were subject thereto have been disposed of in accordance with the terms of this Agreement.

**2.9 All Transfers Subject to Articles**

The Shareholders and the Corporation hereby acknowledge that any transfer or sale of Super Voting Shares, whether in accordance with this Agreement or otherwise, shall in all circumstances be subject to the provisions of the Articles, including those relating to the automatic conversion of Super Voting Shares into Multiple Voting Shares.

## ARTICLE 3
## ACCEPTANCE OF TRUST

**3.1 Acceptance and Conditions of Trust**

The Trustee hereby accepts the trust created by this Agreement (the "**Trust**") and assumes the duties created and imposed upon it pursuant to its appointment as trustee for the Holders by this Agreement, provided that it:

(a) shall not be liable for any action taken or omitted to be taken by it under or in connection with this Agreement, except for its own negligence, misconduct or bad faith;

(b) may employ or retain such counsel, auditors, accountants or other experts or advisers, whose qualifications give authority to any opinion or report made by them, as the Trustee may reasonably require for the purpose of determining and discharging its duties hereunder and shall not be responsible for any misconduct or negligence on the part of any of them. The Trustee may, if it is acting in good faith, rely on the accuracy of any such opinion or report;

(c) may, if it is acting in good faith, rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any instruction, advice, notice, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties and, subject to subsection 3.1(a), shall be under no liability with respect to any action taken or omitted to be taken in accordance with such instruction, advice, notice, opinion or other document;

(d) exercises its rights under this Agreement in a manner that it considers to be in the best interests of the Holders (other than the Shareholders and the Holders who, in the opinion of the Trustee, participated directly or indirectly in a transaction restricted by Section 2.2) and consistent with the purpose of this Agreement; and

(e) none of the provisions of this Agreement shall require the Trustee under any circumstances whatsoever to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights or powers in connection with the Agreement.

In the exercise of its rights and duties hereunder, the Trustee will exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

The Trustee represents that at the time of the execution and delivery hereof no material conflict of interest exists in the Trustee's role as a fiduciary hereunder and agrees that in the event of a material conflict of interest arising hereafter it will, within three months after ascertaining that it has such material conflict of interest, either eliminate the same or resign its trust hereunder. Subject to the foregoing, the Trustee, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract with and enter into financial transactions with the Corporation, any of its affiliates or any of the Shareholders or any of their affiliates without being liable to account for any profit made thereby.

### 3.2 Enquiry by Trustee

Subject to Section 3.4, if and whenever the Trustee receives written notice from an interested party, other than the Holders, stating in sufficient detail that any one or more of the Shareholders or the Corporation may have breached, or may intend to breach, any provision of this Agreement, the Trustee shall, acting on the advice of counsel, make reasonable enquiry to determine whether such a breach has occurred or is intended. If the Trustee determines that a breach has occurred, or is intended to occur, the Trustee shall forthwith deliver to the Corporation a certificate stating that the Trustee has made such determination. Upon delivery of that certificate, the Trustee shall be entitled to take, and subject to Section 3.4 shall take, and the Corporation shall assist the Trustee in taking, such action as the Trustee, acting upon the advice of counsel, considers necessary to enforce its rights under this Agreement on behalf of the Holders.

### 3.3 Request by the Holders

Subject to Section 3.4, if and whenever the Holders representing not less than 10% of the then outstanding Subordinate Voting Shares and/or the Multiple Voting Shares determine that any one or more of the Shareholders or the Corporation has breached, or intends to breach, any provision of this Agreement, such Holders may require the Trustee to take action in connection with that breach or intended breach by delivering to the Trustee a requisition in writing signed in one or more counterparts by those Holders and setting forth the action to be taken by the Trustee. Subject to Section 3.4, upon receipt by the Trustee of such a requisition, the Trustee shall forthwith take such action as is specified in the requisition and/or any other action that the Trustee considers necessary to enforce its rights under this Agreement on behalf of the Holders.

### 3.4 Condition to Action

The obligation of the Trustee to take any action on behalf of the Holders pursuant to Sections 3.2 and 3.3 shall be conditional upon the Trustee receiving from either the interested party referred to in Section 3.2, the Corporation or from one or more Holders such funds and indemnity as the Trustee may reasonably require in respect of any costs or expenses which it may incur in connection with any such action. The Corporation shall provide such reasonable funds and indemnity to the Trustee if the Trustee has delivered to the Corporation the certificate referred to in Section 3.2.

### 3.5 Limitation on Action by the Holder

No Holder shall have the right, other than through the Trustee, to institute any action or proceeding or to exercise any other remedy for the purpose of enforcing any rights arising from this Agreement unless the Holders shall have:

(a) requested that the Trustee act in the manner specified in Section 3.3; and

(b) provided reasonable funds and indemnity to the Trustee,

and the Trustee shall have failed to so act within thirty (30) days after the provision of such funds and indemnity. In such case, any Holder, acting on behalf of itself and all other Holders, shall be entitled to take those proceedings in any court of competent jurisdiction that the Trustee might have taken.

## ARTICLE 4
## COMPENSATION

### 4.1 Fees and Expenses of the Trustee

The Corporation agrees to pay to the Trustee reasonable compensation for all of the services rendered by it under this Agreement and shall reimburse the Trustee for all reasonable expenses and disbursements. Notwithstanding the foregoing, the Corporation shall have no obligation to compensate the Trustee or reimburse the Trustee for any expenses or disbursements paid, incurred or suffered by the Trustee:

(a) in connection with any action taken by the Trustee pursuant to Section 3.2 if the Trustee has not delivered to the Corporation the certificate referred to in Section 3.2 in respect of that action; or

(b) in any suit or litigation in which the Trustee is determined to have acted in bad faith or with negligence or misconduct.

On all invoices issued by the Trustee for its services rendered hereunder which remain unpaid for a period of thirty days or more, interest at a rate per annum equal to the then current rate of interest charged by the Trustee to its corporate customers will be incurred, from thirty days after the issuance of the invoice until the date of payment.

## ARTICLE 5
## INDEMNIFICATION

### 5.1 Indemnification of the Trustee

The Corporation agrees to indemnify and hold harmless the Trustee and its officers, directors, employees and agents (the "**Indemnified Parties**") from and against all claims, losses, damages, costs, penalties, fines and reasonable expenses (including reasonable expenses of the Trustee's legal counsel) which, without negligence, misconduct or bad faith on the part of any of the Indemnified Parties, may be paid, incurred or suffered by any of the Indemnified Parties by reason of or as a result of the Trustee's acceptance or administration of the Trust, its compliance with its duties set forth in this Agreement or any written or oral instructions delivered to the Trustee by the Corporation pursuant hereto. In no case shall the Corporation be liable under this indemnity for any claim against the Indemnified Parties unless the Corporation shall be notified by the Trustee of the written assertion of a claim or of any action commenced against any of the Indemnified Parties, promptly after the Trustee shall have received any such written assertion of a claim, or shall have been served with a summons or other first legal process giving information as to the nature and basis of the claim. The Corporation shall be entitled to participate at its own expense in the defence of the assertion or claim. Subject to subsection 5.1(b), the Corporation may elect at any time after receipt of such notice to assume the defence of any suit brought to enforce any such claim. The Indemnified Parties shall have the right to employ separate counsel in any such suit and participate in the defence thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Parties unless:

(a) the employment of such counsel has been authorized by the Corporation; or

(b) the named parties to any such suit include both an Indemnified Party and the Corporation and such Indemnified Party shall have been advised by counsel acceptable to the Corporation that there may be one or more legal defences available to such Indemnified Party that are different from or in addition to those available to the Corporation (in which case the Corporation shall not have the right to assume the defence of such suit on behalf of such Indemnified Party but shall be liable to pay the reasonable fees and expenses of counsel for such Indemnified Party).

## ARTICLE 6
## CHANGE OF TRUSTEE

### 6.1 Resignation

The Trustee, or any trustee subsequently appointed, may resign at any time by giving written notice of such resignation to the Corporation specifying the date on which its desired resignation shall become effective, provided that such notice shall be provided at least three (3) months in advance of such desired effective date unless the Shareholders and the Corporation otherwise agree. Such resignation shall take effect upon the date of the appointment of a successor trustee and the acceptance of such appointment by the successor trustee. Upon receiving such notice of resignation, the Corporation shall promptly appoint a successor trustee (which shall be a corporation or company licensed or authorized to carry on the business of a trust company in British Columbia) by written instrument, in duplicate, one copy of which shall be delivered to the resigning trustee and one copy to the successor trustee. If the Corporation does not appoint a successor trustee, the Trustee or any Holder may apply to a court of competent jurisdiction in British Columbia for the appointment of a successor trustee.

### 6.2 Removal

The Trustee, or any trustee subsequently appointed, may be removed at any time on thirty (30) days' prior notice by written instrument executed by the Corporation, in duplicate, provided that the Trustee is not at such time taking any action which it may take under Section 3.2 or 3.3 hereof. One copy of that

instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. The removal of the Trustee shall become effective upon the appointment of a successor trustee in accordance with Section 6.3.

**6.3 Successor Trustee**

Any successor trustee appointed as provided under this Agreement shall execute, acknowledge and deliver to the Shareholders and the Corporation and to its predecessor trustee an instrument accepting such appointment. Thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as trustee in this Agreement. However, on the written request of the Shareholders and the Corporation or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due to it pursuant to the provisions of this Agreement, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon the request of any such successor trustee, the Shareholders, the Corporation and such predecessor trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers.

**6.4 Notice of Successor Trustee**

Upon acceptance of appointment by a successor trustee as provided herein, the Corporation shall cause to be mailed notice of the succession of such trustee hereunder to the Holders. If the Shareholders or the Corporation shall fail to cause such notice to be mailed within ten (10) days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Shareholders and the Corporation.

## ARTICLE 7
## TERMINATION

**7.1 Term**

The Trust created by this Agreement shall continue until no Super Voting Shares remain outstanding, provided that such Trust shall continue in the event of a breach of section 2.2 or 2.4, as long as such breach is ongoing.

**7.2 Survival of Agreement**

This Agreement shall survive any termination of the Trust and shall continue until there are no Super Voting Shares outstanding; provided that this Agreement shall continue in force in the event of a breach of section 2.2 or 2.4, as long as such breach is ongoing; and provided further that the provisions of Article 4 and Article 5 shall survive any such termination of this Agreement.

## ARTICLE 8
## GENERAL

**8.1 Obligations of the Shareholders not Joint**

The obligations of the Shareholders pursuant to this Agreement are several, and not joint and several, and no Shareholder shall be liable to the Company, the SVS Holders, the MVS Holders, the Trustee or any other party for the failure of any other Shareholder to comply with its covenants and obligations under this Agreement.

**8.2 Compliance with Privacy Laws**

The Shareholders and the Corporation acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to certain obligations and activities under this Agreement. Notwithstanding any other provision of this Agreement, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Shareholders and the Corporation shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Agreement and to comply with applicable laws and not to use it for any other purpose except with the consent of or direction from the other parties to this Agreement or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

**8.3 Anti-Money Laundering Regulations**

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment and acting reasonably, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment and acting reasonably, determine at any time that its acting under this Agreement has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Corporation or any shorter period of time as agreed to by the Corporation, provided that: (a) the Trustee's written notice shall describe the circumstances of such non-compliance; and (b) if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

**8.4 Third Party Interests**

The other parties to this Agreement hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Agreement, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Trustee's prescribed form as to the particulars of such third party.

**8.5 Severability**

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement shall not in any way be affected or impaired thereby and this Agreement shall be carried out as nearly as possible in accordance with its original terms and conditions.

**8.6 Amendments, Modifications, etc.**

This Agreement shall not be amended, and no provision thereof shall be waived, except with (i) the consent of any applicable securities regulatory authorities in Canada, (ii) the approval of at least two-thirds of the votes cast by the SVS Holders present or represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to any Subordinate Voting Shares held by the Shareholders and their respective affiliates, and any persons who have an agreement to

purchase Super Voting Shares on terms which would constitute a sale or disposition for purposes of Section 2.2, other than as permitted herein, prior to giving effect to such amendment or waiver, and (iii) the approval of at least two-thirds of the votes cast by the MVS Holders present or represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to any Multiple Voting Shares held by the Shareholders and their respective affiliates, and any persons who have an agreement to purchase Super Voting Shares on terms which would constitute a sale or disposition for purposes of Section 2.2, other than as permitted herein, prior to giving effect to such amendment or waiver. The provisions of this Agreement shall only come into effect contemporaneously with the listing of the Subordinate Voting Shares on the CSE and shall terminate at such time as there remain no outstanding Super Voting Shares.

**8.7 Ministerial Amendments**

Notwithstanding the provisions of Section 8.5, the parties to this Agreement may in writing, at any time and from time to time, without the approval of the Holders amend or modify this Agreement to cure any ambiguity or to correct or supplement any provision contained in this Agreement or in any amendment to this Agreement that may be defective or inconsistent with any other provision contained in this Agreement or that amendment, or to make such other provisions in regard to matters or questions arising under this Agreement, as shall not adversely affect the interest of the Holders.

**8.8 Force majeure**

Neither party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, general mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 8.7.

**8.9 Amendments only in Writing**

No amendment to or modification or waiver of any of the provisions of this Agreement shall be effective unless made in writing and signed by all of the parties hereto.

**8.10 Meeting to Consider Amendments**

The Corporation, at the request of the Shareholders, shall call a meeting for the purpose of considering any proposed amendment or modification requiring approval pursuant to Section 8.5.

**8.11 Enurement**

This Agreement shall be binding upon and enure to the benefit of the parties and their respective heirs, administrators, legal representatives, successors and permitted assigns. Except as specifically set forth in this Agreement, nothing in this Agreement is intended to or shall be deemed to confer upon any other person any rights or remedies under or by reason of this Agreement.

**8.12 Notices**

All notices and other communications between the parties hereunder shall be in writing and shall be deemed given if delivered personally or sent by registered mail, or by facsimile transmission or other form of recorded communication to the parties at the following addresses (or at such other address for such party as shall be specified in like notice):

(a) if to the Shareholders at the address set out in Schedule A

(b) if to the Corporation:

325 W. Huron St.
Suite 412
Chicago, IL 60654

Attention: Bret Kravitz
E-mail: bkravitz@gtigrows.com

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King St. West
Toronto, ON M5H 3C2

Attention: John Vettese
E-mail: jvettese@casselsbrock.com

(c) If to the Trustee:

Odyssey Trust Company
Stock Exchange Tower
350 - 300 5th Ave SW
Calgary, Alberta, T2P 3C4

Attention: Dan Sander
Email: dsander@odysseytrust.com

**8.13 Notice to a Holder**

Any and all notices to be given and any documents to be sent to any Holder may be given or sent to the address of such holder shown on the register of the Holders in any manner permitted by the by-laws of the Corporation from time to time in force in respect of notices to shareholders and shall be deemed to be received (if given or sent in such a manner) at the time specified in such bylaws, the provisions of which by-laws shall apply *mutatis mutandis* to notices or documents as aforesaid sent to such holders.

**8.14 Further Acts**

The parties hereto shall do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full force and effect to this Agreement.

**8.15 Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

**8.16 Counterparts**

This Agreement may be executed in one or more counterparts, each of which so executed shall be deemed to be an original and all of which, when taken together, shall be deemed to constitute one and the same agreement. This Agreement may signed and sent by fax copy or electronic means and such signature shall be valid and binding.

**8.17 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

*[Remainder of page intentionally left blank; signature page follows]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

**GTI II, LLC**

By: /s/ BEN KOVLER
Name: BEN KOVLER
Title: AS MANAGERS OF GTI, LLC
MANAGING MEMBER

**RCP23, LLC**

By: /s/ BEN KOVLER
Name: BEN KOVLER
Title: BY GTI MANAGEMENT LLC, MANAGER BY BEN KOVLER AS AUTHORIZED MEMBER

**VCP CONVERT, LLC**

By: /s/ BEN KOVLER
Name: BEN KOVLER
Title: MANAGER

/s/ BEN KOVLER
BEN KOVLER

/s/ PETER KADENS
PETER KADENS

} ANTHONY GEORGIADIS

} /s/ ANDREW GROSSMAN
ANDREW GROSSMAN

GREEN THUMB INDUSTRIES INC.

By: _____
Name:
Title:

/s/ ANTHONY GEORGIADIS
ANTHONY GEORGIADIS

ANDREW GROSSMAN

GREEN THUMB INDUSTRIES INC.

By: /s/ BEN KOVLER
Name: BEN KOVLER
Title:

**SCHEDULE A**
**SHAREHOLDERS**

| Shareholder | Address for Notice |
|---|---|
| GTI II, LLC | 325 W. Huron St, Unit 2405 Chicago, IL 60654 |
| RCP23, LLC | 325 W. Huron St, Unit 2405 Chicago, IL 60654 |
| VCP Convert, LLC | 325 W. Huron St, Unit 2405 Chicago, IL 60654 |
| Ben Kovier | 325 W. Huron St, Unit 2405 Chicago, IL 60654 |
| Peter Kadens | 325 W. Huron St, Unit 2405 Chicago, IL 60654 |
| Anthony Georgiadis | 325 W. Huron St, Unit 2405 Chicago, IL 60654 |
| Andrew Grossman | 325 W. Huron St, Unit 2405 Chicago, IL 60654 |

**Exhibit 10.1**

# BUSINESS COMBINATION AGREEMENT

**BETWEEN:**

**BAYSWATER URANIUM CORPORATION**

**- and -**

**VCP23, LLC**

**- and –**

**GTI FINCO INC.**

**- and –**

**1165318 B.C. LTD.**

**- and –**

**GTI23, INC.**

**Dated June 12, 2018**

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**BUSINESS COMBINATION AGREEMENT**

**THIS AGREEMENT** dated June 12, 2018 is made

**BETWEEN:**

**BAYSWATER URANIUM CORPORATION**, a corporation existing under the laws of British Columbia

(hereinafter referred to as "**Bayswater**")

- and –

**VCP23, LLC**, a limited liability company existing under the laws of Delaware

(hereinafter referred to as "**VCP23**")

-and -

**GTI FINCO INC.**, a corporation existing under the laws of British Columbia

(hereinafter referred to as "**Finco**")

-and -

**1165318 B.C. LTD.**, a corporation existing under the laws of British Columbia

(hereinafter referred to as "**Bayswater Subco**")

-and -

**GTI23 INC.**, a corporation existing under the laws of Delaware

(hereinafter referred to as "**USCo**")

**WHEREAS** the Parties (as hereinafter defined) have agreed, subject to the satisfaction of certain conditions precedent, that Bayswater, Finco and Bayswater Subco will carry out a three-cornered Amalgamation (as hereinafter defined) pursuant to Section 269 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") pursuant to which, among other things:

(i) each Bayswater Subco Share (as hereinafter defined) will be exchanged for one Amalco Share (as hereinafter defined); and

(ii) each Finco Share (as hereinafter defined) held by Finco Shareholders (as hereinafter defined) will be exchanged for one Subordinated Voting Share (as hereinafter defined);

**AND WHEREAS** the Parties have agreed, subject to the satisfaction of certain conditions precedent, concurrently with the Amalgamation to carry out a share exchange (the "**Share Exchange**")

between the shareholders of USCo and Bayswater, whereby certain shareholders of USCo will contribute their Class A Shares (as hereinafter defined) of USCo to Bayswater in exchange for Multiple Voting Shares (as hereinafter defined) at a rate of 1 Multiple Voting Shares for every Class A Share held and certain shareholders of USCo will contribute their Class B Shares (as hereinafter defined) of USCo to Bayswater for Super Voting Shares at (as hereinafter defined) a rate of 1 Super Voting Shares for each Class B Share held;

**AND WHEREAS** prior to the Effective Time (as hereinafter defined), Bayswater will (i) complete the Name Change (as hereinafter defined), (ii) complete the Reclassification (as hereinafter defined) whereby Bayswater will reclassify post-Consolidation Bayswater Shares into Subordinated Voting Shares, (iii) create the Multiple Voting Shares and Super Voting Shares (as hereinafter defined), and (iv) complete the Consolidation (as hereinafter defined);

**AND WHEREAS**, immediately following the Effective Time, Bayswater will complete the Name Change (as hereinafter defined);

**AND WHEREAS**, the Parties wish to make certain representations, warranties, covenants and agreements in connection with the Business Combination (as hereinafter defined);

**NOW THEREFORE**, in consideration of the mutual benefits to be derived and the representations and warranties, conditions and promises herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) and intending to be legally bound hereby, the Parties agree as follows:

## ARTICLE I
## GENERAL

### *1.1 Defined Terms*

Capitalized terms used herein and not otherwise defined has the meanings ascribed to such terms in Schedule A.

### *1.2 Business Combination – Consolidation, Name Change, Reclassification and Creation of Shares*

Immediately prior to the steps in sections 1.3 and 1.4, the board of directors of Bayswater in accordance with the requirements of the BCBCA, and prior to the Effective Time, Bayswater shall take all necessary steps to give effect to and implement the Consolidation, the Name Change, the Reclassification and the creation of the Super Voting Shares and Multiple Voting Shares upon and subject to the terms of this Agreement.

### *1.3 Business Combination – Financing of Finco*

Certain investors will invest cash for subscription receipts (the "**Subscription Receipts**") of Finco, with each Subscription Receipt representing the right of the holder thereof to receive, in certain circumstances set forth in the terms attached to the Subscription Receipts, one common share of Finco, without any further act or formality, and for no additional consideration.

***1.4 Business Combination – Contribution of Interests to USCo***

Prior to the Amalgamation, VCP23 will use commercially reasonable efforts to cause its securityholders to enter into a contribution agreement and contribute their interests (including net profit interests) in VCP23 for Class A or Class B shares of USCo.

***1.5 Business Combination – Exchange of Subscription Receipts***

The Subscription Receipts will automatically be exchanged for common shares of Finco pursuant to the terms and conditions of the Subscription Receipts and the Subscription Receipt Agreement.

***1.6 Business Combination – Contribution of Shares to Bayswater***

USCo will enter into a contribution agreement in a form to be agreed between VCP23 and Bayswater, each acting reasonably, and will complete the Share Exchange at the Effective Time.

***1.7 Business Combination - Amalgamation***

(a) Finco and Bayswater agree to effect the combination of their respective businesses and assets by way of a "three-cornered amalgamation" among Bayswater, Bayswater Subco and Finco.

(b) Bayswater has called the Bayswater Meeting and prepared and mailed the Bayswater Circular to the Bayswater Shareholders. Bayswater shall not amend or supplement the Bayswater Circular without the prior written consent of GTI, such consent not to be unreasonably withheld or delayed.

(c) (i) Finco has obtained the written consent resolution of the Finco Shareholders approving the Amalgamation; and (ii) Bayswater has executed a written consent resolution approving the Bayswater Subco Amalgamation Resolution.

(d) Upon the completion of the Consolidation, the Name Change, the reclassification (the "**Reclassification**") of the Bayswater Shares into Subordinated Voting Shares and the creation of the Multiple Voting Shares and Super Voting Shares, Bayswater Subco and Finco shall jointly complete and file the Amalgamation Application with the British Columbia Registrar of Companies under the BCBCA.

(e) Upon the issue of a Certificate of Amalgamation giving effect to the Amalgamation, Bayswater Subco and Finco shall be amalgamated and shall continue as one corporation effective on the date of the Certificate of Amalgamation (the "**Effective Date**") under the terms and conditions prescribed in the Amalgamation Agreement.

(f) At the Effective Time and as a result of the Amalgamation:

(i) each holder of Finco Shares shall receive one fully paid and non-assessable Subordinated Voting Share for each Finco Share held, following which all such Finco Shares shall be cancelled;

(ii) Bayswater shall receive one fully paid and non-assessable Amalco Share for each one Bayswater Subco Share held by Bayswater, following which all such Bayswater Subco Shares shall be cancelled;

(iii) Each holder of Finco Compensation Options shall receive one Bayswater Compensation Option for each Finco Compensation Option held, following which all such Finco Compensation Options shall be cancelled.

(iv) in consideration of the issuance of Subordinated Voting Shares pursuant to paragraph 1.7(f)(i), Amalco shall issue to Bayswater one Amalco Share for each Subordinated Voting Share issued;

(v) Bayswater shall add to the capital maintained in respect of the Subordinated Voting Shares an amount equal to the aggregate paid-up capital for purposes of the ITA of the Finco Shares immediately prior to the Effective Time;

(vi) Amalco shall add to the capital maintained in respect of the Amalco Shares an amount such that the stated capital of the Amalco Shares shall be equal to the aggregate paid-up capital for purposes of the ITA of the Bayswater Subco Shares and Finco Shares immediately prior to the Amalgamation;

(vii) no fractional Subordinated Voting Shares shall be issued to holders of Finco Shares; in lieu of any fractional entitlement, the number of Subordinated Voting Shares issued to each former holder of Finco Shares shall be rounded down to the next lesser whole number of Subordinated Voting Shares without any payment in respect of such fractional Subordinated Voting Share;

(viii) Bayswater shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to transactions contemplated by this Agreement to any holder of Finco Shares such amounts as are required to be deducted and withheld with respect to such payment under the ITA or any provision of provincial, state, local or foreign tax law, in each case as amended; to the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Finco Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority; and

(ix) Amalco will become a wholly-owned subsidiary of Bayswater.

(g) At the Effective Time:

(i) subject to subsection 1.7(f)(i), the registered holders of Finco Shares shall become the registered holders of the Subordinated Voting Shares to which they are entitled, calculated in accordance with the provisions hereof. Bayswater shall deliver the Subordinated Voting Shares to former holders of Finco Shares electronically or in physical form in accordance with the instructions of the former holder thereof, without the need for such holder to surrender certificates representing the Finco Shares. Absent such instructions, Bayswater shall provide the Subordinated Voting Shares in the same form as such holder previously held the Subscription Receipts; and

(ii) Bayswater shall become the registered holder of the Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof, and shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof.

(h) At the Effective Time, the registered holders of Finco Compensation Options shall become the registered holders of Bayswater Compensation Options to which they are entitled in accordance with the provisions hereof. Bayswater shall deliver certificates representing the Bayswater Compensation Options to former holders of Finco Compensation Options in accordance with the instructions of former holders thereof.

(i) Subject to the provisions of the BCBCA, the following provisions shall apply to Amalco:

(i) without in any way restricting the powers conferred upon Amalco or its board of directors by the BCBCA, as now enacted or as the same may from time to time be amended, re-enacted or replaced, the board of directors may from time to time, without authorization of the shareholders, in such amounts and on such terms as it deems expedient:

(A) borrow money upon the credit of Amalco;

(B) issue, re-issue, sell or pledge debt obligations of Amalco;

(C) subject to the provisions of the BCBCA, as now enacted or as the same may from time to time be amended, re-enacted or replaced, give a guarantee on behalf of Amalco to secure performance of an obligation of any person; and

(D) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of Amalco owned or subsequently acquired, to secure any obligation of Amalco; and

(ii) the board of directors may from time to time delegate to a director, a committee of directors or an officer of Amalco any or all of the powers conferred on the board as set out above, to such extent and in such manner as the board shall determine at the time of such delegation.

***1.8 Business Combination – Wind up of Amalco***

Amalco will be wound up into Bayswater and the assets of Amalco (which will consist of the funds invested by the investors net of expenses) will be transferred to Baywsater.

The Parties intend and agree that the transactions set forth in Sections 1.2 through 1.8 shall be completed as specified and that no single transaction of Sections 1.2 through 1.8 shall be completed without the intent of the Parties to complete the remaining transactions.

***1.9 U.S. Tax Matters***

Each Party agrees that: (a) the contributions of VCP23 interests (including net profit interests) to USCo for Class A or Class B shares of USCo as described in Section 1.4 (Contribution of Interests to USCo) are intended to constitute a single integrated transaction qualifying as a tax-deferred contribution pursuant to Section 351 of the Code; and (b) the transactions set forth in Section 1.3 (Financing of Finco), Section 1.5 (Conversion of Subscription Receipts), Section 1.6 (Contribution of Shares to Bayswater), Section 1.7 (Amalgamation), and Section 1.8 (Wind up of Amalco) are intended to constitute a single integrated transaction qualifying as a tax-deferred contribution pursuant to Section 351 of the Code, (c) such Party shall retain such records and file such information as is required to be retained and filed

pursuant to Treasury Regulations section 1.351-3 in connection with each of the transactions set forth in subsections (a) and (b), and (d) such Party shall otherwise use its best efforts to cause the transactions set forth in subsections (a) and (b) to qualify as a tax-deferred contribution, in each case pursuant to Section 351 of the Code. In connection with transactions described in subsection (b), the Parties agree to treat Bayswater as a United States domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code. Except as otherwise required by this Agreement, no Party shall take any action, fail to take any action, cause any action to be taken or cause any action to fail to be taken that could reasonably be expected to prevent (1) the transactions described in subsections (a) and (b) from each qualifying as a tax-deferred contribution within the meaning of Section 351 of the Code, or (2) Bayswater from being treated as a United States domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code. Each Party hereto agrees to act in good faith, consistent with the terms of this Agreement and the intent of the Parties and the intended treatment of such transactions as set forth in this Section 1.9. Notwithstanding the foregoing, no Party makes any representation, warranty or covenant to any other party or to any VCP23 unitholder or other holder of VCP23 securities (including, without limitation, stock options, warrants, subscription receipts, debt instruments or other similar rights or instruments) regarding the tax treatment of the transactions contemplated by this Agreement, including, but not limited to, whether the transactions described in subsections (a) and (b) will each qualify as a tax-deferred contribution within the meaning of Section 351 of the Code or whether Bayswater will be treated as a United States domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code as a result of the transactions set forth in subsection (b).

### *1.10 Board of Directors and Officers*

Each of the Parties hereby agrees that concurrently with the completion of the Business Combination, all of the current directors and officers of Bayswater and Bayswater Subco shall resign without payment by or any liability to Bayswater, Finco, Bayswater Subco or Amalco, and each such director and officer shall execute and deliver a release in favour of Bayswater, Bayswater Subco, Finco and Amalco, in a form acceptable to Bayswater and Finco, each acting reasonably, and the board of directors of Bayswater shall consist of five directors and be comprised of the following persons (collectively, the "**New Bayswater Directors**") and management of Bayswater shall be comprised of the following persons (collectively, the "**New Bayswater Management**"):

| | |
|---|---|
| Ben Kovler | Chairman |
| Peter Kadens | Director |
| Anthony Georgiadis | Director |
| Wendy Berger | Directors |
| Glen Senk | Directors |
| 2 additional nominees for directors to be designated by GTI | |

## ARTICLE II
## REPRESENTATIONS AND WARRANTIES OF VCP23

VCP23 represents and warrants to and in favour of Bayswater and Bayswater Subco and acknowledges that Bayswater and Bayswater Subco are relying on such representations and warranties in connection with this Agreement and the transactions contemplated herein:

***2.1 Organization and Good Standing***

(a) VCP23 is a limited liability company organized, validly existing, and in good standing under the Laws of the jurisdiction of its formation and is qualified to transact business and is in good standing as a foreign company in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on VCP23.

(b) VCP23 has the corporate power and authority to own, lease or operate its properties and to carry on its business as now conducted.

***2.2 Consents, Authorizations, and Binding Effect***

(a) VCP23 may execute, deliver and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:

(i) consents, approvals, authorizations and waivers which have been obtained (or will be obtained prior to the Effective Date) and are unconditional, and in full force and effect, and notices which have been given on a timely basis; or

(ii) those which, if not obtained or made, would not prevent or delay the consummation of the Amalgamation or otherwise prevent VCP23 from performing its obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on VCP23.

(b) VCP23 has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(c) This Agreement has been duly executed and delivered by VCP23 and constitutes a legal, valid, and binding obligation of VCP23, enforceable against it in accordance with its terms, except:

(i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and

(ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(d) The execution, delivery, and performance of this Agreement will not:

(i) constitute a violation of the constating documents of VCP23;

(ii) conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any obligation under or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which VCP23 is a party or as to which any of its property is subject which in any such case would have a Material Adverse Effect onVCP23;

(iii) constitute a violation of any Law applicable or relating to VCP23 or its business except for such violations which would not have a Material Adverse Effect on VCP23; or

(iv) result in the creation of any lien upon any of the assets of VCP23 other than such liens as would not have a Material Adverse Effect on VCP23.

(e) Other than pursuant to this Agreement, neither VCP23 nor any Affiliate or Associate of VCP23 nor, to the knowledge of VCP23, any director or officer of VCP23 beneficially owns or has the right to acquire a beneficial interest in any Bayswater Shares.

***2.3 Litigation and Compliance***

(a) There are no actions, suits, claims or proceedings, whether in equity or at law or, any Governmental investigations pending or, to the knowledge of VCP23, threatened:

(i) against or affecting VCP23 or with respect to or affecting any asset or property owned, leased or used by VCP23; or

(ii) which question or challenge the validity of this Agreement, or the Amalgamation or any action taken or to be taken pursuant to this Agreement, or the Amalgamation;

except for actions, suits, claims or proceedings which would not, in the aggregate, have a Material Adverse Effect on VCP23 nor is VCP23 aware of any basis for any such action, suit, claim, proceeding or investigation .

(b) VCP23 has conducted and is conducting its business in compliance with, and is not in default or violation under, and has not received notice asserting the existence of any default or violation under, any Law applicable to its business or operations, except for non-compliance, defaults and violations which would not, in the aggregate, have a Material Adverse Effect on VCP23.

(c) Neither VCP23, nor any asset of VCP23 is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is reasonably likely to have, a Material Adverse Effect on VCP23 or which is reasonably likely to prevent VCP23 from performing its obligations under this Agreement.

(d) VCP23 has duly filed or made all reports and returns required to be filed by it with any Government and has obtained all permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Governmental, regulatory or otherwise) which are required in connection with its business and operations, except where the failure to do so has not had and would not have a Material Adverse Effect on VCP23.

***2.4 Financial Statements***

(a) The financial statements (including, in each case, any notes thereto) of VCP23 for the years ended December 31, 2017 and 2016 and for the three month period ended March 31, 2018 were prepared in accordance with generally accepted accounting principles in the United States, applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly presented in all material

respects the consolidated assets, liabilities and financial condition of VCP23 as of the respective dates thereof and the consolidated earnings, results of operations and changes in financial position of VCP23 for the periods then ended..

(b) Other than as disclosed in the financial statements or in employment agreements entered into in the ordinary course, there are no contracts with VCP23, on the one hand, and: (i) any officer or director of Finco; (ii) any holder of 5% or more of the equity securities of VCP23; or (iii) an Associate or Affiliate of a person in (i) or (ii), on the other hand.

***2.5 Taxes***

VCP23 has timely filed, or has caused to be timely filed on its behalf, all Tax Returns required to be filed by it prior to the date hereof, all such Tax Returns are complete and accurate in all material respects. All Taxes shown to be due on such Tax Returns, or otherwise owed, have been timely paid, other than those which are being contested in good faith and in respect of which adequate reserves have been provided in the financial statements of VCP23. No deficiency with respect to any Taxes has been proposed, asserted or assessed in writing against VCP23, there are no actions, suits, proceedings, investigations or claims pending or threatened against VCP23 in respect of Taxes or any matters under discussion with any Government relating to Taxes, in each case which are likely to have a Material Adverse Effect on VCP23, and no waivers or written requests for waivers of the time to assess any such Taxes are outstanding or pending. VCP23 has withheld from each payment made to any of their past or present employees, officers or directors, and to any non-resident of Canada, the amount of all Taxes required to be withheld therefrom and have paid the same to the proper tax or receiving officers within the time required under applicable Law. VCP23 has remitted to the appropriate tax authorities within the time limits required all amounts collected by it in respect of Taxes. There are no liens for Taxes upon any asset of VCP23 except liens for Taxes not yet due.

***2.6 Brokers***

Other than in connection with the Financing, neither VCP23 nor to the knowledge of VCP23 any of its Associates, Affiliates or Advisors have retained any broker or finder in connection with the Amalgamation or the other transactions contemplated hereby, nor have any of the foregoing incurred any liability to any broker or finder by reason of any such transaction.

***2.7 Anti-Bribery Laws***

Neither VCP23 nor to the knowledge of VCP23, any director, officer, employee or consultant of VCP23, has (i) violated any anti-bribery or anti-corruption laws applicable to VCP23, including but not limited to the *U.S. Foreign Corrupt Practices Act* and Canada's *Corruption of Foreign Public Officials Act*, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any Government Official, whether directly or through any other person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Governmental Authority; or assisting any representative of VCP23 in obtaining or retaining business for or with, or directing business to, any person; or (Y) to any person, in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither VCP23 nor to the knowledge of VCP23, any director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review,

audit, or internal investigation that concluded VCP23 or any director, officer, employee, consultant, representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Authority responsible for enforcing anti-bribery or anti-corruption Laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such Laws, or received any notice, request, or citation from any person alleging non-compliance with any such Laws.

## ARTICLE III
## REPRESENTATIONS AND WARRANTIES OF FINCO

Finco represents and warrants to and in favour of Bayswater and Bayswater Subco and acknowledges that Bayswater and Bayswater Subco are relying on such representations and warranties in connection with this Agreement and the transactions contemplated herein:

### *3.1 Organization and Good Standing*

(a) Finco is a corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on Finco. There are no subsidiaries of Finco.

(b) Finco has the corporate power and authority to own, lease or operate its properties and to carry on its business as now conducted.

### *3.2 Consents, Authorizations, and Binding Effect*

(a) Finco may execute, deliver and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:

(i) consents, approvals, authorizations and waivers which have been obtained (or will be obtained prior to the Effective Date) and are unconditional, and in full force and effect, and notices which have been given on a timely basis;

(ii) the approval of the Finco Amalgamation Resolution by the holders of the Finco Shares;

(iii) the filing of a Form 13 (Amalgamation Application) with the British Columbia Registrar of Companies under the BCBCA; or

(iv) those which, if not obtained or made, would not prevent or delay the consummation of the Amalgamation or otherwise prevent Finco from performing its obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on Finco.

(b) Finco has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to complete the Amalgamation, subject to the approval of the Finco Amalgamation Resolution by the Finco Shareholders.

(c) The sole director of Finco has: (i) approved the Business Combination and the execution, delivery and performance of this Agreement and (ii) directed that the Finco Amalgamation Resolution be submitted to the Finco Shareholders.

(d) The sole shareholder of Finco has: (i) approved the Finco Amalgamation Resolution.

(e) This Agreement has been duly executed and delivered by Finco and constitutes a legal, valid, and binding obligation of Finco, enforceable against it in accordance with its terms, except:

(i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and

(ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(f) The execution, delivery, and performance of this Agreement will not:

(i) constitute a violation of the notice of articles or articles, as amended, of Finco;

(ii) conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any obligation under or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which Finco is a party or as to which any of its property is subject which in any such case would have a Material Adverse Effect on Finco;

(iii) constitute a violation of any Law applicable or relating to Finco or its business except for such violations which would not have a Material Adverse Effect on Finco; or

(iv) result in the creation of any lien upon any of the assets of Finco other than such liens as would not have a Material Adverse Effect on Finco.

## ARTICLE IV
## REPRESENTATIONS AND WARRANTIES OF BAYSWATER AND BAYSWATER SUBCO

Each of Bayswater and Bayswater Subco hereby represents and warrants to VCP23, Finco and USCo as follows and acknowledges that each of VCP23, Finco and VCP23 is relying on such representations and warranties in entering into this Agreement and completing the transactions contemplated herein:

### *4.1 Organization and Good Standing*

(a) Each Bayswater Group Member is a corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct its business as presently conducted, except where the failure to be so qualified would not have a Material Adverse Effect on

Bayswater or on any such company. Except for Bayswater Subco, there are no other subsidiaries of Bayswater.

(b) Each Bayswater Group Member has the corporate power and authority to own, lease, or operate its properties and to carry on its business as now conducted.

***4.2 Consents, Authorizations, and Binding Effect***

(a) Bayswater and Bayswater Subco may execute, deliver, and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:

(i) the approval of Bayswater Subco Amalgamation Resolution by Bayswater as sole shareholder of Bayswater Subco;

(ii) the approval of the CSE for the Business Combination and other transactions contemplated hereby;

(iii) the approval of the TSX-V to delist the Common Shares therefrom;

(iv) consents, approvals, authorizations and waivers, which have been obtained (or will be obtained prior to the Effective Date), and are unconditional and in full force and effect and notices which have been given on a timely basis;

(v) the filing of Articles of Amendment and a Form 13 (Amalgamation Application) with the British Columbia Registrar of Companies under the BCBCA;

(vi) the filing of the documents prescribed under the BCBCA to effect the appointment of the New Bayswater Directors and the New Bayswater Management; and

(vii) those which, if not obtained or made, would not prevent or delay the consummation of the Amalgamation or otherwise prevent Bayswater from performing its obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on the Bayswater Group.

(b) Each of Bayswater and Bayswater Subco has full corporate power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder and to complete the Amalgamation, subject to the approval of the matters set out in the Bayswater Circular by Bayswater Shareholders at the Bayswater Meeting and the Bayswater Subco Amalgamation Resolution by Bayswater by written consent resolution.

(c) The board of directors of Bayswater have unanimously: (i) approved the Business Combination and the execution, delivery and performance of this Agreement; (ii) directed that the matters set out in the Bayswater Circular be submitted to the Bayswater Shareholders at the Bayswater Meeting, and unanimously recommended approval thereof and (iii) approved the execution and delivery of the Bayswater Subco Amalgamation Resolution by Bayswater.

(d) The board of directors of Bayswater Subco have unanimously approved the Amalgamation and the execution, delivery and performance of this Agreement.

(e) This Agreement has been duly executed and delivered by Bayswater and Bayswater Subco and constitutes a legal, valid, and binding obligation of Bayswater and Bayswater Subco enforceable against each of them in accordance with its terms, except:

(i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and

(ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defences and to the discretion of the court before which any proceeding therefor may be brought.

(f) The execution, delivery, and performance of this Agreement will not:

(i) constitute a violation of the notice of articles or articles of Bayswater or the notice of articles or articles of Bayswater Subco;

(ii) conflict with, result in the breach of or constitute a default or give to others a right of termination, cancellation, creation or acceleration of any obligation under, or the loss of any material benefit under or the creation of any benefit or right of any third party under any material Contract, material permit or material license to which any Bayswater Group Member is a party or as to which any of its property is subject which would in any such case have a Material Adverse Effect on the Bayswater Group;

(iii) constitute a violation of any Law applicable or relating to any Bayswater Group Member or their respective businesses except for such violations which would not have a Material Adverse Effect on any Bayswater Group Member; or

(iv) result in the creation of any lien upon any of the assets of any Bayswater Group Member, other than such liens as would not have a Material Adverse Effect on the Bayswater Group.

(g) No Bayswater Group Member or any Affiliate or Associate of any Bayswater Group Member, nor to the knowledge of Bayswater, any director or officer of any Bayswater Group Member, beneficially owns or has the right to acquire a beneficial interest in any Finco Shares.

***4.3 Litigation and Compliance***

(a) There are no actions, suits, claims or proceedings, whether in equity or at law, or any Governmental investigations pending or, to the knowledge of Bayswater, threatened:

(i) against or affecting any Bayswater Group Member or with respect to or affecting any asset or property owned, leased or used by any Bayswater Group Member; or

(ii) which question or challenge the validity of this Agreement or the Amalgamation or any action taken or to be taken pursuant to this Agreement or the Amalgamation;

nor is Bayswater aware of any basis for any such action, suit, claim, proceeding or investigation.

(b) Each Bayswater Group Member has conducted and is conducting its business in compliance with, and is not in default or violation under, and has not received notice asserting the existence of any default or violation under, any Law applicable to the businesses or operations of the Bayswater Group, except for non-compliance, defaults, and violations which would not, in the aggregate, have a Material Adverse Effect on the Bayswater Group.

(c) No Bayswater Group Member, and no asset of any Bayswater Group Member, is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is reasonably likely to have, a Material Adverse Effect on the Bayswater Group or which is reasonably likely to prevent Bayswater or Bayswater Subco from performing its respective obligations under this Agreement.

(d) Each Bayswater Group Member has duly filed or made all reports and returns required to be filed by it with any Government and has obtained all permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Governmental, regulatory or otherwise) which are required in connection with the business and operations of the Bayswater Group, except where the failure to do so has not had and will not have a Material Adverse Effect on the Bayswater Group.

***4.4 Public Filings; Financial Statements***

(a) Bayswater has filed all documents required pursuant to applicable Canadian Securities Laws (the "**Bayswater Securities Documents**"). As of their respective dates, the Bayswater Securities Documents complied in all material respects with the then applicable requirements of the Canadian Securities Laws (and all other applicable securities laws) and, at the respective times they were filed, none of the Bayswater Securities Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make any statement therein, in light of the circumstances under which it was made, not misleading. Bayswater has not filed any confidential disclosure reports which have not at the date hereof become public knowledge.

(b) The consolidated financial statements (including, in each case, any notes thereto) of Bayswater for the years ended February 28, [2018] and 2017 [and for the three and nine month periods ended November 30, 2017 and 2016] included in the Bayswater Securities Documents were prepared in accordance with IFRS applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly present in all material respects the consolidated assets, liabilities and financial condition of Bayswater and its consolidated subsidiaries as of the respective dates thereof and the consolidated earnings, results of operations and changes in financial position of Bayswater and its consolidated subsidiaries for the periods then ended (subject, in the case of unaudited statements, to the absence of footnote disclosure and to customary year-end audit adjustments and to any other adjustments described therein). Except as disclosed in the Bayswater Securities Documents, Bayswater has not, since February 28, [2018], made any change in the accounting practices or policies applied in the preparation of its financial statements.

(c) Bayswater is now, and on the Effective Date will be, a "reporting issuer" (or its equivalent) under Canadian Securities Laws of each of the Provinces of Alberta and British Columbia. Bayswater is not currently in default in any material respect of any requirement of Canadian Securities Laws and Bayswater is not included on a list of defaulting reporting issuers maintained by any of the securities commissions or similar regulatory authorities in each of such Provinces.

(d) There has not been any reportable event (within the meaning of National Instrument 51- 102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators) since February 28, [2017]with the present or former auditors of the Bayswater Group.

(e) No order ceasing or suspending trading in securities of any Bayswater Group Member or prohibiting the sale of securities by any Bayswater Group Member has been issued that remains outstanding and, to the knowledge of Bayswater, no proceedings for this purpose have been instituted, are pending, contemplated or threatened by any securities commission, self-regulatory organization or the TSX-V.

(f) Bayswater maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) access to assets is permitted only in accordance with management's general or specific authorization; and (iii) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(g) There are no contracts with Bayswater, on the one hand, and: (i) any officer or director of the Bayswater Group; (ii) any holder of 5% or more of the equity securities of Bayswater; or (iii) an associate or affiliate of a person in (i) or (ii), on the other hand.

***4.5 Taxes***

Each Bayswater Group Member has timely filed, or has caused to be timely filed on its behalf, all Tax Returns required to be filed by it prior to the date hereof, all such Tax Returns are complete and accurate in all material respects. All Taxes shown to be due on such Tax Returns, or otherwise owed, have been timely paid, other than those which are being contested in good faith and in respect of which adequate reserves have been provided in the most recently published financial statements of Bayswater. Bayswater's most recent audited consolidated financial statements reflect a reserve in accordance with IFRS for all Taxes payable by the Bayswater Group Members for all taxable periods and portions thereof through the date of such financial statements. No deficiency with respect to any Taxes has been proposed, asserted or assessed in writing against any Bayswater Group Member, there are no actions, suits, proceedings, investigations or claims pending or threatened against any Bayswater Group Member in respect of Taxes or any matters under discussion with any Government relating to Taxes, in each case which are likely to have a Material Adverse Effect on the Bayswater Group, and no waivers or written requests for waivers of the time to assess any such Taxes are outstanding or pending. Each Bayswater Group Member has withheld from each payment made to any of their past or present employees, officers or directors, and to any non-resident of Canada, the amount of all Taxes required to be withheld therefrom and have paid the same to the proper tax or receiving officers within the time required under applicable Law. Each Bayswater Group Member has remitted to the appropriate tax authorities within the time limits required all amounts collected by it in respect of Taxes. There are no liens for Taxes upon any asset of the Bayswater Group except liens for Taxes not yet due.

***4.6 Pension and Other Employee Plans and Agreement***

Other than the Bayswater Stock Option Plan, Bayswater does not maintain or contribute to any Employee Plan. The Bayswater Stock Option Plan has been approved by the TSX-V and was adopted by Bayswater in accordance with the requirements of the TSX-V and complies in all material respects with the applicable policies of the TSX-V.

***4.7 Labour Relations***

(a) No employees of any Bayswater Group Member are covered by any collective bargaining agreement.

(b) There are no representation questions, arbitration proceedings, labour strikes, slow-downs or stoppages, material grievances, or other labour troubles pending or, to the knowledge of Bayswater, threatened with respect to the employees of any Bayswater Group Member; and (ii) to the best of Bayswater's knowledge, there are no present or pending applications for certification (or the equivalent procedure under any applicable Law) of any union as the bargaining agent for any employees of any Bayswater Group Member.

***4.8 Contracts, Etc***

(a) No Bayswater Group Member is a party to or bound by any Contract.

(b) Each Bayswater Group Member and, to the knowledge of Bayswater, each of the other parties thereto, is in material compliance with all covenants under any material Contract, and no default has occurred which, with notice or lapse of time or both, would directly or indirectly constitute such a default, except for such non-compliance or default under any material Contract as has not had and will not have a Material Adverse Effect on the Bayswater Group.

(c) No Bayswater Group Member is a party to or bound by any Contract that provides for any payment as a result of the consummation of any of the matters contemplated by this Agreement that would result in Bayswater having a cash balance of less than $nil at the time of the completion of the Business Combination.

***4.9 Absence of Certain Changes, Etc.***

Except as contemplated by the Business Combination and this Agreement, since February 28, 2018:

(a) there has been no Material Adverse Change in the Bayswater Group;

(b) no Bayswater Group Member has:

(i) sold, transferred, distributed, or otherwise disposed of or acquired a material amount of its assets, or agreed to do any of the foregoing, except in the ordinary course of business;

(ii) incurred any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) which has had or is likely to have a Material Adverse Effect on the Bayswater Group;

(iii) prior to the date hereof, made or agreed to make any material capital expenditure or commitment for additions to property, plant, or equipment in excess of $25,000;

(iv) made or agreed to make any material increase in the compensation payable to any employee or director except for increases made in the ordinary course of business and consistent with presently existing policies or agreement or past practice;

(v) conducted its operations other than in all material respects in the normal course of business;

(vi) entered into any material transaction or material Contract, or amended or terminated any material transaction or material Contract, except transactions or Contracts entered into in the ordinary course of business; and

(vii) agreed or committed to do any of the foregoing; and

(c) there has not been any declaration, setting aside or payment of any dividend with respect to Bayswater's share capital.

***4.10 Subsidiaries***

(a) All of the outstanding shares in the capital of Bayswater Subco are owned of record and beneficially by Bayswater free and clear of all liens. Bayswater does not own, directly or indirectly, any equity interest of or in any entity or enterprise organized under the Laws of any domestic or foreign jurisdiction other than Bayswater Subco.

(b) All outstanding shares in the capital of, or other equity interests in, each Bayswater Group Member have been duly authorized and are validly issued, fully paid and non-assessable.

***4.11 Capitalization***

(a) As at the date hereof, the authorized capital of Bayswater consists of an unlimited number of Bayswater Shares without nominal or par value, of which 185,186,988 Bayswater Shares are issued and outstanding (prior to giving effect to the Consolidation).

(b) All issued and outstanding shares in the capital of Bayswater have been duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights.

(c) There are no authorized, outstanding or existing:

(i) voting trusts or other agreements or understandings with respect to the voting of any Bayswater Shares to which any Bayswater Group Member is a party;

(ii) securities issued by any Bayswater Group Member that are convertible into or exchangeable for any Bayswater Shares;

(iii) agreements, options, warrants, or other rights capable of becoming agreements, options or warrants to purchase or subscribe for any Bayswater Shares or

securities convertible into or exchangeable or exercisable for any such common shares, in each case granted, extended or entered into by any Bayswater Group Member;

(iv) agreements of any kind to which any Bayswater Group Member is party relating to the issuance or sale of any Bayswater Shares, or any securities convertible into or exchangeable or exercisable for any Bayswater Shares or requiring Bayswater to qualify securities of any Bayswater Group Member for distribution by prospectus under Canadian Securities Laws; or

(v) agreements of any kind which may obligate Bayswater to issue or purchase any of its securities.

***4.12 Environmental Matters***

Each Bayswater Group Member is in compliance with all applicable Environmental Laws and has not violated any then current environmental laws as applied at that time. All operations of the Bayswater Group, past or present, conducted on any real property, leased or owned by any member of the Bayswater Group, past or present, and such properties themselves while occupied by a member of the Bayswater Group have been and are in compliance with all Environmental Laws. No Bayswater Group Member is the subject of: (i) any proceeding, application, order or directive which relates to any environmental, health or safety matter; or (ii) any demand or notice with respect to any Environmental Laws. Each Bayswater Group Member has made adequate reserves for all reclamation obligations and has made appropriate arrangements, through obtaining reclamation bonds or otherwise to discharge such reclamation obligations, to the extent applicable. No member of the Bayswater Group has caused or permitted the release of any hazardous substances on or to any of the assets or any other real property owned or leased or occupied by any member of the Bayswater Group, either past or present, (including underlying soils and substrata, surface water and groundwater) in such a manner as: (A) would be reasonably likely to impose liability for cleanup, natural resource damages, loss of life, personal injury, nuisance or damage to other property; (B) would be reasonably likely to result in imposition of a lien, charge or other encumbrance on or the expropriation of any of the assets; or (C) at levels which exceed remediation and/or reclamation standards under any Environmental Laws or standards published or administered by those Governmental Authorities responsible for establishing or applying such standards. There is no environmental liability or factors likely to give rise to any environmental liability (i) affecting any of the properties of any Bayswater Group Member; or (ii) retained in any manner by any Bayswater Group Member in connection with properties disposed by any Bayswater Group Member.

***4.13 Licence and Title***

Bayswater is the absolute legal and beneficial owner of, and has good and marketable title to, all of its material property or assets (real and personal, tangible and intangible, including leasehold interests) including all the properties and assets reflected in the balance sheet forming part of Bayswater's financial statements for the year ended February 28, [2018], except as indicated in the notes thereto, and such properties and assets are not subject to any mortgages, liens, charges, pledges, security interests, encumbrances, claims, demands, Encumbrances or defect in title of any kind except as is reflected in the balance sheets forming part of such financial statements and in the notes thereto and Bayswater owns, possesses, or has obtained and is in compliance in all material respects with, all licences, permits, certificates, orders, grants and other authorizations of or from any Governmental Authority necessary to conduct its business as currently conducted, in accordance in all material respects with applicable Laws.

***4.14 Indebtedness***

As at the date of this Agreement, no indebtedness for borrowed money was owing or guaranteed by any Bayswater Group Member.

***4.15 Undisclosed Liabilities***

There are no material liabilities of the Bayswater Group of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which any Bayswater Group Member may become liable on or after the consummation of the transactions contemplated hereby other than:

(a) liabilities disclosed on or reflected or provided for in the most recent financial statements of Bayswater included in the Bayswater Securities Documents; and

(b) liabilities incurred in the ordinary and usual course of business of the Bayswater Group and attributable to the period since February 28, [2018], none of which has had or may reasonably be expected to have a Material Adverse Effect on the Bayswater Group.

***4.16 Due Diligence Investigations***

All information relating to the business, assets, liabilities, properties, capitalization or financial condition of the Bayswater Group or any member thereof provided by any Bayswater Group Member or any of its Advisers to VCP23, Finco or USCo is true, accurate and complete in all material respects.

***4.17 Brokers***

Except as disclosed to VCP23 in writing, no Bayswater Group Member or, to the knowledge of Bayswater, any of their respective Associates, Affiliates or Advisers have retained any broker or finder in connection with the transactions contemplated hereby, nor have any of the foregoing incurred any Liability to any broker or finder by reason of any such transaction.

***4.18 Anti-Bribery Laws***

Neither Bayswater nor Bayswater Subco nor to the knowledge of Bayswater, any director, officer, employee or consultant of the foregoing, has (i) violated any anti-bribery or anti-corruption laws applicable to Bayswater or Bayswater Subco, including but not limited to the *U.S. Foreign Corrupt Practices Act* and Canada's *Corruption of Foreign Public Officials Act*, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any Government Official, whether directly or through any other person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Governmental Authority; or assisting any representative of Bayswater or Bayswater Subco in obtaining or retaining business for or with, or directing business to, any person; or (Y) to any person, in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither Bayswater nor Bayswater Subco nor to the knowledge of Bayswater, any director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded Bayswater or Bayswater Subco or any

director, officer, employee, consultant, representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Authority responsible for enforcing anti-bribery or anti-corruption Laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such Laws, or received any notice, request, or citation from any person alleging non-compliance with any such Laws.

## ARTICLE V
## CONDITIONS TO OBLIGATIONS OF BAYSWATER

***5.1 Conditions Precedent to Completion of the Business Combination***

The obligation of Bayswater and Bayswater Subco to complete the Business Combination is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by Bayswater and Bayswater Subco:

(a) The representations and warranties of VCP2 and Finco set forth in Article II and Article III qualified as to materiality shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date of this Agreement and on the Effective Date as if made on the Effective Date, except for such representations and warranties made expressly as of a specified date which shall be true and correct in all material respects as of such date.

(b) VCP23 and Finco shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by them prior to or on the Effective Date and Bayswater shall have received a certificate signed on behalf of VCP23 by an executive officer thereof to such effect dated as of the Effective Date.

(c) There shall not have occurred any Material Adverse Change in VCP23 since the date of this Agreement.

(d) The Bayswater Shareholders shall have approved the matters set out in the Bayswater Circular at the Bayswater Meeting.

## ARTICLE VI
## CONDITIONS TO OBLIGATIONS OF VCP23, FINCO AND USCO

***6.1 Conditions Precedent to Completion of the Business Combination***

The obligation of VCP23, Finco and USCo to complete the Business Combination is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by VCP23:

(a) The representations and warranties of Bayswater and Bayswater Subco set forth in Article IV qualified as to materiality shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date hereof and on the Effective Date as if made on the Effective Date, except for such representations and warranties made expressly as of a specified date which shall be true and correct in all material respects as of such date.

(b) Bayswater and Bayswater Subco shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Bayswater and Bayswater Subco, respectively, prior to or on the Effective Date and VCP23 shall have received certificates signed on behalf of Bayswater and Bayswater Subco, respectively, by an executive officer thereof to such effect dated as of the Effective Date.

(c) There shall not have occurred any Material Adverse Change any of Bayswater or the Bayswater Group since the date of this Agreement.

(d) The Bayswater Shareholders shall have approved the matters set out in the Bayswater Circular at the Bayswater Meeting.

(e) Bayswater shall have completed and filed all necessary documents in accordance with the BCBCA in respect of the matters set out in the Bayswater Circular to be approved at the Bayswater Meeting and the Name Change shall be effective.

(f) VCP23 shall be satisfied that the exchange of Multiple Voting Shares or Super Voting Shares, as applicable, for USCo shares shall be exempt from registration under all applicable United States federal and state securities laws.

(g) All of the current directors and officers of Bayswater and Bayswater Subco shall have resigned without payment by or any liability to Bayswater, VCP23, Finco, Bayswater Subco or Amalco, and each such director and officer shall have executed and delivered a release in favour of Bayswater, Bayswater Subco, VCP23, Finco and Amalco, in a form acceptable to Bayswater and VCP23, each acting reasonably.

(h) All of the securityholders of VCP23 shall have entered into a contribution agreement providing for the contribution of their interests (including net profit interests) in VCP23 in exchange for Class A or Class B shares of USCo.

(i) VCP23 shall be satisfied in its sole discretion that: (A) at the time of the completion of the Business Combination, Bayswater has a cash balance of not less than $0; and (B) Bayswater and Bayswater Subco have no liabilities.

## ARTICLE VII
## MUTUAL CONDITIONS PRECEDENT

***7.1 Mutual Conditions Precedent***

The obligations of Bayswater, Bayswater Subco, VCP23, Finco and USCo to complete the Business Combination are subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived only with the consent in writing of Bayswater and VCP23:

(a) all consents, waivers, permits, exemptions, orders, consents and approvals required to permit the completion of the Business Combination, the failure of which to obtain could reasonably be expected to have a Material Adverse Effect on VCP23 or Bayswater or materially impede the completion of the Business Combination, shall have been obtained;

(b) no temporary restraining order, preliminary injunction, permanent injunction or other order preventing the consummation of the Business Combination shall have been issued by any federal, state, or provincial court (whether domestic or foreign) having jurisdiction and remain in effect;

(c) the Subordinate Voting Shares to be issued pursuant to the Business Combination shall have been conditionally approved for listing on the CSE, subject to standard conditions on the Effective Date or as soon as practicable thereafter;

(d) on the Effective Date, no cease trade order or similar restraining order of any other provincial securities administrator relating to the Bayswater Shares, the Subordinate Voting Shares, the Multiple Voting Shares, the Super Voting Shares, the Finco Shares, the VCP23 membership units or the Amalco Shares shall be in effect;

(e) there shall not be pending or threatened any suit, action or proceeding by any Governmental Entity, before any court or Governmental Authority, agency or tribunal, domestic or foreign, that has a significant likelihood of success, seeking to restrain or prohibit the consummation of the Business Combination or any of the other transactions contemplated by this Agreement or seeking to obtain from Bayswater, Bayswater Subco or Finco any damages that are material in relation to Bayswater, Bayswater Subco and Finco and their subsidiaries taken as a whole;

(f) the distribution of Amalco Shares, Subordinate Voting Shares, Multiple Voting Share and Super Voting Shares pursuant to the Business Combination shall be exempt from the prospectus and registration requirements of applicable Canadian Securities Law either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian Securities Laws and shall not be subject to resale restrictions under applicable Canadian Securities Laws (other than as applicable to control persons) or pursuant to section 2.6 of National Instrument 45-102 – *Resale of Securities of the Canadian Securities Administrators*); and

(g) this Agreement shall not have been terminated in accordance with its terms.

## ARTICLE VIII
## CLOSING

### *8.1 Closing*

The Closing shall take place at the offices of VCP23's counsel, Cassels Brock & Blackwell LLP at 11:00 a.m. (Toronto time) on the Effective Date or on such other date as VCP23and Bayswater may agree.

### *8.2 Termination of this Agreement*

This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the Bayswater Subco Amalgamation Resolution by Bayswater or the matters set out in the Bayswater Circular by the Bayswater Shareholders or any other matters presented in connection with the Business Combination:

(a) by mutual written consent of the Parties;

(b) by Bayswater or VCP23 if there has been a breach of any of the representations, warranties, covenants and agreements on the part of the other Party (the "**Breaching**

**Party**") set forth in this Agreement, which breach has or is likely to result in the failure of the conditions set forth in Section 5.1, 6.1 or 7.1, as the case may, to be satisfied and in each case has not been cured within ten (10) Business Days following receipt by the Breaching Party of written notice of such breach from the non-breaching Party (the "**Non-Breaching Party**");

(c) by any Party if any permanent order, decree, ruling or other action of a court or other competent authority restraining, enjoining or otherwise preventing the consummation of the Business Combination shall have become final and non-appealable;

***8.3 Survival of Representations and Warranties; Limitation***

The representations and warranties set forth in herein shall expire and be terminated on the earlier of the Effective Date or the termination of this Agreement.

## ARTICLE IX
## MISCELLANEOUS

***9.1 Further Actions***

From time to time, as and when requested by any Party, the other Parties shall execute and deliver, and use all commercially reasonable efforts to cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as may be reasonably requested in order to:

(a) carry out the intent and purposes of this Agreement;

(b) effect the Amalgamation (or to evidence the foregoing); and

(c) consummate and give effect to the other transactions, covenants and agreements contemplated by this Agreement.

***9.2 Entire Agreement***

This Agreement, which includes the Schedules hereto and the other documents, agreements, and instruments executed and delivered pursuant to or in connection with this Agreement, contains the entire Agreement between the Parties with respect to matters dealt within herein and, except as expressly provided herein, supersedes all prior arrangements or understandings with respect thereto, including the Letter of Intent.

***9.3 Descriptive Headings***

The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

***9.4 Notices***

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by electronic mail, nationally recognized overnight courier, or registered or certified mail, postage prepaid, addressed as follows:

(a) If to Bayswater or Bayswater Subco:

Bayswater Uranium Corporation
999 Canada Place, Suite 545
Vancouver, BC V6C 3E1

Attention: Mark Gelmon
E-mail: gelmon@iocorporate.com

with a copy (which shall not constitute notice) to:

Owen Bird Law Corporation
Suite 2900 – 595 Burrard Street
Vancouver, BC V7X 1J5

Attention: Jeff Lightfoot
E mail: jlightfoot@owenbird.com

(b) If to VCP23, Finco or USCo:

325 W. Huron St.
Suite 412
Chicago, IL 60654

Attention: Bret Kravitz
E-mail: bkravitz@gtigrows.com

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza, 40 King Street West
Toronto, ON M5H 3C2

Attention: John Vettese
Email: jvettese@casselsbrock.com

Any such notices or communications shall be deemed to have been received: (i) if delivered personally or sent by nationally recognized overnight courier or by electronic mail, on the date of such delivery; or (ii) if sent by registered or certified mail, on the third Business Day following the date on which such mailing was postmarked. Any Party may by notice change the address to which notices or other communications to it are to be delivered or mailed.

***9.5 Governing Law***

This Agreement shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal laws of Canada applicable therein, but references to such laws shall not, by conflict of laws, rules or otherwise require application of the law of any jurisdiction other than the Province of British Columbia and the Parties hereby further irrevocably attorn to the jurisdiction of the Courts of the Province of British Columbia in respect of any matter arising hereunder or in connection with the transactions contemplated in this Agreement.

### *9.6 Enurement and Assignability*

This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns, provided that this Agreement shall not be assignable otherwise than by operation of law by any Party without the prior written consent of the other Parties, and any purported assignment by any Party without the prior written consent of the other Parties shall be void.

### *9.7 Confidentiality*

The Parties agree that no disclosure or announcement, public or otherwise, in respect of the Business Combination, this Agreement or the transactions contemplated herein shall be made by any Party or its representatives without the prior agreement of the other Parties as to timing, content and method, hereto, provided that the obligations herein will not prevent any Party from making, after consultation with the other Parties, such disclosure as its counsel advises is required by applicable Law or the rules and policies of the CSE, TSX-V (or any other relevant stock exchange). If any of Bayswater, VCP23, Finco, USCo or Bayswater Subco is required by applicable Law or regulatory instrument, rule or policy to make a public announcement with respect to the Business Combination, such Party hereto will provide as much notice to the other of them as reasonably possible, including the proposed text of the announcement.

Except as and only to the extent required by applicable Law, the Receiving Party will not disclose or use, and it will cause its representatives not to disclose or use, any Confidential Information furnished by a Disclosing Party or its representatives to the Receiving Party or its representatives at any time or in any manner, other than for the purposes of evaluating the Business Combination.

### *9.8 Remedies*

The Parties acknowledge that an award of money damages may be inadequate for any breach of the obligations undertaken by the Parties and that the Parties shall be entitled to seek equitable relief, in addition to remedies at law. In the event of any action to enforce the provisions of this Agreement, each of the Parties waive the defense that there is an adequate remedy at law. Without limiting any remedies any Party may otherwise have, in the event any Party refuses to perform its obligations under this Agreement, the other Party shall have, in addition to any other remedy at law or in equity, the right to specific performance.

### *9.9 Waivers and Amendments*

Any waiver of any term or condition of this Agreement, or any amendment or supplementation of this Agreement, shall be effective only if in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit, or waive a Party’s rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

### *9.10 Illegalities*

In the event that any provision contained in this Agreement shall be determined to be invalid, illegal, or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and the remaining provisions of this Agreement shall not, at the election of the Party for whose benefit the provision exists, be in any way impaired.

***9.11 Currency***

Except as otherwise set forth herein, all references to amounts of money in this Agreement are to United States Dollars.

***9.12 Counterparts***

This Agreement may be executed in any number of counterparts by original or telefacsimile signature, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, bears the signatures of all the parties reflected hereon as signatories.

[REMAINDER OF THE AGREEMENT IS INTENTIONALLY BLANK]

**IN WITNESS WHEREOF,** the undersigned have executed and delivered this Agreement as of the day and year first above written.

**BAYSWATER URANIUM CORPORATION**

By: _____
Name:
Title:

**GTI FINCO INC.**

By: _____
Name:
Title:

**VCP23, LLC**

By: _____
Name:
Title:

**1165318 B.C. LTD.**

By: _____
Name:
Title:

**GTI23, INC.**

By: _____
Name:
Title:

**IN WITNESS WHEREOF,** the undersigned have executed and delivered this Agreement as of the day and year first above written.

**BAYSWATER URANIUM CORPORATION**

By: _____
Name:
Title:

**GTI FINCO INC.**

By: /s/ Anthony Georgiadis
Name: Anthony Georgiadis
Title: President

**VCP23, LLC**

By: /s/ Ben Kovler
Name: Ben Kovler
Title: Chairman

**1165318 B.C. LTD.**

By: _____
Name:
Title:

**GTI23, INC.**

By: /s/ Ben Kovler
Name: Ben Kovler
Title: President

**IN WITNESS WHEREOF,** the undersigned have executed and delivered this Agreement as of the day and year first above written.

**BAYSWATER URANIUM CORPORATION**

By: _____
Name:
Title:

**GTI FINCO INC.**

By: _____
Name:
Title:

**VCP23, LLC**

By: _____
Name:
Title:

**1165318 B.C. LTD.**

By: /s/ Mark Gelmon
Name: Mark Gelmon
Title: Director

**GTI23, INC.**

By: _____
Name:
Title:

**SCHEDULE A**
**DEFINITIONS**

"**Advisers**" when used with respect to any Person, shall mean such Person's directors, officers, employees, representatives, agents, counsel, accountants, advisers, engineers, and consultants.

"**Affiliate**" has the meaning ascribed to such term in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.

"**Agreement**" means this Business Combination Agreement, as it may be amended or supplemented at any time and from time to time after the date hereof.

"**Amalco**" means the corporation resulting from Amalgamation.

"**Amalco Shares**" means common shares in the capital of Amalco.

"**Amalgamation**" means an amalgamation of Bayswater Subco and Finco pursuant to Section 269 of the BCBCA, on the terms and subject to the conditions set out in the Amalgamation Agreement and this Agreement, subject to any amendments or variations thereto made in accordance with the provisions of the Amalgamation Agreement and this Agreement.

"**Amalgamation Agreement**" means the amalgamation agreement in the form attached hereto as Schedule B to be entered into between Bayswater Subco and Finco pursuant to Section 269 of the BCBCA, to effect the Amalgamation.

"**Amalgamation Application**" means the Form 13 to be jointly completed and filed by Bayswater and Finco with the Registrar of Companies under the BCBCA, substantially in the form set forth in Schedule B hereto giving effect to the Amalgamation of Bayswater Subco and Finco upon and subject to the terms of this Agreement.

"**Associate**" has the meaning ascribed to such term in the *Securities Act* (British Columbia).

"**Bayswater**" means Bayswater Uranium Corporation, a corporation existing under the BCBCA.

"**Bayswater Circular**" means the management information circular of Bayswater dated May 11, 2018 in respect of a special meeting of shareholders to be held on June 11, 2018, as the same may be amended or supplemented in accordance with this agreement from time to time.

"**Bayswater Compensation Options**" means options to acquire securities of Baywsater to be issued to former holders of Finco Compensation Options, which options will be substantially on the same terms and conditions as the Finco Compensation Options except for the right to receive Subordinate Voting Shares in lieu of common shares of Finco upon, among other things, payment of the applicable exercise price.

"**Bayswater Group**" means and includes Bayswater, Bayswater Subco and the other Bayswater Group Members.

"**Bayswater Group Member**" means and includes Bayswater and any corporation, partnership or company in which Bayswater beneficially owns or controls, directly or indirectly, more than 50% of the equity, voting rights, profit interest, capital or other similar interest thereof or any joint venture in which Bayswater has a direct or indirect interest.

"**Bayswater Meeting**" means the special meeting of the Bayswater Shareholders to be held to approve the matters set out in the Bayswater Circular and any and all adjournments or postponements of such meeting.

"**Bayswater Securities Documents**" has the meaning ascribed to such term in Section 4.4(a).

"**Bayswater Shareholders**" means the holders of Bayswater Shares.

"**Bayswater Shares**" means the common shares in the capital of Bayswater prior to giving effect to the Consolidation and the Reclassification.

"**Bayswater Subco**" means 1165318 B.C. Ltd., a wholly-owned subsidiary of Bayswater, created for the purpose of effecting the Business Combination.

"**Bayswater Subco Amalgamation Resolution**" means the resolution of Bayswater, as sole shareholder of Bayswater Subco, approving the Amalgamation and adopting the Amalgamation Agreement.

"**Bayswater Subco Shares**" means the common shares in the capital of Bayswater Subco.

"**BCBCA**" means the *Business Corporations Act* (British Columbia) as amended;

"**Breaching Party**" has the meaning ascribed to such term in Section 8.2(b).

"**Business Combination**" means the completion of the steps set out in Article 1 on the basis set out in this Agreement.

"**Business Day**" means any day other than a Saturday or Sunday or other day on which Canadian Chartered Banks located in the City of Vancouver or the City of Toronto are required or permitted to close.

"**Canadian Securities Laws**" means the *Securities Act* (or equivalent legislation) in each of the provinces and territories of Canada and the respective regulations under such legislation together with applicable published rules, regulations, policy statements, national instruments and memoranda of understanding of the Canadian Provincial Securities Administrators and the securities regulatory authorities in such provinces and territories.

"**Certificate of Amalgamation**" means the certificate of amalgamation to be used by the Registrar of Companies under the BCBCA pursuant to section 281 of the BCBCA following the following the filing of the Amalgamation Application.

"**Class A Shares**" means the class A shares of stock in the capital of USCo.

"**Class B Shares**" means the class B shares of stock in the capital of USCo.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Confidential Information**" means any information concerning the Disclosing Party or its business, properties and assets made available to the Receiving Party; provided that it does not include information which: (a) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party or pursuant to a breach of Section 9.7 by the Receiving Party; (b) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that, to the reasonable knowledge of the Receiving Party, such source was not bound by a duty of confidentiality to the Disclosing Party or

another party with respect to such information; (c) is developed by the Receiving Party independently of any disclosure by the Disclosing Party; or (d) was in the Receiving Party's possession prior to its disclosure by the Disclosing Party.

"**Consolidation**" means the consolidation of the Bayswater Shares on the basis of one Subordinate Voting Share for each 368 existing Bayswater Shares.

"**Contract**" means any contract, lease, agreement, instrument, license, commitment, order, or quotation, written or oral.

"**CSE**" means the Canadian Securities Exchange.

"**Disclosing Party**" means any Party or its representatives disclosing Confidential Information to the Receiving Party.

"**Effective Date**" has the meaning ascribed to such term in Section 1.7(e).

"**Effective Time**" means the time of filing of the Amalgamation Application with the British Columbia Registrar of Companies under the BCBCA on the Effective Date.

"**Employee Plans**" means all plans, arrangements, agreements, programs, policies or practices, whether oral or written, formal or informal, funded or unfunded, maintained for employees, including, without limitation:

(a) any employee benefit plan or material fringe benefit plan;

(b) any retirement savings plan, pension plan or compensation plan, including, without limitation, any defined benefit pension plan, defined contribution pension plan, group registered retirement savings plan or supplemental pension or retirement income plan;

(c) any bonus, profit sharing, deferred compensation, incentive compensation, stock compensation, stock purchase, hospitalization, health, drug, dental, legal disability, insurance (including without limitation unemployment insurance), vacation pay, severance pay or other benefit plan, arrangement or practice with respect to employees or former employees, individuals working on contract, or other individuals providing services of a kind normally provided by employees; and

(d) where applicable, all statutory plans, including, without limitation, the Canada or Québec Pension Plans.

"**Encumbrance**" includes any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, adverse claim, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

"**Environmental Laws**" means Laws regulating or pertaining to the generation, discharge, emission or release into the environment (including without limitation ambient air, surface water, groundwater or land), spill, receiving, handling, use, storage, containment, treatment, transportation, shipment, disposition or remediation or clean-up of any Hazardous Substance, as such Laws are amended and in effect as of the date hereof.

"**Financing**" means the private placement of Subscription Receipts prior to the Effective Date.

"**Finco Compensation Options**" means options to acquire securities of Finco granted to certain agents as compensation pursuant to the Financing.

"**Finco Shareholders**" means the holders of the issued and outstanding Finco Shares.

"**Finco Shares**" means the common shares in the capital of Finco.

"**Government**" means:

(a) the government of Canada, the United States or any other foreign country;

(b) the government of any Province, State, county, municipality, city, town, or district of Canada, the United States or any other foreign country; and

(c) any ministry, agency, department, authority, commission, administration, corporation, bank, court, magistrate, tribunal, arbitrator, instrumentality, or political subdivision of, or within the geographical jurisdiction of, any government described in the foregoing clauses (a) and (b), and for greater certainty, includes the TSX-V and the CSE.

"**Government Official**" means:

(a) any official, officer, employee, or representative of, or any person acting in an official capacity for or on behalf of, any Governmental Authority;

(b) any salaried political party official, elected member of political office or candidate for political office; or

(c) any company, business, enterprise or other entity owned or controlled by any person described in the foregoing clauses.

"**Governmental**" means pertaining to any Government.

"**Governmental Authority**" means and includes, without limitation, any Government or other political subdivision of any Government, judicial, public or statutory instrumentality, court, tribunal, commission, board, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question and, for greater certainty, includes the TSX-V.

"**Group Member**" means and includes any Party and its other group members as the context requires.

"**Hazardous Substance**" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including hydrogen sulphide, arsenic, cadmium, copper, lead, mercury, petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material, substance, pollutant or contaminant regulated or defined pursuant to, or that could result in liability under, any applicable Environmental Law.

"**IFRS**" means International Financial Reporting Standards.

"**ITA**" means the *Income Tax Act* (Canada), as amended and all regulations thereunder.

"**Income Tax**" means any Tax based on or measured by income (including without limitation, based on net income, gross income, income as specifically defined, earnings, profits or selected items of income,

earnings or profits); and any interest, penalties and additions to tax with respect to any such tax (or any estimate or payment thereof).

"**Intellectual Property**" means all rights to and interests in:

(a) all business and trade names, logos and designs, brand names and slogans Related to the Business; and

(b) all inventions, improvements, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application), industrial designs and applications for registration of industrial designs Related to the Business.

"**knowledge of VCP23**" means the actual knowledge of Ben Kovens, Peter Kadens and Anthony Georgiadis, without additional inquiry.

"**Law**" means any of the following of, or issued by, any Government, in effect on or prior to the date hereof, including any amendment, modification or supplementation of any of the following from time to time subsequent to the original enactment, adoption, issuance, announcement, promulgation or granting thereof and prior to the date hereof: any statute, law, act, ordinance, code, rule or regulation of any writ, injunction, award, decree, judgment or order.

"**Letter of Intent**" means the letter of intent, dated April 23, 2018, between VCP23 and Bayswater related to the Business Combination.

"**Liability**" of any Person means and include:

(a) any right against such Person to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured;

(b) any right against such Person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; and

(c) any obligation of such Person for the performance of any covenant or agreement (whether for the payment of money or otherwise).

"**Listing Statement**" means the listing statement of Bayswater to be prepared in accordance with the requirements of the CSE and filed with the CSE in connection with the Business Combination.

"**Material Adverse Change**" or "**Material Adverse Effect**" means, with respect to any Party any change, event, effect, occurrence or state of facts that has, or could reasonably be expected to constitute a material adverse change in respect of or to have a material adverse effect on, the business, properties, assets, liabilities (including contingent liabilities), results of operations or financial condition of the party and its subsidiaries, as applicable, taken as a whole. The foregoing shall not include any change or effects attributable to: (i) any matter that has been disclosed in writing to the other Party or any of its Advisers by a Party or any of its Advisers in connection with this Agreement; (ii) changes relating to general economic, political or financial conditions; or (iii) relating to the state of securities markets in general.

"**Multiple Voting Shares**" means the Multiple Voting Shares of Bayswater having the terms and conditions set out in Schedule C.

"**Name Change**" means the change of Bayswater's name to Green Thumb Industries Inc., or such other name designated by VCP23 and that is acceptable to the regulatory authorities.

"**New Bayswater Directors**" has the meaning ascribed to such term in Section 1.8.

"**New Bayswater Management**" has the meaning ascribed to such term in Section 1.8.

"**Non-Breaching Party**" has the meaning ascribed to such term in Section 8.2(b).

"**Parties**" and "**Party**" means the parties to this Agreement.

"**penalty**" means any civil or criminal penalty (including any interest thereon), fine, levy, lien, assessment, charge, monetary sanction or payment, or any payment in the nature thereof, of any kind, required to be made to any Government under any Law.

"**Person**" means any corporation, partnership, limited liability company or partnership, joint venture, trust, unincorporated association or organization, business, enterprise or other entity; any individual; and any Government.

"**Receiving Party**" means any Party or its representatives receiving Confidential Information from a Disclosing Party.

"**Reclassification**" has the meaning ascribed to such term in Section 1.7(d).

"**Related to the Business**" means, directly or indirectly, used in, arising from, or relating in any manner to the business of Finco.

"**Share Exchange**" has the meaning ascribed to such term in the recitals to this Agreement.

"**Subordinated Voting Shares**" means the Subordinated Voting Shares into which the Bayswater Shares will be reclassified, having the terms and conditions set out in Schedule C.

"**Subscription Receipt Agreement**" means the subscription receipt agreement among Finco, VCP23, GMP Securities L.P., Cannacord Genuity Corp. and Odyssey Trust Company setting out the terms and conditions of the Subscription Receipts.

"**Subscription Receipts**" has the meaning ascribed to such term in Section 1.3.

"**subsidiary**" means, with respect to a specified corporation, any corporation of which more than fifty per cent (50%) of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified corporation, and shall include any corporation in like relation to a subsidiary.

"**Super Voting Shares**" means the Super Voting Shares of Bayswater having the terms and conditions set out in Schedule C.

"**Tax**" means any tax, levy, charge or assessment imposed by or due any Government, together with any interest, penalties, and additions to tax relating thereto, including without limitation, any of the following:

(a) any Income Tax;

(b) any franchise, sales, use and value added tax or any license or withholding tax; any payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, alternative or add-on minimum tax; and any customs duties or other taxes;

(c) any tax on property (real or personal, tangible or intangible, based on transfer or gains);

(d) any estimate or payment of any of tax described in the foregoing clauses (a) through (d); and

(e) any interest, penalties and additions to tax with respect to any tax (or any estimate or payment thereof) described in the foregoing clauses (a) through (e).

"**Tax Return**" means all returns, amended returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Tax authority with jurisdiction over the applicable party.

"**TSX-V**" means the TSX Venture Exchange.

**SCHEDULE B**
**AMALGAMATION AGREEMENT**

See Attached

# AMALGAMATION AGREEMENT

THIS AGREEMENT is made as of the 12th day of June 2018,

**BETWEEN:**

**GTI FINCO INC.,** a company incorporated under the laws of British Columbia

("**FINCO**")

**AND:**

**BAYSWATER URANIUM CORPORATION**, a company incorporated under the laws of British Columbia

("**Bayswater**")

**AND:**

**1165318 B.C. LTD.,** a company incorporated under the laws of British Columbia

("**Bayswater Subco**")

**WHEREAS**

A. Finco and Bayswater Subco (collectively, the "**Companies**"), acting under the authority set out in the *Business Corporations Act* (British Columbia) (the "**Act**"), have agreed to amalgamate on the terms and conditions set forth herein (the "**Amalgamation**"); and

B. Prior to the Amalgamation, (i) Bayswater is expected to change its name to "Green Thumb Industries Inc." or such other name designated by the board of directors of Bayswater, and (ii) Bayswater will restructure its share capital to, among other things, re-designate its existing common shares as Subordinate Voting Shares (the "Bayswater Shares"); and

C. Pursuant to the Amalgamation, Bayswater will issue Bayswater Shares to the holders of common shares of Finco (the "**Finco Shares**").

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual agreements, covenants and conditions contained in this Agreement, each of the parties covenants and agrees with the other as follows:

1. In this Agreement, the expression "**Amalgamated Company**" shall mean the company continuing from the Amalgamation.

2. Each of the Companies agrees to amalgamate under the provisions of the Act and to continue as one company under the terms and conditions set out in this Agreement.

3. The Amalgamated Company shall be a company under the provisions of the Act.

4. The name of the Amalgamated Company shall be 1165318 B.C. Ltd.

5. The Amalgamation Application (including the Notice of Articles of the Amalgamated Company) shall contain the information set out in Schedule 1 to this Agreement and the Articles of the Amalgamated Company shall be in the form set out in Schedule 2 to this Agreement, and the said Articles have been signed by the first director of the Amalgamated Company referred to in Section 7 of this Agreement.

6. The mailing and delivery addresses of the registered and records offices of the Amalgamated Company, until changed in accordance with the Act, shall be as set out in the Notice of Articles referred to in Section 5 of this Agreement.

7. The number of directors of the Amalgamated Company, until changed in accordance with the Act and the Articles of the Amalgamated Company, shall be one. The name and prescribed address of the first director of the Amalgamated Company is as follows:

| Full Name | Prescribed Address |
|---|---|
| Anthony Georgiadis | c/o GTI<br>325 W. Huron Street, Suite 412,<br>Chicago, Illinois, USA, 60654 |

8. The sole director shall hold office until he ceases to hold office as specified in the Act, or in the Articles of the Amalgamated Company. The sole director shall carry on and continue the operations of the Amalgamated Company in such manner as he shall determine, subject to and in accordance with the Articles of the Amalgamated Company and the Act.

9. The full name and office of the first officer of the Amalgamated Company is:

| Full Name | Office |
|---|---|
| Anthony Georgiadis | President |

10. The officer shall hold office at the pleasure of the sole director of the Amalgamated Company.

11. The issued shares of each of Finco and Bayswater Subco shall be exchanged as follows:

    (a) each outstanding Finco Share shall be exchanged for one Bayswater Share, following which such Finco Shares shall be cancelled;

    (b) Bayswater shall receive one common share of the Amalgamated Company (an "**Amalco Share**") for each one common share of Bayswater Subco (a "**Bayswater Subco Share**") held by Bayswater, following which all such Bayswater Subco Shares shall be cancelled; and

    (c) the Amalgamated Company shall issue to Bayswater one Amalco Share for each one Bayswater Share issued to the holders of Finco Shares.

12. After the Amalgamation becomes effective, the shareholders of Finco entitled to receive Bayswater Shares in exchange for their Finco Shares shall receive a certificate or electronic confirmation representing the number of Bayswater Shares to which they are so entitled on the basis set out herein.

13. The financial year-end of the Amalgamated Company shall be December 31, until changed by the directors of the Amalgamated Company.

14. All obligations of each of the Companies immediately prior to the Amalgamation shall attach to and become obligations of the Amalgamated Company, and the Amalgamated Company shall continue to be liable for all such obligations.

15. Each of the Companies may, by unanimous resolution, assent to any alteration or modification of this Agreement which may be necessary or desirable in the opinion of the respective shareholders, as the case may be, of each of the Companies passing such resolution, and all alterations and modifications so assented to shall be binding upon the Companies.

16. The Amalgamation shall take effect at the time of filing of the amalgamation application on the date set out in the certificate of amalgamation issued by the British Columbia Registrar of Companies (the "**Registrar**") if this Agreement has been adopted as required by the Act and all necessary filings have been made with the Registrar and at the records office of the Companies on or before such time, or at such later time and date as may be determined by the directors of the Companies when this Agreement has been adopted as required by the Act; provided, however, that if the respective directors of Finco or Bayswater Subco determine that it is in the best interests of the Companies, or any one of the Companies, or of the Amalgamated Company, not to proceed with the Amalgamation, then Finco or Bayswater Subco may, by written notice to the other, terminate this Agreement at any time prior to the Amalgamation, and in such event, the Amalgamation shall not take place notwithstanding the fact that this Agreement may have been adopted by the shareholders of the Companies. If this Agreement is not adopted by the shareholders of the Companies as required by the Act, this Agreement shall terminate and become null and void at such time as written notice to that effect is given by Finco or Bayswater Subco to the other.

17. If this Agreement is adopted by the shareholders of each of the Companies as required by the Act, the Companies agree that they will file with the Registrar the Amalgamation Application containing the information set out in Schedule 1 to this Agreement.

18. Each of the parties agrees to do, execute and deliver, and cause to be done, executed and delivered, all such further acts, deeds, documents and instruments as are necessary or desirable to give full force and effect to this Agreement.

[*Remainder of page intentionally left blank – signature page follows*]

IN WITNESS WHEREOF each of the parties has duly executed this Agreement the day and year first above written.

**GTI FINCO INC.**

/s/ Anthony Georgiadis
Authorized Signatory

**BAYSWATER URANIUM CORPORATION**

Authorized Signatory

**1165318 B.C. LTD.**

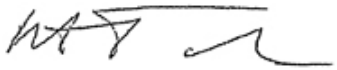
Authorized Signatory

IN WITNESS WHEREOF each of the parties has duly executed this Agreement the day and year first above written.

**GTI FINCO INC.**

Authorized Signatory

**BAYSWATER URANIUM CORPORATION**



Authorized Signatory

**1165318 B.C. LTD.**

Authorized Signatory

IN WITNESS WHEREOF each of the parties has duly executed this Agreement the day and year first above written.

**GTI FINCO INC.**

Authorized Signatory

**BAYSWATER URANIUM CORPORATION**

Authorized Signatory

**1165318 B.C. LTD.**

/s/ Mark Gelmon
Authorized Signatory

**SCHEDULE 1**

**AMALGAMATION APPLICATION**

*(see attached)*

**AMALGAMATION APPLICATION**

**FORM 13 – BC COMPANY**
Section 275 *Business Corporations Act*

BC Registry Services

Telephone: 1 877 526-1526
**www.bcregistryservices.gov.bc.ca**

**DO NOT MAIL THIS FORM to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca**

***Freedom of Information and Protection of Privacy Act (FOIPPA):***
Personal information provided on this form is collected, used and disclosed under the authority of the *FOIPPA* and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Executive Coordinator of the BC Registry Services at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

## A INITIAL INFORMATION – *When the amalgamation is complete, your company will be a BC limited company.*

What kind of company(ies) will be involved in this amalgamation?

*(Check all applicable boxes.)*

☑ BC company

☐ BC unlimited liability company

## B NAME OF COMPANY – *Choose **one** of the following:*

☐ The name _____ is the name reserved for the amalgamated company. The name reservation number is: _____,

***OR***

☐ The company is to be amalgamated with a name created by adding "B.C. Ltd." after the incorporation number,

***OR***

☑ The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

The name of the amalgamating company being adopted is:

1165318 B.C. Ltd.

The incorporation number of that company is: BC1165318

*Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.*

## C AMALGAMATION STATEMENT – *Please indicate the statement applicable to this amalgamation.*

☐ **With Court Approval:**
This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.

***OR***

☑ **Without Court Approval:**
This amalgamation has been effected without court approval. A copy of all of the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company's records office.

## D AMALGAMATION EFFECTIVE DATE – *Choose **one** of the following:*

☑ The amalgamation is to take effect at the time that this application is filed with the registrar.

☐ The amalgamation is to take effect at 12:01a.m. Pacific Time on being a date that is not more than ten days after the date of the filing of this application.

YYYY / MM / DD

☐ The amalgamation is to take effect at _____ ☐ a.m. or ☐ p.m. Pacific Time on being a date and time that is not more than ten days after the date of the filing of this application.

YYYY / MM / DD

## E AMALGAMATING CORPORATIONS

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

| NAME OF AMALGAMATING CORPORATION | BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC | FOREIGN CORPORATION'S JURISDICTION |
|---|---|---|
| 1. GTI Finco Inc. | BC1162415 | |
| 2. 1165318 B.C. Ltd. | BC1165318 | |
| 3. | | |
| 4. | | |
| 5. | | |

## F FORMALITIES TO AMALGAMATION

If any amalgamating corporation is a foreign corporation, section 275 (1)(b) requires an authorization for the amalgamation from the foreign corporation's jurisdiction to be filed.

☐ This is to confirm that each authorization for the amalgamation required under section 275(1)(b) is being submitted for filing concurrently with this application.

## G CERTIFIED CORRECT – I have read this form and found it to be correct.

This form must be signed by an authorized signing authority for each of the amalgamating companies as set out in Item E.

| | NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION | SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION | DATE SIGNED YYYY / MM / DD |
|---|---|---|---|
| 1. | | × | |
| 2. | NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION | SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION | DATE SIGNED YYYY / MM / DD |
| | | × | |
| 3. | NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION | SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION | DATE SIGNED YYYY / MM / DD |
| | | × | |
| 4. | NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION | SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION | DATE SIGNED YYYY / MM / DD |
| | | × | |
| 5. | NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION | SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION | DATE SIGNED YYYY / MM / DD |
| | | × | |

**NOTICE OF ARTICLES**

## A NAME OF COMPANY

Set out the name of the company as set out in Item B of the Amalgamation Application.

## B TRANSLATION OF COMPANY NAME

Set out every translation of the company name that the company intends to use outside of Canada.

## C DIRECTOR NAME(S) AND ADDRESS(ES)

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

| LAST NAME | FIRST NAME | MIDDLE NAME |
|---|---|---|
| Georgiadis | Anthony | |

| | PROVINCE/STATE | COUNTRY | POSTAL CODE/ZIP CODE |
|---|---|---|---|
| DELIVERY ADDRESS: c/o GTI, 325 W. Huron Street, Suite 412, Chicago, | Illinois | USA | 60654 |
| MAILING ADDRESS: c/o GTI, 325 W. Huron Street, Suite 412, Chicago, | Illinois | USA | 60654 |

| LAST NAME | FIRST NAME | MIDDLE NAME |
|---|---|---|
| | | |

| | PROVINCE/STATE | COUNTRY | POSTAL CODE/ZIP CODE |
|---|---|---|---|
| DELIVERY ADDRESS | | | |
| MAILING ADDRESS | | | |

| LAST NAME | FIRST NAME | MIDDLE NAME |
|---|---|---|
| | | |

| | PROVINCE/STATE | COUNTRY | POSTAL CODE/ZIP CODE |
|---|---|---|---|
| DELIVERY ADDRESS | | | |
| MAILING ADDRESS | | | |

| LAST NAME | FIRST NAME | MIDDLE NAME |
|---|---|---|
| | | |

| | PROVINCE/STATE | COUNTRY | POSTAL CODE/ZIP CODE |
|---|---|---|---|
| DELIVERY ADDRESS | | | |
| MAILING ADDRESS | | | |

## D REGISTERED OFFICE ADDRESSES

| DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE | PROVINCE | POSTAL CODE |
|---|---|---|
| 2200 HSBC Building, 885 West Georgia Street, Vancouver, | **BC** | V6C 3E8 |

| MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE | PROVINCE | POSTAL CODE |
|---|---|---|
| 2200 HSBC Building, 885 West Georgia Street, Vancouver, | **BC** | V6C 3E8 |

## E RECORDS OFFICE ADDRESSES

| DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE | PROVINCE | POSTAL CODE |
|---|---|---|
| 2200 HSBC Building, 885 West Georgia Street, Vancouver, | **BC** | V6C 3E8 |

| MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE | PROVINCE | POSTAL CODE |
|---|---|---|
| 2200 HSBC Building, 885 West Georgia Street, Vancouver, | **BC** | V6C 3E8 |

## F AUTHORIZED SHARE STRUCTURE

| Identifying name of class or series of shares | Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number. | | Kind of shares of this class or series of shares. | | | Are there special rights or restrictions attached to the shares of this class or series of shares? | |
|---|---|---|---|---|---|---|---|
| | THERE IS NO MAXIMUM (**ü**) | MAXIMUM NUMBER OF SHARES AUTHORIZED | WITHOUT PAR VALUE (**ü**) | WITH A PAR VALUE OF ($) | Type of currency | YES (**ü**) | NO (**ü**) |
| Common | **ü** | | **ü** | | | | |
| | | | | | | | |
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| | | | | | | | |

**SCHEDULE 2**

**ARTICLES**

***(see attached)***

***Incorporation number:*** _____

**ARTICLES**

**of**

**1165318 B.C. Ltd.**

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**ARTICLES**
**of**
**1165318 B.C. Ltd.**

**(the "Company")**

The Company will have as its Articles on amalgamation the following Articles.

**Full name and signature of director** **Date of Signing**

_____, 2018

## 1. INTERPRETATION

### 1.1. Definitions

In these Articles, unless the context otherwise requires:

(1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;

(2) "Business Corporations Act" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(3) "Interpretation Act" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(4) "legal personal representative" means the personal or other legal representative of a shareholder;

(5) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

(6) "seal" means the seal of the Company, if any.

### 1.2. Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the Business Corporations Act and the definitions and rules of construction in the Interpretation Act, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the Business Corporations Act and a definition or rule in the Interpretation Act relating to a term used in these Articles, the definition in the Business Corporations Act will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the Business Corporations Act, the Business Corporations Act will prevail.

## 2. SHARES AND SHARE CERTIFICATES

### 2.1. Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

### 2.2. Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the Business Corporations Act.

### 2.3. Shareholder Entitled to Certificate or Acknowledgement

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgement of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement and delivery of a share certificate or an acknowledgement to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

### 2.4. Delivery by Mail

Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

### 2.5. Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgement, as the case may be, and on such other terms, if any, as they think fit:

(1) order the share certificate or acknowledgement, as the case may be, to be cancelled; and

(2) issue a replacement share certificate or acknowledgement, as the case may be.

### 2.6. Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgement

If a share certificate or a non-transferable written acknowledgement of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgement, as the case may be, must be issued to the person entitled to that share certificate or acknowledgement, as the case may be, if the directors receive:

(1) proof satisfactory to them that the share certificate or acknowledgement is lost, stolen or destroyed; and

(2) any indemnity the directors consider adequate.

**2.7. Splitting Share Certificates**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

**2.8. Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the Business Corporations Act, determined by the directors.

**2.9. Recognition of Trusts**

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

**3. ISSUE OF SHARES**

**3.1. Directors Authorized**

Subject to the Business Corporations Act and the rights, if any, of the holders of issued shares of the Company, the Company may allot, issue, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

**3.2. Commissions and Discounts**

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

**3.3. Brokerage**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

**3.4. Conditions of Issue**

Except as provided for by the Business Corporations Act, no share may be issued until it is fully paid. A share is fully paid when:

(1) consideration is provided to the Company for the issue of the share by one or more of the following:

(a) past services performed for the Company;

(b) property;

(c) money; and

(2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

**3.5. Share Purchase Warrants and Rights**

Subject to the Business Corporations Act, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

**4. SHARE REGISTERS**

**4.1. Central Securities Register**

As required by and subject to the Business Corporations Act, the Company must maintain a central securities register in British Columbia. The directors may, subject to the Business Corporations Act, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

**4.2. Closing Register**

The Company must not at any time close its central securities register.

**5. SHARE TRANSFERS**

**5.1. Registering Transfers**

A transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

(1) a duly signed instrument of transfer in respect of the share;

(2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;

(3) if a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgement; and

(4) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

**5.2. Form of Instrument of Transfer**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

**5.3. Transferor Remains Shareholder**

Except to the extent that the Business Corporations Act otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

**5.4. Signing of Instrument of Transfer**

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgements deposited with the instrument of transfer:

(1) in the name of the person named as transferee in that instrument of transfer; or

(2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

**5.5. Enquiry as to Title Not Required**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgement of a right to obtain a share certificate for such shares.

**5.6. Transfer Fee**

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

## 6. TRANSMISSION OF SHARES

### 6.1. Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

### 6.2. Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the Business Corporations Act and the directors have been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

## 7. PURCHASE OF SHARES

### 7.1. Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the Business Corporations Act, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

### 7.2. Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(1) the Company is insolvent; or

(2) making the payment or providing the consideration would render the Company insolvent.

### 7.3. Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(1) is not entitled to vote the share at a meeting of its shareholders;

(2) must not pay a dividend in respect of the share; and

(3) must not make any other distribution in respect of the share.

**8. BORROWING POWERS**

The Company, if authorized by the directors, may:

(1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

(2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

**9. ALTERATIONS**

**9.1. Alteration of Authorized Share Structure**

Subject to Article 9.2 and the Business Corporations Act, the Company may by special resolution:

(1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(4) if the Company is authorized to issue shares of a class of shares with par value:

  (a) decrease the par value of those shares; or

  (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(6) alter the identifying name of any of its shares; or

(7) otherwise alter its shares or authorized share structure when required or permitted to do so by the Business Corporations Act;

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly.

**9.2. Special Rights and Restrictions**

Subject to the Business Corporations Act, the Company may by special resolution:

(1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

and alter its Articles and Notice of Articles accordingly.

**9.3. Change of Name**

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name and may by ordinary resolution or directors' resolution adopt or change any translation of that name.

**9.4. Other Alterations**

If the Business Corporations Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

**10. MEETINGS OF SHAREHOLDERS**

**10.1. Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the Business Corporations Act, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

**10.2. Resolution Instead of Annual General Meeting**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

**10.3. Calling and Location of Meetings of Shareholders**

The directors may, at any time, call a meeting of shareholders. The location of a meeting of shareholders shall be determined by the directors and may be within or outside British Columbia.

**10.4. Notice for Meetings of Shareholders**

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

**10.5. Record Date for Notice**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

**10.6. Record Date for Voting**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

**10.7. Failure to Give Notice and Waiver of Notice**

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or may agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting, unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**10.8. Notice of Special Business at Meetings of Shareholders**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(1) state the general nature of the special business; and

(2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

(b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

**10.9. Notice of Dissent Rights**

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

**11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

**11.1. Special Business**

At a meeting of shareholders, the following business is special business:

(1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(2) at an annual general meeting, all business is special business except for the following:

(a) business relating to the conduct of or voting at the meeting;

(b) consideration of any financial statements of the Company presented to the meeting;

(c) consideration of any reports of the directors or auditor;

(d) the setting or changing of the number of directors;

(e) the election or appointment of directors;

(f) the appointment of an auditor;

(g) the setting of the remuneration of an auditor;

(h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

(i) any other business which, under these Articles or the Business Corporations Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

**11.2. Special Majority**

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

**11.3. Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares and to Article 11.4, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

**11.4. One Shareholder May Constitute Quorum**

If there is only one shareholder entitled to vote at a meeting of shareholders:

(1) the quorum is one person who is, or who represents by proxy, that shareholder, and

(2) that shareholder, present in person or by proxy, may constitute the meeting.

**11.5. Persons Entitled to Attend Meeting**

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the Business Corporations Act or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

**11.6. Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

**11.7. Lack of Quorum**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

**11.8. Lack of Quorum at Succeeding Meeting**

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

**11.9. Chair**

The following individual is entitled to preside as chair at a meeting of shareholders:

(1) the chair of the board, if any; or

(2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

**11.10. Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

**11.11. Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

**11.12. Notice of Adjourned Meeting**

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

**11.13. Decisions by Show of Hands or Poll**

Subject to the Business Corporations Act, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of

the result of the vote by show of hands, is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

**11.14. Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

**11.15. Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

**11.16. Casting Vote**

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

**11.17. Manner of Taking Poll**

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

(1) the poll must be taken:

(a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(b) in the manner, at the time and at the place that the chair of the meeting directs;

(2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(3) the demand for the poll may be withdrawn by the person who demanded it.

**11.18. Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

**11.19. Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

**11.20. Casting of Votes**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

**11.21. No Demand for Poll on Election of Chair**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

**11.22. Demand for Poll Not to Prevent Continuance of Meeting**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

**11.23. Retention of Ballots and Proxies**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

**12. VOTES OF SHAREHOLDERS**

**12.1. Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

**12.2. Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

**12.3. Votes by Joint Holders**

If there are joint shareholders registered in respect of any share:

(1) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(2) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

**12.4. Legal Personal Representatives as Joint Shareholders**

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

**12.5. Representative of a Corporate Shareholder**

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint an individual person to act as its representative at any meeting of shareholders of the Company, and:

(1) for that purpose, the instrument appointing a representative must be received:

(a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or

(b) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;

(2) if a representative is appointed under this Article 12.5:

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

**12.6. Proxy Provisions Do Not Apply to All Companies**

If and for so long as the Company is a public company Articles 12.7 to 12.15 apply only insofar as they are not inconsistent with any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and insofar as they are not inconsistent with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.

**12.7. Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

**12.8. Alternate Proxy Holders**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

**12.9. When Proxy Holder Need Not Be Shareholder**

If and for so long as the Company is not a public company, a person may only be appointed as a proxy holder if the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;

(2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or

(3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

**12.10. Deposit of Proxy**

A proxy for a meeting of shareholders must:

(1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or

(2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

**12.11. Validity of Proxy Vote**

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or

(2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

**12.12. Form of Proxy**

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

*[name of company]*
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

_____
Signed *[*month, day, year*]*

_____
*[Signature of shareholder]*

_____
*[Name of shareholder-printed]*

**12.13. Revocation of Proxy**

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is received:

(1) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or

(2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

**12.14. Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.13 must be signed as follows:

(1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

**12.15. Production of Evidence of Authority to Vote**

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

**13. DIRECTORS**

**13.1. First Directors; Number of Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Business Corporations Act. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;

(2) if the Company is a public company, the greater of three and the most recently set of:

(a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4;

(3) if the Company is not a public company, the most recently set of:

(a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4.

**13.2. Change in Number of Directors**

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

(1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

(2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may, subject to Article 14.8, appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

**13.3. Directors' Acts Valid Despite Vacancy**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

**13.4. Qualifications of Directors**

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the Business Corporations Act to become, act or continue to act as a director.

**13.5. Remuneration of Directors**

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

**13.6. Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

**13.7. Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

**13.8. Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

**14. ELECTION AND REMOVAL OF DIRECTORS**

**14.1. Election at Annual General Meeting**

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

**14.2. Consent to be a Director**

No election, appointment or designation of an individual as a director is valid unless:

(1) that individual consents to be a director in the manner provided for in the Business Corporations Act;

(2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(3) with respect to first directors, the designation is otherwise valid under the Business Corporations Act.

**14.3. Failure to Elect or Appoint Directors**

If:

(1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the Business Corporations Act; or

(2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(3) when his or her successor is elected or appointed; and

(4) when he or she otherwise ceases to hold office under the Business Corporations Act or these Articles.

**14.4. Places of Retiring Directors Not Filled**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

**14.5. Directors May Fill Casual Vacancies**

Any casual vacancy occurring in the board of directors may be filled by the directors.

**14.6. Remaining Directors' Power to Act**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of

directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the Business Corporations Act, for any other purpose.

**14.7. Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

**14.8. Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

**14.9. Ceasing to be a Director**

A director ceases to be a director when:

(1) the term of office of the director expires;

(2) the director dies;

(3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(4) the director is removed from office pursuant to Articles 14.10 or 14.11.

**14.10. Removal of Director by Shareholders**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

**14.11. Removal of Director by Directors**

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a

director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

## 15. ALTERNATE DIRECTORS

### 15.1. Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

### 15.2. Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

### 15.3. Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

(1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;

(2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

(3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;

(4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

### 15.4. Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

### 15.5. Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

**15.6. Revocation of Appointment of Alternate Director**

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

**15.7. Ceasing to be an Alternate Director**

The appointment of an alternate director ceases when:

(1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

(2) the alternate director dies;

(3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;

(4) the alternate director ceases to be qualified to act as a director; or

(5) his or her appointor revokes the appointment of the alternate director.

**15.8. Remuneration and Expenses of Alternate Director**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

**16. POWERS AND DUTIES OF DIRECTORS**

**16.1. Powers of Management**

The directors must, subject to the Business Corporations Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Business Corporations Act or by these Articles, required to be exercised by the shareholders of the Company.

**16.2. Appointment of Attorney of Company**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

## 17. INTERESTS OF DIRECTORS AND OFFICERS

### 17.1. Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the Business Corporations Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Business Corporations Act.

### 17.2. Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

### 17.3. Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

### 17.4. Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Business Corporations Act.

### 17.5. Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

### 17.6. No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

### 17.7. Professional Services by Director or Officer

Subject to the Business Corporations Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

**17.8. Director or Officer in Other Corporations**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Business Corporations Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

## 18. PROCEEDINGS OF DIRECTORS

**18.1. Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

**18.2. Voting at Meetings**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

**18.3. Chair of Meetings**

The following individual is entitled to preside as chair at a meeting of directors:

(1) the chair of the board, if any;

(2) in the absence of the chair of the board, the president, if any, if the president is a director; or

(3) any other director chosen by the directors if:

(a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

(b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

(c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

**18.4. Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the directors or of any committee of the directors:

(1) in person;

(2) by telephone; or

(3) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all the directors participating in the meeting, whether in person, by telephone or by other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the Business Corporations Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

**18.5. Calling of Meetings**

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

**18.6. Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

**18.7. When Notice Not Required**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

(1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(2) the director or alternate director, as the case may be, has waived notice of the meeting.

**18.8. Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

**18.9. Waiver of Notice of Meetings**

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting, unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**18.10. Quorum**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

**18.11. Validity of Acts Where Appointment Defective**

Subject to the Business Corporations Act, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

**18.12. Consent Resolutions in Writing**

A resolution of the directors or of any committee of the directors may be passed without a meeting:

(1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

(2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article may be by signed document, fax, e-mail or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Business Corporations Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

**19. EXECUTIVE AND OTHER COMMITTEES**

**19.1. Appointment and Powers of Executive Committee**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(1) the power to fill vacancies in the board of directors;

(2) the power to remove a director;

(3) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

**19.2. Appointment and Powers of Other Committees**

The directors may, by resolution:

(1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) the power to appoint or remove officers appointed by the directors; and

(3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

**19.3. Obligations of Committees**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

(1) conform to any rules that may from time to time be imposed on it by the directors; and

(2) report every act or thing done in exercise of those powers at such times as the directors may require.

**19.4. Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(2) terminate the appointment of, or change the membership of, the committee; and

(3) fill vacancies in the committee.

**19.5. Committee Meetings**

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) the committee may meet and adjourn as it thinks proper;

(2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(3) a majority of the members of the committee constitutes a quorum of the committee; and

(4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

**20. OFFICERS**

**20.1. Directors May Appoint Officers**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

**20.2. Functions, Duties and Powers of Officers**

The directors may, for each officer:

(1) determine the functions and duties of the officer;

(2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

**20.3. Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the Business Corporations Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

**20.4. Remuneration and Terms of Appointment**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

**21. INDEMNIFICATION**

**21.1. Definitions**

In this Article 21:

(1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

(a) is or may be joined as a party; or

(b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(3) "expenses" has the meaning set out in the Business Corporations Act.

**21.2. Mandatory Indemnification of Eligible Parties**

Subject to the Business Corporations Act, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

**21.3. Indemnification of Other Persons**

Subject to any restrictions in the Business Corporations Act, the Company may indemnify any person.

**21.4. Non-Compliance with Business Corporations Act**

The failure of a director, alternate director or officer of the Company to comply with the Business Corporations Act or these Articles or, if applicable, any former Companies Act or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part.

**21.5. Company May Purchase Insurance**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(1) is or was a director, alternate director, officer, employee or agent of the Company;

(2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

**22. DIVIDENDS**

**22.1. Payment of Dividends Subject to Special Rights**

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

**22.2. Declaration of Dividends**

Subject to the Business Corporations Act, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

**22.3. No Notice Required**

The directors need not give notice to any shareholder of any declaration under Article 22.2.

**22.4. Record Date**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

**22.5. Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

**22.6. Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(1) set the value for distribution of specific assets;

(2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(3) vest any such specific assets in trustees for the persons entitled to the dividend.

**22.7. When Dividend Payable**

Any dividend may be made payable on such date as is fixed by the directors.

**22.8. Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

**22.9. Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

**22.10. Dividend Bears No Interest**

No dividend bears interest against the Company.

**22.11. Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

**22.12. Payment of Dividends**

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

**22.13. Capitalization of Retained Earnings or Surplus**

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

**23. ACCOUNTING RECORDS**

**23.1. Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the Business Corporations Act.

**23.2. Inspection of Accounting Records**

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

## 24. NOTICES

### 24.1. Method of Giving Notice

Unless the Business Corporations Act or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the Business Corporations Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

(1) mail addressed to the person at the applicable address for that person as follows:

(a) for a record mailed to a shareholder, the shareholder's registered address;

(b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

(c) in any other case, the mailing address of the intended recipient;

(2) delivery at the applicable address for that person as follows, addressed to the person:

(a) for a record delivered to a shareholder, the shareholder's registered address;

(b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

(c) in any other case, the delivery address of the intended recipient;

(3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(4) sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class;

(5) physical delivery to the intended recipient.

### 24.2. Deemed Receipt

A notice, statement, report or other record that is:

(1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing;

(2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and

(3) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

**24.3. Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

**24.4. Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

**24.5. Notice to Legal Personal Representatives and Trustees**

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(1) mailing the record, addressed to them:

(a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

**24.6. Undelivered Notices**

If, on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

**25. SEAL**

**25.1. Who May Attest Seal**

Except as provided in Articles 25.2 and 25.3, the Company’s seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(1) any two directors;

(2) any officer, together with any director;

(3) if the Company only has one director, that director; or

(4) any one or more directors or officers or persons as may be determined by the directors.

**25.2. Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer, or the signature of any other person as may be determined by the directors.

**25.3. Mechanical Reproduction of Seal**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Business Corporations Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

**26. PROHIBITIONS**

**26.1. Application**

Article 26.2 does not apply to the Company if and for so long as it is a public company.

**26.2. Consent Required for Transfer of Shares or Designated Securities**

No securities of the Company other than non-convertible debt securities of the Company shall be transferred without the consent of the directors expressed by resolution and the directors shall not be required to give any reason for refusing to consent to any such transfer.

**Exhibit 10.2**

**CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.**

# MEMBERSHIP INTEREST PURCHASE AGREEMENT

by and among

**KHOD HOLDINGS, LLC,**

**GV HEALTH PARTNERS, LLC,**

**THE PERSONS LISTED ON EXHIBIT A HERETO,**

**GTI CORE, LLC,**

**GREEN THUMB INDUSTRIES INC.**

and

**THE OTHER PERSONS SIGNATORY HERETO**

dated as of

November 12, 2018

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**MEMBERSHIP INTEREST PURCHASE AGREEMENT**

This Membership Interest Purchase Agreement (this "**Agreement**"), dated as of November 13, 2018, is entered into among KHOD Holdings, LLC ("**KHOD**"), a Nevada limited liability company, and GV Health Partners, LLC ("**GV Health**") a Nevada limited liability company, ("**Sellers**" and each, a "**Seller**"), those Persons set forth on Exhibit A (the "**Members**" and, together with the Sellers, the "**Seller Parties**"), and GTI Core, LLC, a Delaware limited liability company ("**Buyer**"), and Green Thumb Industries Inc., a corporation incorporated under the laws of the Province of British Columbia ("**Parent**") and those other Persons signatory hereto.

**RECITALS**

WHEREAS, each Seller owns the percentage of the membership interest (the "**Company Interest**") of Integral Associates, LLC, a Nevada limited liability company (the "**Company**") and the percentage of the membership interest (the "**California Interest**", and, together with the Company Interest, the "**Interest**") of Integral Associates CA, LLC (the "**California Company**") as set forth by such Seller's name in the Allocation Schedule (as defined below) and, together, the Sellers own all of the outstanding Interest;

AND WHEREAS, as of the date hereof each Member owns the percentage of the membership interest of the applicable Sellers as set forth on Exhibit A hereto;

AND WHEREAS, as a condition to Closing (as defined below), the Company will complete the Cannabiotix Acquisition (as defined below) and, in connection therewith, Sagebrush CCLV, LLC, a Nevada limited liability company ("**Sagebrush**"), and Liquid Marketing, LLC, a Nevada limited liability company ("**Liquid Marketing**", and, together with Sagebrush, the "**Additional Sellers**") will become members of the Company and obtain the Acquisition Interest (as defined below) and, upon such issuance of such Acquisition Interest, the Additional Sellers will become parties hereto and each will be a Seller hereunder and each member of the Additional Sellers identified in Exhibit "A" will become a Member hereunder;

AND WHEREAS, the Sellers wish to sell to Buyer, and Buyer wishes to purchase from the Sellers, the Interest, on and subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I**
**DEFINITIONS**

**Section 1.01 Definitions.** The following terms have the meanings specified or referred to in this Article I:

"**Acquisition Interest**" means the Company Interest to be issued on completion of the Cannabiotix Acquisition.

"**Acquisition Proposal**" has the meaning set forth in Section 5.04(a).

"**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"**Additional Sellers**" has the meaning set forth in the recitals.

"**Adjusted EBITDA**" means, for any period, the aggregate net income before interest, income taxes, depreciation and amortization of the Company on a consolidated basis (including for certainty CCLV and its subsidiaries) and the California Company and its subsidiaries for such period, determined in accordance with GAAP, with adjustments to be agreed upon by the parties acting reasonably and in good faith, including non-recurring and extraordinary expenses.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by Contract or otherwise. For the avoidance of doubt, Affiliates of the Sellers include the Company Parties and Affiliates of the Company Parties and Affiliates of the Company includes the Company Parties.

"**Agreement**" has the meaning set forth in the preamble.

"**Alex**" means Alejandro Yemenidjian.

"**Allocation Schedule**" has the meaning set forth in Section 2.02.

"**Ancillary Documents**" means the Armen Employee Agreement, the Closing Indebtedness Certificate, the Interest Assignment and any other document required to be delivered by Seller Parties or Sellers' Representative pursuant to Section 7.02.

"**Antitrust Laws**" means the substantive antitrust or competition laws of any jurisdiction and any applicable laws requiring notification to any Government Authority responsible for enforcement of such substantive laws (including the HSR Act).

"**Appraisal**" has the meaning set forth in Section 2.09.

"**Armen**" means Armen Yemenidjian.

"**Armen Employment Agreement**" means the Employment Agreement between Armen and the Company, to be entered into at the Closing, which shall be for a term of not more than two years, and otherwise in form and substance approved by Buyer and Armen, each acting reasonably, which shall replace the existing Employment Agreement between Armen and the Company and shall release the Company of any term or condition thereunder.

"**Audited Financial Statements**" has the meaning set forth in Section 3.06.

"**Balance Sheet**" has the meaning set forth in Section 3.06.

"**Balance Sheet Date**" has the meaning set forth in Section 3.06.

"**Benefit Plan**" has the meaning set forth in Section 3.20(a).

"**Brian**" means Brian Greenspun.

"**Business Day**" means any day except Saturday, Sunday or any other day on which commercial banks located in Chicago, Illinois and Las Vegas, Nevada are authorized or required by Law to be closed for business; provided that, solely for purposes of Section 5.18, January 1, 2019 shall be deemed to be a Business Day.

"**Buyer**" has the meaning set forth in the preamble.

"**Buyer Indemnitees**" has the meaning set forth in Section 8.02.

"**Calculation Period**" means the twelve month period commencing the first day of the calendar month following Closing; provided that, if a Change of Control occurs prior to the end of such twelve-month period, then the Calculation Period shall end on the date that the Change of Control occurs.

"**California Company**" has the meaning set forth in the recitals.

"**California Interest**" has the meaning set forth in the recitals.

"**California Subsidiaries**" has the meaning set forth on Schedule 3.04.

"**Canadian Dollars or C$**" means the lawful currency of Canada.

"**Cannabiotix Acquisition**" means the acquisition of CCLV by the Company pursuant to the Cannabiotix Acquisition Agreement.

"**Cannabiotix Acquisition Agreement**" means that Integral Contribution Agreement by and among the Company, CCLV, CCLV Production LLC, Liquid Marketing, Sagebrush, KHOD and GV Health, dated October 18, 2018.

"**Cannabiotix Closing**" means the closing of the Cannabiotix Acquisition.

"**Cap**" has the meaning set forth in Section 8.04(a).

"**Carve-out Sellers**" has the meaning set forth in Section 5.08(f).

"**Cash Payment**" has the meaning set forth in Section 2.02(a)(i).

"**CCLV**" means CCLV Manufacturing Center, LLC, a Nevada limited liability company.

"**CCLV Subsidiaries**" has the meaning set forth in Section 3.04(c).

"**CERCLA**" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

"**Change of Control**" means any consolidation, amalgamation, arrangement, take-over bid, tender offer, business combination, merger, redemption, compulsory acquisition or similar transaction of or involving the GTI Shares, alone or as a series of related transactions pursuant to or as a result of which, (i) a party, alone or in concert with others, acquires such numbers of securities of Parent such that such party owns or controls all or substantially all of the votes attached to all of the outstanding securities of Parent, and (ii) holders of GTI Shares receive directly or indirectly cash, shares or other securities or property (or any combination thereof) with respect to or in exchange for GTI Shares.

"**Change of Control Equivalent**" means cash, shares or other securities or property (or any combination thereof) which holders of GTI Shares receive directly or indirectly with respect to or in exchange for GTI Shares pursuant to or as a result of a Change of Control.

"**Closing**" has the meaning set forth in Section 2.05.

"**Closing Date**" has the meaning set forth in Section 2.05.

"**Closing Date Cash Payment**" has the meaning set forth in Section 2.04(a)(i).

"**Closing Indebtedness Certificate**" means a certificate executed by the Chief Financial Officer of the Company certifying on behalf of the Company an itemized list of all outstanding Indebtedness as of the open of business on the Closing Date and the Person to whom such outstanding Indebtedness is owed and an aggregate total of such outstanding Indebtedness.

"**Closing Working Capital**" means: (a) the Current Assets of the Company, less (b) the Current Liabilities of the Company, determined as of the open of business on the Closing Date.

"**Closing Working Capital Statement**" has the meaning set forth in Section 2.04(b)(i).

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Company**" has the meaning set forth in the recitals.

"**Company Information**" has the meaning set forth in Section 5.06.

"**Company Intellectual Property**" means all Intellectual Property that is owned by a Company Party.

"**Company Interest**" has the meaning set forth in the recitals.

"**Company IP Agreements**" means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, waivers, releases, permissions and other Contracts, whether written or oral, relating to Intellectual Property to which a Company Party is a party as licensee, but excluding all licenses for commercially available, off the shelf Software.

"**Company IP Registrations**" means all Company Intellectual Property that is subject to any issuance, registration or application by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including issued Patents, registered trademarks, domain names and Copyrights, and pending applications for any of the foregoing.

"**Company Parties**" means, collectively, the Company, the California Company and all Subsidiaries (including, for clarity, CCLV after the Cannabiotix Closing) and California Subsidiaries.

"**Company Systems**" has the meaning set forth in Section 3.12(h).

"**Confidential Information**" has the meaning set forth in Section 5.07.

"**Contracts**" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"**CSE**" means the Canadian Securities Exchange.

"**Current Assets**" means cash and cash equivalents, accounts receivable (including any receivables from Keff Time, LLC), inventory and prepaid expenses, but excluding (a) the portion of any prepaid expense of which Buyer will not receive the benefit following the Closing, (b) deferred Tax assets, (c) receivables from any of the Company's Affiliates, directors, employees, officers or members and any of their respective Affiliates (other than those expressly included above), and (d) receivables overdue by more than 90 days unless otherwise mutually agreed upon by the parties, all determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the historical financial statements of the Company.

"**Current Liabilities**" means Transaction Expenses, accounts payable (including any payables to Armenco Restaurant Group, LLC), accrued Taxes and accrued expenses, but excluding payables to any of the Company's Affiliates, directors, employees, officers or members and any of their respective Affiliates (other than those expressly included above and except if such payables constitute Transaction Expenses), deferred Tax Liabilities, and the current portion of any Indebtedness of the Company to any such parties, determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the historical financial statements of the Company.

"**Deductible**" has the meaning set forth in Section 8.04(a).

"**Direct Claim**" has the meaning set forth in Section 8.05(c).

"**Disclosure Schedules**" means the Disclosure Schedules delivered by Sellers and Buyer concurrently with the execution and delivery of this Agreement and further updated and delivered concurrently with the Closing.

"**Disputed Amounts**" has the meaning set forth in Section 2.04(c)(iii).

"**Dollars or $**" means the lawful currency of the United States.

"**Earn-out Adjusted EBITDA**" means the Adjusted EBITDA for the Calculation Period; provided that if the Calculation Period is less than twelve full months due to a Change of Control, the Adjusted EBITDA for the Calculation Period shall be annualized by dividing the Adjusted EBITDA for such period by the number of days in such period and multiplying the result thereof by 365.

"**Earn-out Calculation**" has the meaning set forth in Section 2.07(a)(ii)(A).

"**Earn-out Calculation Objection Notice**" has the meaning set forth in Section 2.07(a)(ii)(B).

"**Earn-out Calculation Statement**" has the meaning set forth in Section 2.07(a)(ii)(A).

"**Earn-out Payment**" has the meaning set forth in Section 2.07(a)(i).

"**Earn-out Review Period**" has the meaning set forth in Section 2.07(a)(ii)(B).

"**EBITDA Threshold**" means [***].

"**Encumbrance**" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"**Environmental Attributes**" means any emissions and renewable energy credits, energy conservation credits, benefits, offsets and allowances, emission reduction credits or words of similar import or regulatory effect (including emissions reduction credits or allowances under all applicable emission trading, compliance or budget programs, or any other federal, state or regional emission, renewable energy or energy conservation trading or budget program) that have been held, allocated to or acquired for the development, construction, ownership, lease, operation, use or maintenance of the Company as of: (i) the date of this Agreement; and (ii) future years for which allocations have been established and are in effect as of the date of this Agreement.

"**Environmental Claim**" means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging Liability of whatever kind or nature (including Liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages,

property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

"**Environmental Law**" means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Law" includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.; and Chapter 435A of the Nevada Administrative Code, to the extent it (a) relates to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerns the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. "Environmental Law" shall exclude the Controlled Substances Act, 21 U.S.C. § 801 et seq., and any US federal laws implicated by violating the Controlled Substance Act.

"**Environmental Notice**" means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

"**Environmental Permit**" means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"**ERISA Affiliate**" means all employers (whether or not incorporated) that would be treated together with the Company or any of its Affiliates as a "single employer" within the meaning of Section 414 of the Code or Section 4001 of ERISA.

"**Escrow Agent**" means TMI Trust Company.

"**Escrow Agreement**" means the Escrow Agreement to be entered into by Buyer, Parent, Sellers and Escrow Agent at the Closing, in form and substance agreed upon by all such parties, acting reasonably, and consistent with the terms set forth in this Agreement.

"**Escrow Fund**" means, together, the Escrow Fund Cash Portion and the Escrow Fund Share Portion, at the Closing, including thereafter any interest or other amounts earned thereon and less any disbursements therefrom in accordance with the Escrow Agreement following the Closing.

"**Escrow Fund Cash Portion**" means [***].

"**Escrow Fund Share Portion**" means [***].

"**Estimated Closing Working Capital**" has the meaning set forth in Section 2.04(a)(ii)

**Estimated Closing Working Capital Statement**" has the meaning set forth in Section 2.04(a)(ii).

"**Facility Compensation**" means [***].

"**Financial Statements**" has the meaning set forth in Section 3.06(a).

"**GAAP**" means United States generally accepted accounting principles in effect from time to time.

"**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"**Governmental Order**" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"**GTI Shares**" means subordinate voting shares of Parent or such other securities of Parent into which such GTI Shares are converted, exchanged, reclassified or otherwise changed from time to time.

"**GV Health**" has the meaning set forth in the preamble.

"**Hazardous Materials**" means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls. "Hazardous Materials" shall not include Cannabinoids or Terpenoids, as those terms are defined in Chapter 435A of the Nevada Administrative Code.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"**IFRS**" means International Financial Reporting Standards.

"**Indebtedness**" means, without duplication and with respect to the Company Parties, all (a) indebtedness for borrowed money; (b) obligations for the deferred purchase price of property or services (other than Current Liabilities taken into account in the calculation of Closing Working Capital), (c) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments; (d) obligations under any interest rate, currency swap or other hedging agreement or arrangement; (e) capital lease obligations; (f) reimbursement obligations under any letter of credit, banker's acceptance or similar credit transactions; (g) guarantees made by the Company on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (f) which, for certainty, does not apply to any guarantees made by the Company in respect of certain operating leases of its subsidiaries; and (h) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (g).

"**Indemnified Party**" has the meaning set forth in Section 8.05.

"**Indemnifying Party**" has the meaning set forth in Section 8.05.

"**Independent Accountant**" has the meaning set forth in Section 2.04(c)(iii).

"**Initial Consideration**" shall mean the Purchase Price components set forth in Section 2.02(a).

"**Insurance Policies**" has the meaning set forth in Section 3.16.

"**Intellectual Property**" means any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world: (a) issued patents and patent applications (whether provisional or non-provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and patent utility models) ("**Patents**"); (b) trademarks, service marks, brands, certification marks, logos, trade dress, trade names, and other similar indicia of source or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications for registration, and renewals of, any of the foregoing ("**Trademarks**"); (c) copyrights and works of authorship, whether or not copyrightable, and all registrations, applications for registration, and renewals of any of the foregoing ("**Copyrights**"); (d) internet domain names and social media account or user names (including "handles"), whether or not Trademarks, all associated web addresses, URLs, websites and web pages, social media accounts and pages, and all content and data thereon or relating thereto, whether or not Copyrights; (e) mask works, and all registrations, applications for registration, and renewals thereof; (f) industrial designs, and all Patents, registrations, applications for registration, and renewals thereof; (g) trade secrets, know-how, inventions (whether or not patentable), discoveries, improvements, technology, business and technical information, databases, data compilations and collections, tools, methods, processes, techniques, and other confidential and proprietary information and all rights therein ("**Trade Secrets**"); (h) computer programs, operating systems, applications, firmware, and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications, and other

documentation thereof; (i) rights of publicity; and (j) all other intellectual or industrial property and proprietary rights.

"**Interest**" has the meaning set forth in the recitals.

"**Interest Assignment**" has the meaning set forth in Section 2.03(b)(i).

"**Interim Balance Sheet**" has the meaning set forth in Section 3.06(b).

"**Interim Balance Sheet Date**" has the meaning set forth in Section 3.06(b).

"**Interim Financial Statements**" has the meaning set forth in Section 3.06(a).

"**KHOD**" has the meaning set forth in the preamble.

"**Knowledge of Buyer**" or "**Buyer's Knowledge**" or any other similar knowledge qualification, means the actual knowledge of Benjamin Kovler, Chief Executive Officer of Parent, Anthony Georgiadis, Chief Financial Officer of Parent, and Dina Rollman, Chief Compliance Officer of Parent, after reasonable inquiry within the Parent and its Affiliates.

"**Knowledge of Sellers**" or "**Sellers' Knowledge**" or any other similar knowledge qualification, means the actual knowledge of each Member, Alex, Brian and the Director of Compliance of the Company, in each case after reasonable inquiry within the Company Parties and Seller Parties.

"**Law**" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

"**Liabilities**" has the meaning set forth in Section 3.07.

"**Liquid Marketing**" has the meaning set forth in the recitals.

"**Lock-Up**" has the meaning set forth in Section 2.08(a)

"**Losses**" means actual losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided*, *however*, that "**Losses**" shall not include punitive damages, except to the extent actually awarded to a Governmental Authority or other third party.

"**Material Adverse Effect**" means any event, occurrence, fact, condition or change that is, or would reasonably be expected to become, with or without the lapse of time, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of the Company Parties or the Parent, as applicable, in each case on a consolidated basis, or (b) the ability of Sellers to consummate the transactions contemplated hereby; *provided*, *however*, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or

indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Company Parties or the Parent operates, as applicable, on a consolidated basis; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement; (vi) any changes in applicable Laws (including the interpretation thereof) or accounting rules, including GAAP; or (vii) the public announcement, pendency or completion of the transactions contemplated by this Agreement; *provided further, however,* that any event, occurrence, fact, condition or change referred to in clauses (i) through (iv) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Company Parties compared to other participants in the industries in which the Company Parties or the Parent, as applicable, conducts its businesses on a consolidated basis, but only to the extent of such disproportionate effect.

"**Material Contracts**" has the meaning set forth in Section 3.09(a).

"**Material Customers**" has the meaning set forth in Section 3.15(a).

"**Material Suppliers**" has the meaning set forth in Section 3.15(b).

"**Member**" has the meaning set forth in the preamble.

"**Milestone Event**" has the meaning set forth in Section 2.07(b).

"**Milestone Payment**" has the meaning set forth in Section 2.07(b).

"**Multiemployer Plan**" has the meaning set forth in Section 3.20(c).

"**NJ Subsidiary**" means Integral Associates LLC, a New Jersey limited liability company.

"**Operating Agreement**" means the operating agreement of the Company dated July 15, 2015, as amended.

"**Parent**" has the meaning set forth in the preamble.

"**Parent Audited Financial Statements**" has the meaning set forth in Section 4.09.

"**Parent Financial Statements**" has the meaning set forth in Section 4.09.

"**Parent Interim Financial Statements**" has the meaning set forth in Section 4.09.

"**Permits**" means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

"**Permitted Encumbrances**" has the meaning set forth in Section 3.10(a).

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"**Post-Closing Adjustment**" has the meaning set forth in Section 2.04(b)(ii).

"**Post-Closing Tax Period**" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

"**Post-Closing Taxes**" means Taxes of the Company for any Post-Closing Tax Period.

"**Pre-Closing Tax Period**" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

"**Pre-Closing Taxes**" means Taxes of the Company for any Pre-Closing Tax Period.

"**Proportionate Share**" of any particular amount means for any Seller, (a) prior to the Cannabiotix Closing, (i) with regards to the KHOD, 50% of such amount; (ii) with regards to GV Health, 50% of such amount; and (b) after the Cannabiotix Closing, (i) with regards to the KHOD, 45% of such amount; (ii) with regards to GV Health, 45% of such amount; (iii) with regards to Liquid Marketing, 5% of such amount; and (iv) with regards to Sagebrush, 5% of such amount.

"**Purchase Price**" has the meaning set forth in Section 2.02.

"**Purchase Price Allocation**" has the meaning set forth in Section 2.10.

"**Qualified Benefit Plan**" has the meaning set forth in Section 3.20(c).

"**Real Property**" means the real property owned, leased or subleased by any Company Party, together with all buildings, structures and facilities located thereon and all rights appurtenant thereto.

"**Release**" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

"**Representative**" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"**Resolution Period**" has the meaning set forth in Section 2.04(c)(ii).

"**Restricted Business**" means the cultivation or sale of cannabis.

"**Restricted Period**" has the meaning set forth in Section 5.08(a).

"**Review Period**" has the meaning set forth in Section 2.04(c)(i).

"**Sagebrush**" has the meaning set forth in the preamble.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Sellers**" has the meaning set forth in the preamble.

"**Seller Parties**" has the meaning set forth in the preamble; provided that, solely for the purposes of Section 5.01, Section 5.03, Section 5.04; Section 5.05, Section 5.07; Section 5.08; Section 5.09; Section 5.11 and Section 5.16, Alex and Brian shall each be deemed to be a Seller Party.

"**Sellers Indemnitees**" has the meaning set forth in Section 8.03.

"**Sellers' Representative**" means Alex.

"**Single Employer Plan**" has the meaning set forth in Section 3.20(c).

"**Software**" means a computer program executable on a processor.

"**Statement of Objections**" has the meaning set forth in Section 2.04(c)(ii).

"**Straddle Period**" has the meaning set forth in Section 6.04.

"**Subscription Receipts**" means the Two Million, One Hundred and Twenty Three Thousand (2,123,000) Subscription Receipts, issued by Parent to Sellers pursuant to Section 5.18, each Subscription Receipt being automatically, without any further act or formality, exchanged for one GTI Share at the Closing as part of the Initial Consideration, with the form of the Subscription Receipt to be agreed upon by the parties acting reasonably and in good faith prior to the issuance thereof.

"**Subsidiaries**" has the meaning set forth in Section 3.04(a).

"**Target Working Capital**" means Three Million Dollars ($3,000,000).

"**Taxes**" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"**Tax Claim**" has the meaning set forth in Section 6.05.

"**Tax Return**" means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"**Territory**" means the United States.

"**Third Party Claim**" has the meaning set forth in Section 8.05(a).

**"Transaction Expenses"** means all fees and expenses incurred by the Company Parties or Sellers at or prior to the Closing in connection with the preparation, negotiation and execution of this Agreement and the Ancillary Documents, and the performance and consummation of the transactions contemplated hereby and thereby, including without duplication, (a) fees, expenses and disbursements of attorneys, accountants and other advisors and service providers including all such expenses incurred in connection with the preparation, negotiation and execution of this Agreement and the Ancillary Documents, and the performance and consummation of the transactions contemplated hereby and thereby, and (b) all bonuses, including severance, stay bonus, incentive bonuses, transaction bonuses, termination, change-of-control or similar payments payable by any Company Party as a result of or in connection with the transactions contemplated by this Agreement, and all amounts paid or payable resulting or attributable to the transfer or termination of any employee of a Company Party, and all Taxes payable by a Company Party with respect thereto.

"**Unaudited Financial Statements**" has the meaning set forth in Section 3.06(a).

"**Undisputed Amounts**" has the meaning set forth in Section 2.04(c)(iii).

"**Union**" has the meaning set forth in Section 3.21(b).

"**VWAP**" means the volume weighted average of the sale price of the GTI Shares on the principal securities exchanges on which the GTI Shares are at the time listed, averaged over twenty (20) consecutive trading days, ending on the VWAP End Date.

"**VWAP End Date**" means the final trading day used to calculate any such VWAP.

"**WARN Act**" means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign Laws related to plant closings, relocations, mass layoffs and employment losses.

[***] means [***].

**Section 1.02 Sellers' Representative.**

(a) By approving this Agreement and the transactions contemplated hereby, each Seller Party hereby irrevocably authorizes and appoints Sellers' Representative as such Seller

Party's representative and attorney-in-fact to act on behalf of such Seller Party with respect to this Agreement and to take any and all actions and make any decisions required or permitted to be taken by Sellers' Representative pursuant to this Agreement or the Ancillary Documents, including, but not limited to, the exercise of the power to:

(i) give and receive notices and communications;

(ii) agree to, negotiate, enter into settlements and compromises of, and comply with orders or otherwise handle any other matters described in Section 2.04;

(iii) agree to, negotiate, enter into settlements and compromises of, and comply with orders of courts with respect to claims for indemnification made by Parent pursuant to Article VIII;

(iv) litigate, arbitrate, resolve, settle or compromise any claim for indemnification pursuant to Article VIII;

(v) execute and deliver all documents necessary or desirable to carry out the intent of this Agreement and any Ancillary Document;

(vi) make all elections or decisions contemplated by this Agreement and any Ancillary Document;

(vii) engage, employ or appoint any agents or representatives (including attorneys, accountants and consultants) to assist Sellers' Representative in complying with its duties and obligations;

(viii) pursuant to Section 10.09, waive conditions, covenants and representations and warranties under this Agreement; and

(ix) take all actions necessary or appropriate in the good faith judgment of Sellers' Representative for the accomplishment of the foregoing.

(b) Buyer and Parent shall be entitled to deal exclusively with Sellers' Representative on all matters relating to this Agreement (including Article VIII) and shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of any Seller Party by Sellers' Representative, and on any other action taken or purported to be taken on behalf of any Seller Party by Sellers' Representative, as being fully binding upon such Seller Party. Notices or communications to or from Sellers' Representative shall constitute notice to or from each of the Seller Parties. Any decision or action by Sellers' Representative hereunder, including any agreement between Sellers' Representative and Buyer or Parent relating to the defense, payment or settlement of any claims for indemnification hereunder, shall constitute a decision or action of all Seller Parties and shall be final, binding and conclusive upon each such Seller Party. No Seller Party shall have the right to object to, dissent from, protest or otherwise contest the same. The provisions of this Section 1.02, including the power of attorney granted hereby, are independent and severable, are

irrevocable and coupled with an interest and shall not be terminated by any act of any one Seller Party or by operation of Law.

(c) Sellers' Representative may resign at any time, and may be removed for any reason or no reason by the vote or written consent of a majority in interest of the Seller Parties; *provided, however*, in no event shall Sellers' Representative resign or be removed without the Sellers having first appointed a new Sellers' Representative who shall assume such duties immediately upon the resignation or removal of Sellers' Representative. In the event of the death, incapacity, resignation or removal of Sellers' Representative, a new Sellers' Representative shall be appointed by the vote or written consent of a majority of the Seller Parties. Notice of such vote or a copy of the written consent appointing such new Sellers' Representative shall be sent to Buyer and Parent, such appointment to be effective upon the later of the date indicated in such consent or the date such notice is received; *provided*, that until such notice is received, Buyer and Parent shall be entitled to rely on the decisions and actions of the prior Sellers' Representative.

(d) Sellers' Representative shall not be liable to the Seller Parties for actions taken pursuant to this Agreement or any Ancillary Document, except to the extent such actions shall have been determined by a court of competent jurisdiction to have constituted gross negligence or involved fraud, intentional misconduct or bad faith (it being understood that any act done or omitted pursuant to the advice of counsel, accountants and other professionals and experts retained by Sellers' Representative shall be conclusive evidence of good faith). The Seller Parties shall severally and not jointly, indemnify and hold harmless Sellers' Representative from and against, compensate it for, reimburse it for and pay any and all losses, liabilities, claims, actions, damages and expenses, including reasonable attorneys' fees and disbursements, arising out of and in connection with its activities as Sellers' Representative under this Agreement, in each case as such losses are suffered or incurred; *provided*, that in the event it is finally adjudicated that any such loss or any portion thereof was primarily caused by the gross negligence, fraud, intentional misconduct or bad faith of Sellers' Representative, Sellers' Representative shall reimburse Seller Parties the amount of such indemnified losses attributable to such gross negligence, fraud, intentional misconduct or bad faith.

## ARTICLE II
## PURCHASE AND SALE

**Section 2.01 Purchase and Sale.** Subject to the terms and conditions set forth herein, at the Closing, Sellers shall sell to Buyer, and Buyer shall purchase from Sellers, the Interest, free and clear of all Encumbrances, for the consideration specified in Section 2.02.

**Section 2.02 Purchase Price.** The purchase price for the Interest shall consist of the Initial Consideration, the Earn-out Payments, if any, and the Milestone Payments, if any, a (collectively, the "**Purchase Price**"), with Sellers receiving such amounts of each component of the Purchase Price as set forth in the Allocation Schedule (the "**Allocation Schedule**"). The Allocation Schedule shall also include payments to be made to the Company for payment in respect of the profit interest set forth in Disclosure Schedule 3.03(e).

(a) The Initial Consideration shall consist of:

(i) Fifty Two Million Dollars ($52,000,000) cash in aggregate, subject to adjustment pursuant to Section 2.04 (the "**Cash Payment**");

(ii) 18,706,952 GTI Shares, subject to Section 2.08;

(iii) The GTI Shares issued pursuant to the Subscription Receipts, which shall not be subject to Section 2.08; and

(iv) The Facility Compensation.

(b) The Earn-out Payments shall be calculated and paid pursuant to Section 2.07(a).

(c) The Milestone Payments shall be calculated and paid pursuant to Section 2.07(b).

**Section 2.03 Transactions to be Effected at the Closing.**

(a) At the Closing, Buyer and Parent shall:

(i) deliver to Sellers' Representative:

(A) the Closing Date Cash Payment by wire transfer of immediately available funds to an account designated in writing by Sellers to Buyer no later than two Business Days prior to the Closing Date;

(B) the GTI Shares payable to Sellers as part of the Purchase Price, minus the Escrow Fund Share Portion; and

(C) the Ancillary Documents and all other agreements, documents, instruments or certificates required to be delivered by Buyer at or prior to the Closing pursuant to Section 7.03 of this Agreement; and

(ii) pay, on behalf of the Company or Sellers, the following amounts:

(A) Indebtedness of the Company to be paid at Closing, by wire transfer of immediately available funds to the accounts and in the amounts specified on the Closing Indebtedness Certificate; and

(iii) deliver to the Escrow Agent:

(A) the Escrow Fund Cash Portion by wire transfer of immediately available funds to accounts designated by the Escrow Agent and the Escrow Fund Share Portion, to be held for the purpose of securing the indemnification obligations of Sellers set forth in Article VIII and the obligations of Sellers in Section 6.08;

(B) the Escrow Agreement.

(b) At the Closing, Sellers shall deliver to Buyer:

(i) a document evidencing assignment of the Company Interest and California Interest, as applicable (such document, the "**Interest Assignment**");

(ii) the written resignations, to be effective as of the Closing Date, of the officers and managers of the Company Parties set forth on Schedule 2.03; and

(iii) the Ancillary Documents and all other agreements, documents, instruments or certificates required to be delivered by Sellers at or prior to the Closing pursuant to Section 7.02 of this Agreement.

**Section 2.04 Purchase Price Adjustment.**

(a) Closing Adjustment.

(i) At the Closing, the Cash Payment shall be adjusted in the following manner:

(A) either (1) an increase by the amount, if any, by which the Estimated Closing Working Capital (as determined in accordance with Section 2.04(a)(ii)) is greater than the Target Working Capital, or (2) a decrease by the amount, if any, by which the Estimated Closing Working Capital is less than the Target Working Capital;

(B) a decrease by an amount equal to the outstanding Indebtedness of the Company as of the open of business on the Closing Date;

(C) a decrease by an amount equal to the Escrow Fund Cash Portion;

The net amount after giving effect to the adjustments listed above shall be the "**Closing Date Cash Payment**."

(ii) At least three Business Days before the Closing, Sellers' Representative shall prepare and deliver to Buyer a statement setting forth its good faith estimate of Closing Working Capital (the "**Estimated Closing Working Capital**"), which statement shall contain an estimated balance sheet of the Company as of the Closing Date (without giving effect to the transactions contemplated herein), a calculation of Estimated Closing Working Capital (the "**Estimated Closing Working Capital Statement**"), and a certificate of the Chief Financial Officer of Sellers' Representative that the Estimated Closing Working Capital Statement was prepared in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that

were used in the preparation of the historical financial statements of the Company and consistent with the sample balance sheet calculation attached hereto as Exhibit B.

(b) Post-Closing Adjustment.

(i) Within 90 days after the Closing Date, Buyer shall prepare and deliver to Sellers' Representative a statement setting forth its calculation of Closing Working Capital, which statement shall contain an audited balance sheet of the Company as of the Closing Date (without giving effect to the transactions contemplated herein), a calculation of Closing Working Capital (the "**Closing Working Capital Statement**") and a certificate of the Chief Financial Officer of Buyer that the Closing Working Capital Statement was prepared in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Audited Financial Statements for the most recent fiscal year end as if such Closing Working Capital Statement was being prepared and audited as of a fiscal year end.

(ii) The post-closing adjustment shall be an amount equal to (a) if the Closing Working Capital is greater than the Estimated Closing Working Capital, the Closing Working Capital minus the Estimated Closing Working Capital, or (b) if the Estimated Closing Working Capital is greater than the Closing Working Capital, the Estimated Closing Working Capital minus the Closing Working Capital (the "**Post-Closing Adjustment**"). If the Post-Closing Adjustment is calculated pursuant to clause (a) above, then it shall be owed by Buyer to Sellers, in accordance with the Allocation Schedule. If the Post-Closing Adjustment is calculated pursuant to clause (b) above, it shall be owed by the Sellers to Buyer.

(c) Examination and Review.

(i) Examination. After receipt of the Closing Working Capital Statement, Sellers shall have 30 days (the "**Review Period**") to review the Closing Working Capital Statement. During the Review Period, Sellers and Sellers' accountants shall have full access to the books and records of the Company, the personnel of, and work papers prepared by, Buyer and/or Buyer's accountants to the extent that they relate to the Closing Working Capital Statement and to such historical financial information (to the extent in Buyer's possession) relating to the Closing Working Capital Statement as Sellers' Representative may reasonably request for the purpose of reviewing the Closing Working Capital Statement and to prepare a Statement of Objections (defined below), *provided, that* such access shall be in a manner that does not interfere with the normal business operations of Buyer or the Company.

(ii) Objection. On or prior to the last day of the Review Period, Sellers' Representative may object to the Closing Working Capital Statement by delivering to Buyer a written statement setting forth Sellers' objections in reasonable detail, indicating each disputed item or amount and the basis for Sellers' disagreement therewith (the "**Statement of Objections**"). If Sellers' Representative fails to deliver the Statement of Objections before the expiration of the Review Period, the Closing Working Capital Statement and the Post-Closing Adjustment, as the case may be, reflected in the Closing

Working Capital Statement shall be deemed to have been accepted by Sellers. If Sellers' Representative delivers the Statement of Objections before the expiration of the Review Period, Buyer and Sellers shall negotiate in good faith to resolve such objections within 30 days after the delivery of the Statement of Objections (the "**Resolution Period**"), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Closing Working Capital Statement with such changes as may have been previously agreed in writing by Buyer and Sellers, shall be final and binding.

(iii) Resolution of Disputes. If Sellers and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("**Disputed Amounts**" and any amounts not so disputed, the "**Undisputed Amounts**") shall be submitted for resolution to the office of Macias Gini & O'Connell LLP or, if Macias Gini & O'Connell LLP is unable to serve, Buyer and Sellers' Representative shall appoint by mutual agreement the office of an impartial nationally recognized firm of independent certified public accountants other than Sellers' accountants or Buyer's accountants (the "**Independent Accountant**") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to the Post-Closing Adjustment, as the case may be, and the Closing Working Capital Statement. The parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the parties and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Working Capital Statement and the Statement of Objections, respectively.

(iv) Fees of the Independent Accountant. The fees and expenses of the Independent Accountant shall be paid by Sellers, on the one hand, and by Buyer, on the other hand, based upon the percentage that the amount actually contested but not awarded to Sellers or Buyer, respectively, bears to the aggregate amount actually contested by Sellers and Buyer.

(v) Determination by Independent Accountant. The Independent Accountant shall make a determination as soon as practicable within 30 days (or such other time as the parties hereto shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Closing Working Capital Statement and/or the Post-Closing Adjustment shall be conclusive and binding upon the parties hereto.

(d) Payments of Post-Closing Adjustment. Except as otherwise provided herein, any payment of the Post-Closing Adjustment, together with interest calculated as set forth below, shall (A) be due (x) within five Business Days of acceptance of the applicable Closing Working Capital Statement or (y) if there are Disputed Amounts, then within five Business Days of the resolution described in Section 2.04(c)(v) above; and (B) be paid by wire transfer of immediately available funds to such account as is directed by Buyer or Sellers, as the case may be. If the Sellers have not paid the Post-Closing Adjustment owed to the Buyer in the timeframe specified herein, the Buyer may obtain such amount instead through a payment by the Escrow Agent pursuant to the terms of the Escrow Agreement from the Escrow Fund.

(e) Adjustments for Tax Purposes. Any payments made pursuant to this Section 2.04 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

**Section 2.05 Closing.** Subject to the terms and conditions of this Agreement, the purchase and sale of the Interest contemplated hereby shall take place at a closing (the "**Closing**") to be held at 10:00 a.m., Central time, no later than two Business Days after the last of the conditions to Closing set forth in Article VII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), at the Chicago, Illinois offices of Dentons US LLP, or at such other time or on such other date or at such other place as Sellers and Buyer may mutually agree upon in writing (the day on which the Closing takes place being the "**Closing Date**").

**Section 2.06 Withholding Tax.** Buyer and the Company shall be entitled to deduct and withhold from the Purchase Price all Taxes that Buyer and the Company are required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Sellers hereunder.

**Section 2.07 Earn-Out and Milestone Payments.**

(a) EBITDA Earn-out.

(i) [***]

(ii) Procedures applicable to determination of the Earn-out Payments.

(A) On or before the date which is 30 days after the last day of the Calculation Period, Buyer shall prepare and deliver to Sellers' Representative a written statement (the "**Earn-out Calculation Statement**") setting forth in reasonable detail its determination of Earn-out Adjusted EBITDA for the Calculation Period and its calculation of the resulting Earn-out Payment (the "**Earn-out Calculation**"). Buyer shall provide the Sellers' Representative with copies of such records and work papers used or created in connection with preparation of such Earn-out Calculation Statement as is reasonable to support such Earn-out Calculation Statement.

(B) Sellers shall have 30 days after receipt of the Earn-out Calculation Statement (the "**Earn-Out Review Period**") to review the Earn-out Calculation Statement and the Earn-out Calculation set forth therein. During the Earn-Out Review Period, Sellers and their representatives shall have the right to inspect the Company's books and records during normal business hours at the

Company's offices, upon reasonable prior notice and solely for purposes reasonably related to the determinations of Earn-out Adjusted EBITDA and the resulting Earn-out Payment. Prior to the expiration of the Earn-Out Review Period, Sellers may object to the Earn-out Calculation by delivering a written notice of objection (an "**Earn-out Calculation Objection Notice**") to Buyer. Any Earn-out Calculation Objection Notice shall specify the items in the Earn-out Calculation disputed by Sellers and shall describe in reasonable detail the basis for such objection, as well as the amount in dispute. If Sellers fail to deliver an Earn-out Calculation Objection Notice to Buyer prior to the expiration of the Earn-Out Review Period, then the Earn-out Calculation set forth in the Earn-out Calculation Statement shall be final and binding on the parties hereto. If Sellers' Representative timely delivers an Earn-out Calculation Objection Notice, Buyer and Sellers' Representative shall negotiate in good faith to resolve the disputed items and agree upon the resulting amount of the Earn-out Adjusted EBITDA and the Earn-out Payment for the Calculation Period. If Buyer and Sellers' Representative are unable to reach agreement within ten Business Days after such an Earn-out Calculation Objection Notice has been given, all unresolved disputed items shall be promptly referred to the Independent Accountant. The Independent Accountant shall be directed to render a written report on the unresolved disputed items with respect to the applicable Earn-out Calculation as promptly as practicable, and to resolve only those unresolved disputed items set forth in the Earn-out Calculation Objection Notice. If unresolved disputed items are submitted to the Independent Accountant, Buyer and Sellers shall each furnish to the Independent Accountant such work papers, schedules and other documents and information relating to the unresolved disputed items as the Independent Accountant may reasonably request. The Independent Accountant shall resolve the disputed items based solely on the applicable definitions and other terms in this Agreement and the presentations by Buyer and Sellers' Representative, and not by independent review. The resolution of the dispute and the calculation of Earn-out Adjusted EBITDA that is the subject of the applicable Earn-out Calculation Objection Notice by the Independent Accountant shall be final and binding on the parties hereto. The fees and expenses of the Independent Accountant shall be borne by Sellers and Buyer in proportion to the amounts by which their respective calculations of Earn-out Adjusted EBITDA differ from Earn-out Adjusted EBITDA as finally determined by the Independent Accountant.

(iii) [***]

(b) Milestone Payments.

(i) [***]

(A) [***]

(B) [***]

(C) [***]

(D) [***]

(E) [***]

(F) [***]

(ii) [***]

(A) [***]

(B) [***]

(iii) [***]

(iv) [***]

(A) [***]

(B) [***]

(v) [***]

(c) [***]

(d) [***]

(e) [***]

**Section 2.08 GTI Share Payment.**

(a) Each Seller agrees that, without Buyer's prior written consent and in accordance with the time period set forth below, such Seller will not, following Closing, (i) offer, pledge, sell, Contract to sell, grant any option or Contract to purchase, purchase any option or Contract to sell, or otherwise dispose of, directly or indirectly, any GTI Shares issued pursuant to 2.02(a)(ii), or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the GTI Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of GTI Shares or such other securities, in cash or otherwise (such restrictions, the "**Lock-Up**"); provided that (x) if there occurs a take-over bid or similar transaction approved by the board of directors of Parent involving a change of control of the Parent such Seller shall be permitted to tender its GTI Shares to such take-over bid or similar transaction, provided that in the event that the take-over bid or similar transaction involving a change of control of the Parent is not completed, any the GTI Shares shall remain subject to the Lock-Up, and (y) such Seller shall be permitted to distribute GTI Shares to one or more members of such Seller provided that such member agrees to be bound by the terms of the Lock-Up. Notwithstanding the foregoing, the GTI Shares paid at Closing shall be released from the requirements of the Lock-Up on the following schedule:

(i) On the six (6) month anniversary of the Closing, one third (1/3) of each Sellers' GTI Shares will be released from the Lock-Up.

(ii) On the twelve (12) month anniversary of the Closing, one third (1/3) of each Sellers' GTI Shares will be released from the Lock-Up.

(iii) On the eighteen (18) month anniversary of the Closing, one third (1/3) of each Sellers' GTI Shares will be released from the Lock-Up.

**Section 2.09 RESERVED**

**Section 2.10 Allocation of Purchase Price.** Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Sellers' Representative a schedule allocating the Purchase Price (including any liabilities treated as consideration for Tax purposes) among the assets of the Company (the "**Purchase Price Allocation**"). The Purchase Price Allocation shall be prepared in accordance with Section 1060 of the Code. Notwithstanding the foregoing, for the purpose of the Purchase Price Allocation, fixed assets shall be valued at book value and not at tax value. The Purchase Price Allocation shall be deemed final unless Sellers' Representative notifies Buyer that Sellers object to one or more items reflected in the Purchase Price Allocation within thirty (30) days after delivery of the Purchase Price Allocation to Sellers' Representative. In the event of any such objection, Sellers' Representative and Buyer shall negotiate in good faith to resolve such dispute; provided, however, that if Seller and Buyer are unable to resolve any dispute with respect to the Purchase Price Allocation within forty five (45) days after the delivery of the Purchase Price Allocation to Sellers' Representative, such dispute shall be resolved by the Independent Accountant, the fees and expenses of which shall be borne equally by Sellers and Buyer. Sellers and Buyer agree to file their respective IRS Forms 8594 and all federal, state and local Tax Returns in accordance with the Purchase Price Allocation.

**Section 2.11 Escrow**.

(a) The Escrow Fund shall be held and disbursed by the Escrow Agent upon the terms and subject to the conditions set forth in this Agreement and the Escrow Agreement.

(b) If any GTI Shares to are to be paid out of Escrow to Buyer, the price per GTI Share shall be the greater of (i) VWAP, with the VWAP End Date being the date such GTI Shares are transferred out of escrow or (ii) the lowest price per share after applying the maximum discount permitted by the policies of the CSE; provided that Parent will provide notice to obtain price protection and shall use commercially reasonable efforts to obtain such price protection including, if necessary, applying for a waiver from the policies of the CSE so that the GTI Shares will be issued at the price in (i).

(c) On the fifth Business Day following the eighteen (18) month anniversary of the Closing Date; Sellers' Representative and the Buyer shall jointly instruct the Escrow Agent to release the remaining Escrow Fund, minus, any reserve for pending or outstanding claims by Buyer or Parent under this Agreement (such reserves to be released within five (5) Business Days upon the payment or the extinguishment of such claim).

**Section 2.12 Adjustment**. Notwithstanding any other provision in this Agreement, the number of GTI Shares issued pursuant to this Article II (including the GTI Shares issuable on exchange of the Subscription Receipts) shall be adjusted as necessary to reflect any stock split, stock dividend, share consolidation or similar transaction.

## ARTICLE III
## REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the Disclosure Schedules, each Seller severally, and not jointly and severally, represents and warrants to Buyer that the statements contained in this Article III are true and correct as of the date hereof. Each Seller shall make commercially reasonable efforts to fully disclose on each Disclosure Schedule all information, items or other disclosures applicable to such Disclosure Schedule, which may be accomplished by cross-reference to a different Disclosure Schedule. So long as each Seller has made such commercially reasonable efforts, the disclosure of any information, item or other disclosure set forth in any section of the Disclosure Schedules shall be deemed to have been set forth in all other applicable sections of the Disclosure Schedules to the extent the relevance of such disclosure to such other section or subsection of the Agreement is reasonably apparent from the text of such disclosure on the Disclosure Schedule on which it is disclosed. Notwithstanding the foregoing, any representations or warranties made by the Additional Sellers are made as at the date that the Additional Parties become parties to this Agreement and the Disclosure Schedules shall be updated as at such date accordingly including to reflect the fact that CCLV and the CCLV Subsidiaries will, at such date, be subsidiaries of the Company.

**Section 3.01 Authority of Sellers and Members.**

(a) It is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of Nevada and has full power and authority to enter into this Agreement and the Ancillary Documents to which it is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

(b) All of its Members have the individual power and capacity to enter into this Agreement and the Ancillary Documents to which such Member is a party, to carry out its

obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

(c) The execution and delivery by it and its Members of this Agreement and any Ancillary Document to which it and/or its Member is a party, the performance by it and/or its Member of its obligations hereunder and thereunder, and the consummation by them of the transactions contemplated hereby and thereby have been duly authorized by it and its Members. This Agreement has been duly executed and delivered by it and its Members, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of them enforceable against each of them in accordance with its terms subject to any limitation under bankruptcy, insolvency or other applicable laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction. When each other Ancillary Document to which such it or its Members is or will be a party has been duly executed and delivered by it or its Member (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of it or its Member enforceable against it or its Member in accordance with its terms. All actions taken by it in connection with this Agreement and the Ancillary Documents will be duly authorized on or prior to the Closing by the applicable Member.

**Section 3.02 Organization, Authority and Qualification of the Company.**

(a) The Company and each Subsidiary, except for the NJ Subsidiary, is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of Nevada and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. The NJ Subsidiary, is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of New Jersey and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted.

(b) The California Company and each California Subsidiary is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of California and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted.

(c) Disclosure Schedule 3.02(c) sets forth each jurisdiction in which each Company Party and CCLV is licensed or qualified to do business, and each Company Party and CCLV is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary except where failure to be so licensed or qualified would not have a Material Adverse Effect. All actions taken by each Company Party in connection with this Agreement and the Ancillary Documents will be duly authorized on or prior to the Closing.

(d) CCLV is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of Nevada and has full limited liability company power and

authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. All actions taken by CCLV in connection with the Cannabiotix Acquisition will be duly authorized on or prior to the Cannabiotix Closing. All actions taken by CCLV in connection with this Agreement and the Ancillary Documents will be duly authorized on or prior to the Closing.

**Section 3.03 Capitalization.**

(a) The authorized equity of the Company consists solely of membership interest, of which, at the date hereof, 100% of the membership interest of the Company is issued and outstanding and constitutes all of the Company Interest. Except for the Company Interest, there is no membership interest of the Company issued and outstanding or has ever been issued and outstanding.

(b) The authorized equity of the California Company consists solely of membership interest, of which, at the date hereof, 100% of the membership interest of the California Company is issued and outstanding and constitutes all of the California Interest. Except for the California Interest, there is no membership interest of the California Company issued and outstanding or has ever been issued and outstanding.

(c) All of the Interest outstanding on the date hereof are, and, as of the Cannabiotix Closing, the Acquisition Interest will be, duly authorized, are validly issued, fully paid and non-assessable, and are owned of record and beneficially by the Sellers, free and clear of all Encumbrances. Such Seller owns all of the Company Interest and California Interest set forth next to such Seller's name on the Allocation Schedule and upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Interest owned by such Seller, free and clear of all Encumbrances, and Buyer shall own all of the issued and outstanding membership interest of the Company. None of the Interest is, or ever has been, evidenced by a membership interest certificate.

(d) All of the Interest was, and the Acquisition Interest will be, issued in compliance with applicable Laws. None of the Interest was, nor will the Acquisition Interest be, issued in violation of any agreement, arrangement or commitment to which Sellers or the Company or the California Company is a party or is subject to or in violation of any preemptive or similar rights of any Person.

(e) Except for the issuance of Acquisition Interest as provided in the Cannabiotix Acquisition Agreement, there are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to the membership interest or equity of any Company Party or obligating Sellers or any Company Party to issue or sell any membership interest of, or any other interest in, any Company Party. Except as set forth in Disclosure Schedule 3.03(e), no Company Party has any outstanding or authorized any membership interest appreciation, phantom equity, profit participation or similar rights. There are no voting trusts, interestholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Interest or the equity of any Subsidiary.

**Section 3.04 No Subsidiaries.**

(a) The subsidiaries of the Company (such subsidiaries, the "**Subsidiaries**") are listed on Disclosure Schedule 3.04(a). Disclosure Schedule 3.04(a) sets forth the equity ownership of each Subsidiary. The Company does not own or have any interest in any shares or have an ownership interest in any other Person other than the Subsidiaries. The Company owns all of its equity interest in the Subsidiaries (including Cannabiotix as of the Cannabiotix Closing) free and clear of all Encumbrances. For any Subsidiary that is not wholly owned by the Company, Schedule 3.04(a) sets forth any redemption rights of the Company with regards to the other owners of such Subsidiary, along with the price of exercising any such right.

(b) The subsidiaries of the California Company (such subsidiaries, the "**California Subsidiaries**") are listed on Disclosure Schedule 3.04(b). Disclosure Schedule 3.04(b) sets forth the equity ownership of each California Subsidiary. The California Company does not own or have any interest in any shares or have an ownership interest in any other Person other than the California Subsidiaries. The California Company owns all of its equity interest in the California Subsidiaries free and clear of all Encumbrances. For any California Subsidiary that is not wholly owned by the California Company, Disclosure Schedule 3.04(b) sets forth any redemption rights of the California Company with regards to the other owners of such California Subsidiary, along with the price of exercising any such right.

(c) The subsidiaries of CCLV (such subsidiaries, the "**CCLV Subsidiaries**") are listed in Disclosure Schedule 3.04(c). As of the Cannabiotix Closing, Cannabiotix will be a Subsidiary. Disclosure Schedule 3.04(c) sets forth the equity ownership of each CCLV Subsidiary. CCLV does not own or have any interest in any shares or have an ownership interest in any other Person other than the CCLV Subsidiaries. CCLV owns all of its equity interest in the CCLV Subsidiaries free and clear of all Encumbrances. For any CCLV Subsidiary that is not wholly owned by CCLV, Disclosure Schedule 3.04(c) sets forth any redemption rights of CCLV with regards to the other owners of such CCLV Subsidiary, along with the price of exercising any such right.

**Section 3.05 No Conflicts; Consents.** The execution, delivery and performance by such Seller of this Agreement and the Ancillary Documents to which such Seller is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of organization, operating agreement or other organizational documents of any Company Party; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Sellers or any Company Party, except for Laws pertaining to the US federal regulation of cannabis; (c) except as set forth in Disclosure Schedule Section 3.05, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which such Seller or any Company Party is a party or by which such Seller or any Company Party is bound or to which any of their respective properties and assets are subject (including any Material Contract and any operating agreement or other organizational document of any Company Party) or any Permit affecting the properties, assets or business of the Company except in the cases of (b) and (c) where the violation, breach, default or acceleration would not have a Material Adverse Effect; or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of any Company Party. Except as set forth in Disclosure Section 3.05, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any

Governmental Authority is required by or with respect to Sellers or any Company Party in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, except for such filings as may be required under the HSR Act.

**Section 3.06 Financial Statements.**

(a) Complete copies of the (i) Company's 2017 audited financial statements consisting of the balance sheet of the Company as at December 31 and the related statements of income and retained earnings, members' equity and cash flow for the years then ended, (the "**Audited Financial Statements**"), (ii) 2015 and 2016 unaudited financial statements of the Company, and the 2015, 2016 and 2017 unaudited financial statements of the California Company and CCLV, consisting of the balance sheets of the Company, the California Company and CCLV as at December 31 of the applicable year and the related statements of income and retained earnings and members' equity for the years then ended (the "**Unaudited Financial Statements**") and (iii) unaudited interim financial statements consisting of the balance sheet of the Company, the California Company and CCLV as of August 31, 2018 and the related statements of income and retained earnings and members' equity for the eight-month period then ended (the "**Interim Financial Statements**" and together with the Audited Financial Statements and the Unaudited Financial Statements, the "**Financial Statements**") have been delivered to Buyer. The Audited Financial Statements have been prepared in accordance with IFRS and the Unaudited Financial Statements have been prepared in accordance with GAAP; for both, applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse) and, in the case of the Interim Financial Statements and the Unaudited Financial Statements, the absence of notes (that, if presented, would not differ materially from those presented in the Audited Financial Statements). The Financial Statements are based on the books and records of the Company Parties or CCLV, as applicable, and, in all material respects, fairly present the financial condition of the Company Parties or CCLV, as applicable, as of the respective dates they were prepared and the results of the operations of the Company Parties or CCLV, as applicable for the periods indicated. Neither CCLV nor the California Company have audited financial statements.

(b) The balance sheet of the Company, the California Company and CCLV (and each Subsidiary, to the extent not consolidated in the Company's balance sheet) as of December 31, 2017 is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**" and the balance sheet of the Company, the California Company and CCLV (and each Subsidiary or California Subsidiary, to the extent not consolidated in the Company's or the California Company's balance sheet) as of August 31, 2018 is referred to herein as the "**Interim Balance Sheet**" and the date thereof as the "**Interim Balance Sheet Date**". After the Cannabiotix Acquisition, each Company Party and CCLV and the CCLV Subsidiaries will maintain a standard system of accounting established and administered in accordance with GAAP.

**Section 3.07 Undisclosed Liabilities.** No Company Party has liabilities, obligations or commitments of the type required to be reflected on a balance sheet prepared in accordance with GAAP ("**Liabilities**"), except those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

**Section 3.08 Absence of Certain Changes, Events and Conditions.** Since the Balance Sheet Date, and other than in the ordinary course of business consistent with past practice, except as set forth in Disclosure Schedule 3.08 or otherwise as expressly permitted in this Agreement, there has not been, with respect to the Company Parties, any:

(a) event, occurrence or development that has had a Material Adverse Effect;

(b) amendment of the Operating Agreement, articles of organization or other organizational documents of any Company Party;

(c) split, combination or reclassification of any of its membership interests;

(d) issuance, sale or other disposition of any of its membership interest, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any of its membership interest;

(e) declaration or payment of any dividends or distributions on or in respect of any of its membership interest or redemption, purchase or acquisition of its membership interest, *provided, however,* that the Company and the California Company may (i) continue to make regularly scheduled tax distributions to its members in accordance with past practice and (ii) make cash distributions to their members in accordance with the governing documents of the Company and the California Company, as applicable;

(f) material change in any method of accounting or accounting practice of the Company, except as required by IFRS or as disclosed in the notes to the Financial Statements;

(g) material change in the Company's cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;

(h) entry into any Contract that would constitute a Material Contract, except for the Cannabiotix Acquisition Agreement and any agreements related thereto, including those listed on Schedule 3.08(h);

(i) incurrence, assumption or guarantee of any indebtedness in an aggregate amount exceeding $10,000 for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(j) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements, except in the ordinary course of business;

(k) transfer or assignment of or grant of any license or sublicense under or with respect to any Company Intellectual Property or Company IP Agreements, except non-exclusive licenses or sublicenses granted in the ordinary course of business consistent with past practice;

(l) abandonment or lapse of or failure to maintain in full force and effect any Company IP Registration, or loss of confidentiality or value of any material Trade Secrets included in the Company Intellectual Property by failure to take or maintain reasonable secrecy measures to protect the same;

(m) material damage, destruction or loss (whether or not covered by insurance) to its property;

(n) other than in respect of the Subsidiaries, any capital investment in, or any loan to, any other Person, and except in the ordinary course of business;

(o) acceleration, termination, material modification to or cancellation of any Material Contract;

(p) any material capital expenditures; except for the Cannabiotix Acquisition and all commercially reasonable costs incurred, directly or indirectly, with new license applications;

(q) imposition of any Encumbrance upon any of the Company properties, membership interest or assets, tangible or intangible;

(r) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, directors, independent contractors or consultants, other than as provided for in any written agreements or required by applicable Law, (ii) change in the terms of employment for any employee or any termination of any employees or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, independent contractor or consultant;

(s) hiring or promoting any person as or to (as the case may be) an officer except to fill a vacancy in the ordinary course of business;

(t) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant, (ii) Benefit Plan or (iii) collective bargaining or other agreement with a Union, in each case whether written or oral;

(u) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its members or current or former directors, officers and employees, except in the ordinary course of business;

(v) entry into a new line of business inconsistent with past practice or abandonment or discontinuance of existing lines of business;

(w) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(x) purchase, lease or other acquisition of the right to own, use or lease any property or assets for an amount in excess of $50,000, individually (in the case of a lease, per annum) or $250,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(y) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets or stock or other equity of, or by any other manner, any business or any Person or any division thereof, except for the Cannabiotix Acquisition; or

(z) except for the correction of any Tax Return for which any Tax Liability is satisfied prior to Closing, action by any Company Party to make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax Liability or reducing any Tax asset of Buyer in respect of any Post-Closing Tax Period.

**Section 3.09 Material Contracts.**

(a) Disclosure Schedule 3.09(a) lists each of the following Contracts of the Company Parties (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property (including without limitation, brokerage Contracts) listed or otherwise disclosed in Disclosure Schedule 3.10(b) and all Company IP Agreements set forth in Disclosure Schedule 3.12(b), being "**Material Contracts**"):

(i) each Contract of a Company Party involving aggregate consideration in excess of $50,000;

(ii) all Contracts that require a Company Party to purchase its total requirements of any product or service from a third party or that contain "take or pay" provisions;

(iii) all Contracts that provide for the indemnification of at least $25,000 by a Company Party of any Person or the assumption of any Tax, environmental or other Liability of any Person;

(iv) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock or other equity or assets of any other Person or any real property (whether by merger, sale of stock or other equity, sale of assets or otherwise);

(v) all broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contracts

to which a Company Party or Seller or, as applicable to the Company Parties, Sellers or this Agreement, a Member, is a party;

(vi) all (i) employment agreements (excluding, for certainty, any employees who are employed at will) and (ii) Contracts with independent contractors or consultants (or similar arrangements) to which a Company Party is a party and which are not cancellable without material penalty or without more than 90 days' notice;

(vii) except for Contracts relating to trade receivables, all Contracts relating to indebtedness (including, without limitation, guarantees) of a Company Party;

(viii) all Contracts with any Governmental Authority to which a Company Party is a party;

(ix) all Contracts that limit in any material respect the ability of a Company Party to compete in any line of business or with any Person or in any geographic area or during any period of time;

(x) any Contracts to which a Company Party is a party that provide for any joint venture or partnership by such Company Party if such joint venture or partnership would require the Company, on a consolidated basis, to incur costs in excess of $100,000, individually or in the aggregate;

(xi) all Contracts between or among a Company Party on the one hand and Sellers or any Affiliate of Sellers on the other hand;

(xii) all collective bargaining agreements or Contracts with any Union to which a Company Party is a party; and

(xiii) any other Contract that is material to the operation of the business of the Company and not previously disclosed pursuant to this Section 3.09.

(b) Each Material Contract is valid and binding on such Company Party in accordance with its terms and is in full force and effect subject only to any limitation under bankruptcy, insolvency or other applicable laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction. Neither such Company Party nor, to Sellers' Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder.

**Section 3.10 Title to Assets; Real Property.**

(a) Such applicable Company Party has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Audited Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business since the Balance Sheet Date. All such properties and assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as "**Permitted Encumbrances**"):

(i) those items set forth in Disclosure Schedule 3.10(a);

(ii) liens for Taxes not yet due and payable, which are set forth on Disclosure Schedule 3.10(a);

(iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of the Company or to the use of and operation of the Real Property;

(iv) other than with respect to owned Real Property, liens arising under original purchase price conditional sales Contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of the Company; or

(v) the terms of any Company IP Agreements.

(b) Disclosure Schedule 3.10(b) lists (i) the street address of each parcel of Real Property; (ii) if such property is leased or subleased by the Company or a Subsidiary, the landlord under the lease, and the existence of any default under each lease or sublease; and (iii) the current use of such property. With respect to owned Real Property, Sellers have delivered or made available to Buyer true, complete and correct copies of the deeds and other instruments (as recorded) by which the Company or the applicable Subsidiary acquired such Real Property, and copies of all title insurance policies, surveys, zoning reports, engineering reports, business licensees, certificates of occupancy, and any notice or correspondence from any federal, state, county, municipal or governmental authority concerning code violations or zoning violations or changes in the zoning classification in the possession of Sellers or any Company Party and relating to the Real Property. With respect to leased Real Property, Sellers have delivered or made available to Buyer true, complete and correct copies of any leases affecting the Real Property, including without limitation, any and all amendments to such leases, estoppel certificates or notices of any default sent by or to any Company Party. No Company Party is a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property. The use and operation of the Real Property in the conduct of the Company's and Subsidiaries' business do not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. Except as set forth in any survey or title report or as otherwise disclosed to Buyer, no material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than the Company or an applicable Subsidiary. There are no Actions pending nor, to the Sellers' Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or

eminent domain proceedings. The Company has the right to purchase the Real Property leased pursuant to the lease identified in Disclosure Schedule Section 7.02(t).

**Section 3.11 Condition and Sufficiency of Assets.** Except as set forth in Disclosure Schedule Section 3.11, the buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company Parties structurally sound, are in good operating condition and repair, subject to ordinary wear and tear, and are adequate in all material respects for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property currently owned or leased by the Company Parties, together with all other properties and assets of the Company Parties, are sufficient for the continued conduct of the Company Parties' business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct the business of the Company Parties as currently conducted.

**Section 3.12 Intellectual Property.**

(a) Disclosure Schedule 3.12(a) contains a correct, current, and complete list of all (i) Company IP Registrations, (ii) all unregistered Trademarks included in the Company Intellectual Property, (iii) all Software owned by the Company Parties, and (iv) all other Company Intellectual Property material to the business of the Company as currently conducted, but excluding all licenses for commercially available, off the shelf Software and listing any Trade Secrets or other unregistered Company Intellectual Property only by broad category. All required filings and fees related to the Company IP Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Company IP Registrations are otherwise in good standing or, if pending, have the status shown in the database of the applicable Governmental Authority. Sellers have provided Buyer with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Company IP Registrations.

(b) Disclosure Schedule 3.12(b) contains a correct, current, and complete list of all material Company IP Agreements, excluding all licenses for commercially available, off the shelf Software. Sellers have provided Buyer with true and complete copies (or in the case of any oral agreements, a complete and correct written description) of all such material Company IP Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each listed Company IP Agreement is valid and binding on the Company in accordance with its terms and is in full force and effect. Neither the Company nor any other party thereto is, or is alleged to be, in material breach of or default under, or has provided or received any notice of breach of, default under, or intention to terminate (including by non-renewal), any such Company IP Agreement.

(c) Except as set forth in Disclosure Schedule 3.12(c), the Company or a Subsidiary, is the sole and exclusive legal and beneficial, record owner of all right, title, and interest in and to the Company IP Registrations, and has the valid and enforceable right to use all other material Intellectual Property used in the conduct of the Company Parties' business as currently

conducted, in each case, free and clear of Encumbrances other than Permitted Encumbrances. The Company and each Subsidiary, if applicable, has entered into binding, valid and enforceable, written Contracts with each current and former employee and independent contractor who is, or since January 1, 2014 was, involved in or has contributed to the invention, creation, or development of any Company Intellectual Property during the course of employment or engagement with the Company or such Subsidiary whereby such employee or independent contractor (i) acknowledges the Company's or Subsidiaries' exclusive ownership of all Intellectual Property invented, created, or developed by such employee or independent contractor within the scope of his or her employment or engagement with the Company or such Subsidiary; and (ii) grants to the Company or such Subsidiary a present, irrevocable assignment of any ownership interest such employee or independent contractor may have in or to such Intellectual Property. Sellers have provided Buyer with true and complete copies of all such Contracts.

(d) Neither the execution, delivery or performance of this Agreement, nor the consummation of the transactions contemplated hereunder, will result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, any Company Party's right to own or use any material Company Intellectual Property or any Intellectual Property subject to any Company IP Agreement.

(e) To Sellers' Knowledge, the Company IP Registrations that have issued are valid and enforceable, and are subsisting and in full force and effect. The Company and applicable Subsidiaries have taken commercially reasonable steps to maintain and enforce the Company Intellectual Property and to preserve the confidentiality of material Trade Secrets included in the Company Intellectual Property, including by requiring all Persons having access thereto to execute binding, written non-disclosure agreements.

(f) The conduct of the Company's and Subsidiaries' business as currently and formerly conducted, and the products, processes and services of the Company and Subsidiaries, have not infringed, misappropriated or otherwise violated, the Intellectual Property rights of any Person. To Sellers' Knowledge, no Person has infringed, misappropriated or otherwise violated any Company Intellectual Property.

(g) There are no Actions (including any opposition, cancellation, revocation, review, or other proceeding) settled, pending or threatened (including in the form of offers to obtain a license): (i) alleging in writing any infringement, misappropriation, or other violation by the Company of the Intellectual Property of any Person; (ii) challenging in writing the validity, enforceability, registerability, patentability, or ownership of any Company Intellectual Property; or (iii) by the Company or any other Person alleging any infringement, misappropriation, or violation by any Person of the Company Intellectual Property. Neither Sellers nor any Company Party is aware of any facts or circumstances that could reasonably be expected to give rise to any such Action. No Company Party's is subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or could reasonably be expected to restrict or impair the use of any Company Intellectual Property.

(h) The computer hardware, servers, networks, platforms, peripherals, data communication lines, and other information technology equipment and related systems, including any outsourced systems and processes, that are owned or used by any Company Party ("**Company Systems**") are reasonably sufficient for the immediate and currently anticipated needs of the Company's business. In the past eighteen (18) months, to Sellers' Knowledge, there

has been no unauthorized access, use, intrusion, or breach of security, or material failure, breakdown, performance reduction, or other adverse event affecting any Company Systems, that has caused or, to the Sellers' Knowledge would reasonably be expected to cause any: (i) substantial disruption of or interruption in or to the use of such Company Systems or the conduct of the Company's business; (ii) material loss, destruction, damage, or harm of or to the Company or its operations, personnel, property, or other assets; or (iii) material Liability of any kind to the Company. The Company Parties have taken commercially reasonable actions, consistent with applicable industry practices, to protect the integrity and security of the Company Systems and the data and other information stored or processed thereon. The Company (i) maintains commercially reasonable backup and data recovery, disaster recovery, and business continuity plans, procedures, and facilities; (ii) acts in material compliance therewith; and (iii) tests such plans and procedures on a regular basis, and such plans and procedures have been proven effective in all material respects upon such testing.

(i) Except as expressly stated in the forgoing, no other representations or warranties are made as to Company Intellectual Property or Company Systems or Intellectual Property rights of any Person.

**Section 3.13 Inventory.** All inventory of the Company and each Subsidiary, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the ordinary course of business, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Company or a Subsidiary free and clear of all Encumbrances, and no inventory is held on a consignment basis.

**Section 3.14 Accounts Receivable.** The accounts receivable reflected on the Interim Balance Sheet and the accounts receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by the Company or a Subsidiary involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; (b) constitute valid claims of the Company Parties subject to normal cash discounts accrued in the ordinary course of business consistent with past practice; and (c) except as set forth on Disclosure Schedule 3.14 and except for as it relates to intercompany accounts receivable, to Sellers' Knowledge, are collective in full within 90 days after billing. The reserve (if any) for bad debts shown on the Interim Balance Sheet or, with respect to accounts receivable arising after the Interim Balance Sheet Date, on the accounting records of the Company Parties have been determined in accordance with GAAP, consistently applied, subject to normal year-end adjustments and the absence of disclosures normally made in footnotes.

**Section 3.15 Customers and Suppliers.**

(a) Disclosure Schedule 3.15(a) contains (i) each customer who has paid aggregate consideration to the Company or a Subsidiary for goods or services rendered in an amount greater than or equal to $25,000 for each of the two most recent fiscal years (collectively, the "**Material Customers**"); and (ii) the amount of consideration paid by each Material Customer during such periods. Except as set forth in Disclosure Schedule 3.15(a), no Company Party has received any notice that any of its Material Customers has ceased, or intends to cease after the Closing, to use its goods or services.

(b) Disclosure Schedule 3.15(b) contains (i) each supplier to whom any Company Party has paid consideration for goods or services rendered in an amount greater than or equal to $25,000 for each of the two most recent fiscal years, as well as each supplier of the Company affiliated with the Sellers or any members of the Sellers (collectively, the "**Material Suppliers**"); and (ii) the amount of purchases from each Material Supplier during such periods. Except as set forth in Disclosure Schedule 3.15(b), no Company Party has received any notice, and has no reason to believe, that any of its Material Suppliers has ceased, or intends to cease, to supply goods or services to the Company or such Subsidiary or to otherwise terminate or materially reduce its relationship with the Company or such Subsidiary.

**Section 3.16 Insurance.** Disclosure Schedule 3.16 sets forth a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers' compensation, vehicular, directors' and officers' liability, fiduciary liability and other casualty and property insurance maintained by Sellers or their Affiliates and relating to the assets, business, operations, employees, officers and directors of the Company Parties (collectively, the "**Insurance Policies**") and true and complete copies of such Insurance Policies have been made available to Buyer. Such Insurance Policies are in full force and effect and shall remain in full force and effect following the consummation of the transactions contemplated by this Agreement. Neither the Sellers nor any of their Affiliates has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such Insurance Policies. All premiums due on such Insurance Policies have either been paid or, if due and payable prior to Closing, will be paid prior to Closing in accordance with the payment terms of each Insurance Policy. The Insurance Policies do not provide for any retrospective premium adjustment or other experience-based liability on the part of any Company Party. All such Insurance Policies are valid and binding in accordance with their terms and have not been subject to any lapse in coverage. Except as set forth on Disclosure Schedule Section 3.16, there are no claims related to the business of the Company pending under any such Insurance Policies as to which coverage has been denied or disputed or in respect of which there is an outstanding reservation of rights. None of Sellers or any of their Affiliates (including the Company) is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such Insurance Policy.

**Section 3.17 Legal Proceedings; Governmental Orders.**

(a) Except as set forth in Disclosure Schedule 3.17(a), there are no Actions pending or, to Sellers' Knowledge, threatened (a) against or by any Company Party affecting any of its properties or assets (or by or against Sellers or any Affiliate thereof and relating to the Company); or (b) against or by the Sellers or any Affiliate of Sellers that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To Sellers' Knowledge, no event has occurred or circumstances exist that, to Sellers' Knowledge, would reasonably be expected to give rise to any such Action.

(b) Except as set forth in Disclosure Schedule 3.17(b), there are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against or affecting any Company Party or any of their properties or assets. Each Company Party is in compliance with the terms of each Governmental Order set forth in Disclosure Schedule 3.17(b).

**Section 3.18 Compliance With Laws; Permits.**

(a) Except as set forth in Disclosure Schedule 3.18(a) and except for Laws pertaining to the US federal regulation of cannabis, each Company Party has complied, and is now complying, in all material respects, with all Laws applicable to it or its business, Real Property, other properties or assets, except where failure to comply with such Laws would not have a Material Adverse Effect.

(b) All Permits required for the Company Parties to conduct their business have been obtained by it and are valid and in full force and effect except where the failure to obtain or maintain such Permit would not have a Material Adverse Effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Disclosure Schedule 3.18(b) lists all current Permits issued to any Company Party, including the names of the Permits and their respective dates of issuance and expiration. To the Sellers' knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Disclosure Schedule 3.18(b) where such revocation, suspension, lapse or limitation would have a Material Adverse Effect.

**Section 3.19 Environmental Matters.**

(a) To the Sellers' Knowledge, the Company Parties and Sellers are currently and have been in material compliance with all Environmental Laws and, except as disclosed in Disclosure Schedule 3.19(a), have not received from any Person any Environmental Notice or Environmental Claim which may have a Material Adverse Effect and either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) The Company Parties have obtained and are in material compliance with all Environmental Permits (each of which is disclosed in Disclosure Schedule 3.19(b) necessary for the ownership, lease, operation or use of the business or assets of the Company and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by Sellers through the Closing Date in accordance with Environmental Law, and neither Sellers nor any Company Party is aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the ownership, lease, operation or use of the business or assets of the Company Parties as currently carried out. With respect to any such Environmental Permits, Sellers have undertaken, or will undertake prior to the Closing Date, all measures necessary to facilitate transferability of the same, and neither the Company nor the Sellers are aware of any condition, event or circumstance that might prevent or impede the transferability of the same, nor have they received any Environmental Notice or written communication regarding any material adverse change in the status or terms and conditions of the same.

(c) Except as disclosed in Disclosure Schedule 3.19(c), to the Sellers' Knowledge, no real property currently or formerly owned, operated or leased by the Company Parties is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) Except as disclosed in Disclosure Schedule 3.19(d), to the Sellers' Knowledge, there has been no Release of Hazardous Materials in contravention of Environmental Law with respect to the business or assets of the Company Parties or any real property currently or formerly owned, operated or leased by a Company Party, and neither a Company Party nor any Seller has received an Environmental Notice that any real property currently or formerly owned, operated or

leased in connection with the business of a Company Party (including soils, groundwater, surface water, buildings and other structure located on any such real property) has been contaminated with any Hazardous Material which could reasonably be expected to result in an Environmental Claim against, or a violation of any applicable Environmental Law or term of any applicable Environmental Permit by, Sellers or the Company Parties.

(e) Except as disclosed in Disclosure Schedule 3.19(e), to Sellers' Knowledge, there are no active or abandoned aboveground or underground storage tanks owned or operated by a Company Party.

(f) Except as disclosed in Disclosure Schedule 3.19(f), to Sellers' Knowledge, there are no off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by a Company Party or Sellers and any predecessors as to which a Company Party or Sellers may retain liability, and to Sellers' Knowledge none of these facilities or locations has been placed or proposed for placement on the National Priorities List (or CERCLIS) under CERCLA, or any similar state list, and neither any Seller nor any Company Party have received any Environmental Notice regarding potential Liabilities with respect to such off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by the Company or Sellers.

(g) Neither Sellers nor any Company Party have retained or assumed, by Contract or operation of Law, any material Liabilities or obligations of third parties under applicable Environmental Law.

(h) Sellers have provided or otherwise made available to Buyer and listed in Disclosure Schedule 3.19(h): any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the business or assets of the Company Parties or any currently or formerly owned, operated or leased real property which are in the possession or control of the Sellers or the Company Parties related to compliance with applicable Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials.

(i) To Sellers' Knowledge, as of the Closing Date, there is no condition, event or circumstance concerning the Release or regulation of Hazardous Materials that might, after the Closing Date, prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the business or assets of the Company Parties as currently carried out.

(j) To Sellers' Knowledge, Sellers own and control the Environmental Attributes set forth in Disclosure Schedule 3.19(j) and has not entered into any contract or pledge to transfer, lease, license, guarantee, sell, mortgage, pledge or otherwise dispose of or encumber any Environmental Attributes as of the date hereof. Neither Sellers nor any Company Party is aware of any condition, event or circumstance that might prevent, impede or materially increase the costs associated with the transfer (if required) to Buyer of any Environmental Attributes after the Closing Date.

**Section 3.20 Employee Benefit Matters.**

(a) Disclosure Schedule 3.20(a) contains a true and complete list of each pension, benefit, retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity, membership interest or membership interest-based, change in control, retention, severance, vacation, paid time off (PTO), medical, vision, dental, disability, welfare, Code Section 125 cafeteria, fringe benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, including each "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA, which is or has been maintained, sponsored, contributed to, or required to be contributed to by a Company Party for the benefit of any current or former employee, officer, director, retiree, independent contractor or consultant of such Company Party or any spouse or dependent of such individual, or under which such Company Party or any of its ERISA Affiliates has or may have any Liability, or with respect to which Buyer or any of its Affiliates would reasonably be expected to have any Liability, contingent or otherwise (as listed on Disclosure Schedule 3.20(a), each, a "**Benefit Plan**"). The Sellers have separately identified in Disclosure Schedule 3.20(a) each Benefit Plan that contains a change in control provision.

(b) With respect to each Benefit Plan, Sellers have made available to Buyer accurate, current and complete copies of each of the following: (i) where the Benefit Plan has been reduced to writing, the plan document together with all amendments; (ii) where the Benefit Plan has not been reduced to writing, a written summary of all material plan terms; (iii) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and Contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise; (iv) copies of any summary plan descriptions, summaries of material modifications, summaries of benefits and coverage, COBRA communications, employee handbooks and any other written communications (or a description of any oral communications) relating to any Benefit Plan; (v) in the case of any Benefit Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the Internal Revenue Service and any legal opinions issued thereafter with respect to such Benefit Plan's continued qualification; (vi) in the case of any Benefit Plan for which a Form 5500 must be filed, a copy of the two most recently filed Forms 5500, with all corresponding schedules and financial statements attached; (vii) actuarial valuations and reports related to any Benefit Plans with respect to the two most recently completed plan years; (viii) the most recent nondiscrimination tests performed under the Code; and (ix) copies of material notices, letters or other correspondence from the Internal Revenue Service, Department of Labor, Department of Health and Human Services, Pension Benefit Guaranty Corporation or other Governmental Authority relating to the Benefit Plan.

(c) Except as set forth in Disclosure Schedule 3.20(c), each Benefit Plan and any related trust (other than any multiemployer plan within the meaning of Section 3(37) of ERISA (each a "**Multiemployer Plan**")) has been established, administered and maintained in accordance with its terms and in material compliance with all applicable Laws (including ERISA, the Code and any applicable local Laws). Each Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code (a "**Qualified Benefit Plan**") is so qualified and received a favorable and current determination letter from the Internal Revenue Service with respect to the most recent five year filing cycle, or with respect to a prototype or volume submitter plan, can rely on an opinion letter from the Internal Revenue Service to the prototype plan or volume submitter plan sponsor, to the effect that such Qualified Benefit Plan is so

qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and nothing has occurred that could reasonably be expected to adversely affect the qualified status of any Qualified Benefit Plan. Nothing has occurred with respect to any Benefit Plan that has subjected or could reasonably be expected to subject the Company or any of its ERISA Affiliates or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a penalty under Section 502 of ERISA or to tax or penalty under Sections 4975 or 4980H of the Code.

No pension plan (other than a Multiemployer Plan) which is subject to minimum funding requirements, including any multiple employer plan, (each, a "**Single Employer Plan**") in which employees of a Company Party or any ERISA Affiliate participate or have participated has an "accumulated funding deficiency", whether or not waived, or is subject to a lien for unpaid contributions under Section 303(k) of ERISA or Section 430(k) of the Code. No Single Employer Plan covering employees of the Company which is a defined benefit plan has an "adjusted funding target attainment percentage," as defined in Section 436 of the Code, less than 80%. Except as set forth in Disclosure Schedule 3.20(c), all benefits, contributions and premiums relating to each Benefit Plan have been timely paid in accordance with the terms of such Benefit Plan and all applicable Laws and accounting principles, and all benefits accrued under any unfunded Benefit Plan have been paid, accrued or otherwise adequately reserved to the extent required by, and in accordance with, GAAP.

(d) Neither any Company Party nor any of their ERISA Affiliates has (i) incurred or reasonably expects to incur, either directly or indirectly, any material Liability under Title I or Title IV of ERISA or related provisions of the Code or applicable local Law relating to employee benefit plans; (ii) failed to timely pay premiums to the Pension Benefit Guaranty Corporation; (iii) withdrawn from any Benefit Plan; (iv) engaged in any transaction which would give rise to liability under Section 4069 or Section 4212(c) of ERISA; (v) incurred taxes under Section 4971 of the Code with respect to any Single Employer Plan; or (vi) participated in a multiple employer welfare arrangements (MEWA).

(e) With respect to each Benefit Plan (i) no such plan is a Multiemployer Plan; (ii) no such plan is a "multiple employer plan" within the meaning of Section 413(c) of the Code or a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA); (iii) no Action has been initiated by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee for any such plan; (iv) no such plan or the plan of any ERISA Affiliate maintained or contributed to within the last six (6) years is a Single Employer Plan subject to Title IV of ERISA; and (v) no "reportable event," as defined in Section 4043 of ERISA, with respect to which the reporting requirement has not been waived has occurred with respect to any such plan.

(f) Each Benefit Plan can be amended, terminated or otherwise discontinued after the Closing in accordance with its terms, without material liabilities to Buyer, the Company or any of their Affiliates other than ordinary administrative expenses typically incurred in a termination event. The Company has no commitment or obligation and has not made any representations to any employee, officer, director, independent contractor or consultant, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(g) Other than as required under Sections 601 to 608 of ERISA or other applicable Law, no Benefit Plan provides post-termination or retiree health benefits or life insurance to any individual for any reason, and no Company Party nor any of their ERISA Affiliates has any Liability to provide post-termination or retiree health benefits or life insurance to any individual or ever represented, promised or contracted to any individual that such individual would be provided with post-termination or retiree health benefits or life insurance.

(h) There is no pending or, to Sellers' Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Authority.

(i) There has been no amendment to, announcement by Sellers, the Company Parties or any of their Affiliates relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year (other than on a de minimis basis) with respect to any director, officer, employee, independent contractor or consultant, as applicable. None of Sellers, the Company, nor any of their Affiliates has any commitment or obligation or has made any representations to any director, officer, employee, independent contractor or consultant, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any collective bargaining agreement.

(j) Each Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including notices, rulings and proposed and final regulations) thereunder. The Company does not have any obligation to gross up, indemnify or otherwise reimburse any individual for any excise taxes, interest or penalties incurred pursuant to Section 409A of the Code.

(k) Each individual who is classified by a Company Party as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

(l) Except as set forth in Disclosure Schedule 3.20(l), neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, employee, independent contractor or consultant of a Company Party to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation (including equity-based compensation) due to any such individual; (iii) limit or restrict the right of the Company to merge, amend, or terminate any Benefit Plan; (iv) increase the amount payable under or result in any other material obligation pursuant to any Benefit Plan; (v) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code; or (vi) require a "gross-up" or other payment to any "disqualified individual" within the meaning of Section 280G(c) of the Code. Sellers have made available to Buyer true and complete copies of any Section 280G calculations prepared (whether or not final) with respect to any disqualified individual in connection with the transactions.

**Section 3.21 Employment Matters.**

(a) Disclosure Schedule 3.21(a) contains a list of all persons who are employees, independent contractors or consultants of a Company Party, separated by Company Party, as of the date hereof, including any employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full-time or part-time); (iii) hire or retention date; (iv) current annual base compensation rate or contract fee; and (v) commission, bonus or other incentive-based compensation. Except as set forth on Disclosure Schedule 3.21(a), as of the date hereof, all compensation, including wages, commissions, bonuses, fees and other compensation, payable to all employees, independent contractors or consultants of a Company Party for services performed on or prior to the date hereof have been paid in full (or accrued in full on the audited balance sheet contained in the Closing Working Capital Statement) and there are no outstanding agreements, understandings or commitments of any Company Party with respect to any compensation, commissions, bonuses or fees.

(b) No Company Party is, and has not been for the past five years, a party to, bound by, or negotiating any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, "**Union**"), and there is not, and has not been for the past five years, any Union representing or purporting to represent any employee of the Company, and no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining. Except as set forth in Disclosure Schedule 3.21(b), there has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor disruption or dispute affecting any Company Party or any of their employees. The Company Parties have no duty to bargain with any Union.

(c) Except as set forth on Disclosure Schedule 3.21(c), the Company Parties are and have been in compliance with all applicable Laws pertaining to employment and employment practices, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, work authorization, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence, paid sick leave and unemployment insurance. All individuals characterized and treated by a Company Party as independent contractors or consultants are properly treated as independent contractors under all applicable Laws. All employees of a Company Party classified as exempt under the Fair Labor Standards Act and state and local wage and hour Laws are properly classified. Each Company Party is in compliance with and has complied with all applicable immigration Laws, including Form I-9 requirements and any applicable mandatory E-Verify obligations. Except as set forth in Section 3.21(c), there are no Actions against any Company Party pending, or to the Sellers' Knowledge, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant, volunteer, intern or independent contractor of such Company Party, including any charge, investigation or claim relating to unfair labor practices, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, work authorization, wages, hours, overtime compensation, employee classification, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence,

paid sick leave, unemployment insurance or any other employment related matter arising under applicable Laws.

(d) Each Company Party has complied with the WARN Act in all respects.

**Section 3.22 Taxes.** Except as set forth in Disclosure Schedule Section 3.22:

(a) All Tax Returns required to be filed on or before the Closing Date by the Company Parties have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete and correct in all material respects. All Taxes due and owing by the Company Parties (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) Each Company Party, as applicable, has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) No claim has been made in writing or, to the Knowledge of the Sellers', orally, by any taxing authority in any jurisdiction where a Company Party does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(d) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company Parties.

(e) The amount of the Company Parties' Liability for unpaid Taxes for all periods ending on or before the Interim Financial Statement does not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) reflected on the Financial Statements. The amount of the Company Parties' Liability for unpaid Taxes for all periods following the end of the recent period covered by the Financial Statements shall not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) as adjusted for the passage of time in accordance with the past custom and practice of the Company Parties (and which accruals shall not exceed comparable amounts incurred in similar periods in prior years).

(f) Disclosure Schedule 3.22(f) sets forth:

(i) the taxable years of the Company Parties as to which the applicable statutes of limitations on the assessment and collection of Taxes have not expired;

(ii) those years for which examinations by the taxing authorities have been completed; and

(iii) those taxable years for which examinations by taxing authorities are presently being conducted.

(g) All deficiencies asserted, or assessments made, against any Company Party as a result of any examinations by any taxing authority have been fully paid.

(h) No Company Party is a party to any Action by any taxing authority. There are no pending or, to the knowledge of Company, threatened Actions by any taxing authority.

(i) Sellers have delivered or made available to Buyer copies of all federal, state, local and foreign income, franchise and similar Tax Returns, examination reports, and statements of deficiencies assessed against, or agreed to by, the Company for all Tax periods ending after December 31, 2014.

(j) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of any Company Party.

(k) No Company Party is a party to, or bound by, any Tax indemnity, Tax sharing or Tax allocation agreement.

(l) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to a Company Party.

(m) No Company Party has been a member of an affiliated, combined, consolidated or unitary Tax group for Tax purposes. No Company Party has any Liability for Taxes of any Person (other than such Company Party) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or foreign Law), as transferee or successor, by Contract or otherwise.

(n) No Company Party will be required to include any item of income in, or exclude any item or deduction from, taxable income for any taxable period or portion thereof ending after the Closing Date as a result of:

(i) any change in a method of accounting under Section 481 of the Code (or any comparable provision of state, local or foreign Tax Laws), or use of an improper method of accounting, for a taxable period ending on or prior to the Closing Date;

(ii) an installment sale or open transaction occurring on or prior to the Closing Date;

(iii) a prepaid amount received on or before the Closing Date;

(iv) any closing agreement under Section 7121 of the Code, or similar provision of state, local or foreign Law; or

(v) any election under Section 108(i) of the Code.

(o) Sellers are not a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2. The Company is not, nor has it been, a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(a) of the Code.

(p) No Company Party has been a "distributing corporation" or a "controlled corporation" in connection with a distribution described in Section 355 of the Code.

(q) No Company Party is, and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011 4(b).

(r) There are no foreign jurisdictions in which any Company Party is subject to Tax, is engaged in business or has a permanent establishment. The Company has not entered into a gain recognition agreement pursuant to Treasury Regulations Section 1.367(a)-8. The Company has not transferred an intangible the transfer of which would be subject to the rules of Section 367(d) of the Code.

(s) No property owned by any Company Party is (i) required to be treated as being owned by another person pursuant to the so-called "safe harbor lease" provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, (ii) described in Section 168(g)(1)(A) of the Code, or (iii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

**Section 3.23 Books and Records.** The records of actions taken by written consent of the members, managers and any committees of any such Company Party, all of which have been made available to Buyer, are complete and correct. Each Company Party has records of all such actions as required by Law or the organizational documents of such Company Party. The records of each of the Company Parties contain accurate and complete records of actions taken by written consent of the members of such Company Party, and no action taken by written consent of any such members, managers or committee has been held which has not been provided to Buyer. At the Closing, all of those records will be in the possession of the Company. There are no minute books of any Company Party.

**Section 3.24 Brokers.** No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Ancillary Document based upon arrangements made by or on behalf of the Sellers.

**Section 3.25 Independent Investigation; Non-Reliance.** Each Seller acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, each Seller has relied solely upon its own investigation, including a review of the publicly available information on Parent, and the express representations and warranties of Buyer and Parent set forth in Article IV (including the related portions of the Disclosure Schedules); and (b) none of Buyer, Parent or any other Person has made any representation or warranty as to Buyer, Parent or this Agreement, except as expressly set forth in Article IV (including the related portions of the Disclosure Schedules).

## ARTICLE IV
## REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth in the Disclosure Schedules, Parent and Buyer jointly and severally represent and warrant to Sellers that the statements contained in this Article IV are true and correct as of the date hereof.

**Section 4.01 Organization and Authority of Buyer.** Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware. Buyer has full power and authority to enter into this Agreement and the Ancillary Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any Ancillary Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Sellers) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. When each Ancillary Document to which Buyer is or will be a party has been duly executed and delivered by Buyer (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms.

**Section 4.02 Organization, Authority and Qualification of Parent.** Parent is a corporation organized, validly existing and in good standing under the Laws of the Province of British Columbia and has the requisite corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. The execution and delivery by Parent of this Agreement and any Ancillary Document to which Parent is a party, the performance by Parent of its obligations hereunder and thereunder and the consummation by Parent of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Parent. This Agreement has been duly executed and delivered by Parent, and (assuming due authorization, execution and delivery by Sellers) this Agreement constitutes a legal, valid and binding obligation of Parent enforceable against Parent in accordance with its terms. When each Ancillary Document to which Parent is or will be a party has been duly executed and delivered by Parent (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of Parent enforceable against it in accordance with its terms.

**Section 4.03 Capitalization of Parent.** The final prospectus of Parent dated October 10, 2018 accurately reflects the capitalization of Parent on such date and, except as disclosed therein or as set forth in Disclosure Schedule 4.03, as of such date there are no outstanding or authorized options, warrants, convertible securities or other binding rights, agreements, arrangements or commitments of any character relating to the equity of Parent or obligating Parent to issue or sell any equity interest in Parent. All of the GTI Shares were issued in compliance with applicable Laws. None of the GTI Shares were issued in violation of any agreement, arrangement or commitment to which Buyer or the Parent is a party or is subject to or in violation of any preemptive or similar rights of any Person.

**Section 4.04 No Conflicts; Consents.** The execution, delivery and performance by Buyer of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of incorporation, by-laws or other organizational documents of Buyer; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; or (c) except as set forth in Disclosure Schedule 4.04, require the consent, notice or other action by any Person under any Contract to which Buyer is a party. Except as set forth Schedule 4.04, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, except for such filings as may be required under the HSR Act.

**Section 4.05 Subscription Receipts and GTI Shares**. The Subscription Receipts to be issued pursuant to this Agreement have been duly authorized for issuance on the part of the Parent and Buyer and, when issued and delivered pursuant to this Agreement, will (i) have been validly issued and outstanding as fully paid; and (ii) have been issued in compliance with all applicable Laws, including applicable securities Laws and the rules and regulations of the CSE. The GTI Shares to be issued pursuant to this Agreement, including the GTI Shares issuable pursuant to the Subscription Receipts, have been duly authorized for issuance by all necessary action on the part of the Parent and Buyer and, when issued and delivered pursuant to this Agreement, will (i) have been validly issued and outstanding as fully paid and non-assessable shares; and (ii) have been issued in compliance with all applicable Laws, including applicable securities Laws and the rules and regulations of the CSE. The GTI Shares to be issued pursuant to the Subscription Receipts will not, on or after the date that is four months and one day after the date of issuance of the Subscription Receipts, be subject to any hold period under applicable securities Laws in Canada such that such GTI Shares may be traded without a prospectus or reliance on a prospectus exemption, provided that the balance of the conditions in Items 1,4,5,6 and 7 of section 2.5(2) to National Instrument 45-102 of the Canadian Securities Administrators have been complied with.

**Section 4.06 Reporting Issuer**. Parent (i) is a “reporting issuer” (as that term is defined under applicable Canadian securities Laws) in each of the Provinces of Canada, other than Quebec, that recognize such concept, (ii) is not included in a list of defaulting reporting issuers (or equivalent) maintained by the applicable securities authorities in such provinces and (iii) is not in default of applicable Canadian securities Laws in any material respect.

**Section 4.07 Absence of Cease Trades**. No order ceasing or suspending trading in the GTI Shares (or any of them) or any other securities of Parent is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of Buyer, are pending, contemplated or threatened.

**Section 4.08 RESERVED.**

**Section 4.09 Financial Statements.** The Parent’s audited financial statements consisting of the balance sheet of the Parent as at December 31 2017 and 2016 and the related statements of income and retained earnings, members’ equity and cash flow for the years then

ended, (the "**Parent Audited Financial Statements**"), and unaudited interim financial statements consisting of the balance sheet of the Parent as of June 30, 2018 and the related statements of income and retained earnings, members' equity and cash flow for the six-month period then ended (the "**Parent Interim Financial Statements**" and together with the Parent Audited Financial Statements, the "**Parent Financial Statements**") as filed on SEDAR have been prepared in accordance with IFRS applied on a consistent basis throughout the period involved, subject, in the case of the Parent Interim Financial Statements, to normal and recurring year-end adjustments and the absence of notes (that, if presented, would not differ materially from those presented in the Parent Audited Financial Statements). The Parent Financial Statements are based on the books and records of the Parent, and, in all material respects, fairly present the financial condition of the Parent and each subsidiary of Parent as of the respective dates they were prepared and the results of the operations of the Parent for the periods indicated.

**Section 4.10 RESERVED.**

**Section 4.11 RESERVED.**

**Section 4.12 Title to Assets; Real Property.**

**Section 4.13 Legal Proceedings; Governmental Orders.**

(a) Except as set forth in Disclosure Schedule Section 4.13(a), there are no Actions pending or, to Buyer's Knowledge, threatened (a) against or by the Parent or any subsidiary of Parent affecting any of its properties or assets (or by or against Buyer or any affiliate thereof and relating to the Parent) which, if decided adversely, would have a Material Adverse Effect on Parent; or (b) against or by the Buyer or any affiliate of Buyer that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.

(b) Except as set forth in Disclosure Schedule 4.13(b), there are no outstanding material Governmental Orders and no material unsatisfied judgments, penalties or awards against or affecting Parent or Buyer or any of their properties or assets. The Parent and each subsidiary of Parent is in compliance in all material respects with the terms of each Governmental Order set forth in Disclosure Schedule Section 4.13(b).

**Section 4.14 Compliance with Laws; Permits.**

(a) With the exception of Laws pertaining to the US federal regulation of cannabis, the Parent and each subsidiary of Parent has complied, and is now complying, with all Laws applicable to it or its business, properties or assets, except where failure to comply with such Laws would not have a Material Adverse Effect.

(b) All Permits required for Parent and each subsidiary of Parent to conduct its business have been obtained by it and are valid and in full force and effect except where the failure to obtain or maintain such Permit would not have a Material Adverse Effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. To the Knowledge of Buyer, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any

Permit where such revocation, suspension, lapse or limitation would have a Material Adverse Effect on Parent.

**Section 4.15 Taxes.** All material Tax Returns required to be filed on or before the Closing Date by the Parent or any Subsidiary have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete and correct in all material respects. All material Taxes due and owing by the Parent or any subsidiary of Parent (whether or not shown on any Tax Return) have been, or will be, timely paid.

**Section 4.16 RESERVED.**

**Section 4.17 Investment Purpose.** Buyer is acquiring the Interest solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that the Interest is not registered under the Securities Act of 1933, as amended, or any state securities laws, and that the Interest may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

**Section 4.18 Brokers.** No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of Buyer.

**Section 4.19 Sufficiency of Funds.** Buyer has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Cash Payment and consummate the transactions contemplated by this Agreement.

**Section 4.20 Public Record**. The Parent has filed on SEDAR all documents required to be filed by Parent under applicable Canadian securities Laws. The Parent's documents publicly filed on SEDAR do not contain any misrepresentations. The Parent has complied with all applicable Canadian securities Laws regarding the disclosure of material changes and has no confidential material change reports outstanding.

**Section 4.21 Independent Investigation; Non-Reliance.** Buyer and Parent acknowledge and agree that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer and Parent have relied solely upon its own investigation and the express representations and warranties of Sellers set forth in Article III (including the related portions of the Disclosure Schedules); and (b) none of Sellers, the Company or any other Person has made any representation or warranty as to Sellers, the Company or this Agreement, except as expressly set forth in Article III (including the related portions of the Disclosure Schedules).

## ARTICLE V
## COVENANTS

**Section 5.01 Conduct of Business of Company Parties Prior to the Closing.** From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), Seller Parties shall, and shall cause the Company Parties to, (i) conduct the business of the Company Parties in the ordinary course of business consistent with past practice; and (ii) use commercially reasonable efforts to maintain and preserve intact the current organization, business and franchise of the Company Parties and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with the Company Parties. Without limiting the foregoing, from the date hereof until the Closing Date, Seller Parties shall:

(a) cause each Company Party to preserve and maintain all of its Permits;

(b) cause each Company Party to pay its debts, Taxes and other obligations when due;

(c) cause each Company Party to maintain the properties and assets owned, operated or used by the Company Party in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(d) cause each Company Party to continue in full force and effect without modification all Insurance Policies, except as required by applicable Law;

(e) cause each Company Party to defend and protect its properties and assets from infringement or usurpation;

(f) cause each Company Party to perform all of its obligations under all Contracts relating to or affecting its properties, assets or business;

(g) cause each Company Party to maintain its books and records in accordance with past practice;

(h) cause each Company Party to comply in all material respects with all applicable Laws;

(i) except as set forth in Disclosure Schedule 3.08, cause each Company Party not to take or permit any action that would cause any of the changes, events or conditions described in Section 3.08 to occur;

(j) use commercially reasonable efforts to complete the Cannabiotix Acquisition by or before the Closing Date; and

(k) to the extent not accomplished prior to signing, use commercially reasonable efforts to cause the California Subsidiaries to enter into the agreements listed as items 27-30 in Disclosure Schedule 3.09(a), *provided*, *however*, that each such agreement shall be subject to Parent's approval, acting reasonably.

**Section 5.02 RESERVED.**

**Section 5.03 Access to Information.** From the date hereof until the Closing, Seller Parties shall, and shall cause the Company and its Subsidiaries to (a) afford Buyer and its Representatives full and free access to and the right to inspect all of the Real Property, properties, assets, premises, books and records, Contracts and other documents and data related to the Company; (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to the Company or the Parent, as applicable, as Buyer or any of its Representatives or Sellers and their Representatives may reasonably request; and (c) instruct the Representatives of Sellers and the Company to cooperate with Buyer with respect to the foregoing, provided that any such access shall be granted during normal business hours upon reasonable advance notice to the Sellers and in such a manner as not to interfere with the normal operations of the Company. Buyer and its Representatives may only conduct non-invasive environmental due diligence of the Company and the Real Property Buyer shall deliver to Sellers' Representative notice of its desire to enter the Real Property at least three (3) Business Days prior to the intended date of entry. Buyer and any of its Representatives shall exercise due care and ordinary prudence in performing any investigations hereunder and shall not cause or permit any damage or injury to be done to the Real Property and shall promptly restore the Real Property to such condition as existed prior to such investigations (to the extent Buyer's investigations caused damage or injury to the Real Property). Other than research of public records and databases and other than ordinary contact normally associated with routine due diligence examinations, neither Buyer nor any of its Representatives shall communicate with any governmental or regulatory agencies or their respective individual employees concerning the Real Property, without giving at least forty-eight (48) hours prior written notice to Sellers. Sellers shall have the right to participate in any meetings or telephone calls with such agencies or employees.

**Section 5.04 No Solicitation of Other Bids.**

(a) Seller Parties shall not, and shall not authorize or permit any of their Affiliates or any of its or their Representatives to, directly or indirectly, (i) knowingly encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Seller Parties shall immediately cease and cause to be terminated, and shall cause their Affiliates and all of their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could reasonably lead to, an Acquisition Proposal. For purposes hereof, "**Acquisition Proposal**" shall mean any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving a Company Party or Seller; (ii) the issuance or acquisition of membership interest or other equity securities of a Company Party or Seller; or (iii) the sale, lease, exchange or other disposition of any significant portion of a Company Party's properties or assets and for certainty shall not include the Cannabiotix Acquisition.

(b) In addition to the other obligations under this Section 5.04, the Seller Parties shall promptly (and in any event within one Business Day after receipt thereof by Sellers or their Representatives) advise Buyer orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which

would reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) Seller Parties agree that the rights and remedies for noncompliance with this Section 5.04 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

**Section 5.05 Notice of Certain Events.**

(a) From the date hereof until the Closing, the Seller Parties shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Sellers hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 7.02 to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person or any other Person who is not a Seller is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement;

(iv) any Actions commenced or, to Sellers' Knowledge, threatened against, relating to or involving or otherwise affecting Sellers or the Company that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.17 or that relates to the consummation of the transactions contemplated by this Agreement; and

(v) the closing of the Cannabiotix Acquisition or the termination of the Cannabiotix Acquisition Agreement.

(b) Buyer's receipt of information pursuant to Section 5.04(a) shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Sellers in this Agreement (including Section 8.02 and Section 9.01(b)) and shall not be deemed to amend or supplement the Disclosure Schedules.

(c) From the date hereof until the Closing, Buyer and Parent shall promptly notify Sellers in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Parent, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Buyer and Parent hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 7.03 to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person or any other Person who is not the Buyer or Parent is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement;

(iv) any Actions commenced or, to Buyer's Knowledge, threatened against, relating to or involving or otherwise affecting Buyer or Parent that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.13 or that relates to the consummation of the transactions contemplated by this Agreement; and

(d) Sellers' receipt of information pursuant to Section 5.04(c) shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Buyer in this Agreement (including Section 8.03 and Section 9.01(c)) and shall not be deemed to amend or supplement the Disclosure Schedules.

**Section 5.06 Resignations.** Sellers shall deliver to Buyer additional written resignations of the officers and directors of the Company as requested by Buyer at least five Business Days prior to the Closing.

**Section 5.07 Confidentiality.** Seller Parties acknowledge that as members and employees of the Company they have received proprietary information and confidential information belonging to the Company, that are not generally known to the public including, but not limited to, information concerning business plans, financial statements and other information provided pursuant to this Agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Company treats as confidential, in any format whatsoever (including oral, written, electronic or any other form or medium) (collectively, "**Company Information**"). In addition, each Seller Party acknowledges that: (i) the Company has invested, and continues to invest, substantial time, expense and specialized knowledge in developing its Company Information; (ii) the Company Information provides the Company with a competitive advantage over others in the marketplace; and (iii) the Company would be irreparably harmed if the Company Information were disclosed to competitors or made available to the public. Consequently, the Seller Parties agree that after Closing the Seller Parties shall, and shall cause their Affiliates to, and shall cause its or their respective Representatives to retain in confidence and to not use for their own benefit or disclose to others any financial or other Company Information belonging to the Company or any information relating to this Agreement, including information relating to the Purchase Price or the determination and negotiation thereof (collectively with the Company Information, "**Confidential**

**Information**"). Each Seller Party shall not, and shall cause the Persons who are receiving proceeds, directly or indirectly, pursuant to this Agreement, not to, directly or indirectly, disclose or use at any time, including use for personal, commercial or proprietary advantage or profit, either during his association or employment with the Company or thereafter, any Confidential Information of which such Seller Party is or becomes aware. Each Seller Party in possession of Confidential Information shall, and shall cause the Persons who are receiving proceeds, directly or indirectly, pursuant to this Agreement to, take reasonable steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft. If Seller Parties or any of their Affiliates or their respective Representatives are compelled to disclose any Confidential Information by judicial or administrative process or by other requirements of Law, the Seller Parties shall promptly notify Buyer in writing and shall disclose only that portion of such Confidential Information which the Seller Parties are advised by its counsel in writing is legally required to be disclosed, *provided that* the Seller Parties shall use commercially reasonable efforts to obtain an appropriate protective order or other assurance that confidential treatment will be accorded such Confidential Information.

**Section 5.08 Non-Competition; Non-Solicitation.**

(a) For a period of [***] commencing on the Closing Date (the "**Restricted Period**"), each Seller Party shall not, and shall not permit any of its Affiliates to, directly or indirectly, (i) engage in or assist others in engaging in the Restricted Business in the Territory; (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; or (iii) intentionally interfere in any material respect with the business relationships (whether formed prior to or after the date of this Agreement) between the Company and customers or suppliers of the Company. Notwithstanding the foregoing, each Seller Party may own, directly or indirectly, solely as an investment, securities of any Person traded on any securities exchange anywhere in the world if such Seller Party is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(b) During the Restricted Period, each Seller Party shall not, and shall not permit any of such Seller Party's Affiliates to, directly or indirectly, hire or solicit any employee of the Company or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided, that* nothing in this Section 5.08(a) shall prevent any Seller Party or any of their Affiliates from hiring (i) any employee whose employment has been terminated by the Company or Buyer or (ii) after 180 days from the date of termination of employment, any employee whose employment has been terminated by the employee.

(c) During the Restricted Period, no Seller Party shall, and shall not permit any of their Affiliates to, directly or indirectly, solicit or entice, or attempt to solicit or entice, any clients or customers of the Company or potential clients or customers of the Company for purposes of diverting their business or services from the Company.

(d) Each Seller Party acknowledges that a breach or threatened breach of this Section 5.08 would give rise to irreparable harm to Buyer, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such Seller Party of any such obligations, Buyer shall, in addition to any and all other rights and

remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(e) Each Seller Party acknowledges that the restrictions contained in this Section 5.08 are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 5.08 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 5.08 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

(f) Notwithstanding the foregoing, nothing in this Section 5.08 shall prevent GV Health or any of its direct or indirect Affiliates or any of their officers, directors, managers, agents, successors or employees (collectively the "**Carve-out Sellers**"), from (i) directly or indirectly engaging in the publication or placement of advertisements or other copy in periodicals, newspapers, magazines, websites, blogs, tweets, or the like, by or for any Person engaging in the Restricted Business, (ii) directly or indirectly promoting or sponsoring any Person engaging in the Restricted Business in the course and scope of a Carve-out Seller's normal or customary business practices relating to clause (i) above, or (iii) directly or indirectly investing in or having an ownership or equity interest in any Person engaging in the Restricted Business, so long as the Carve-out Sellers have no actual control or management responsibilities over such Person and do not own more than 25% of the outstanding equity entitled to vote relative to such Person.

(g) [***]

**Section 5.09 Governmental Approvals and Consents.**

(a) Each party hereto shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions required under any Law applicable to such party or any of its Affiliates (including, for the Sellers, the Company); and (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the Ancillary Documents. Each party shall work together in good faith and cooperate fully with the other party and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders and

approvals. The parties hereto shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) Without limiting the foregoing, and subject to the terms and conditions of this Agreement, each of the Buyer and the Seller Parties shall use their commercially reasonable efforts to (i) make all appropriate filings and submissions under the HSR Act or under any other Antitrust Law as promptly as practicable, but in no event later than ten (10) Business Days after the date hereof with respect to filing under the HSR Act, and shall make as promptly as practicable any other appropriate submissions under other applicable Antitrust Laws, (ii) obtain as promptly as practicable the termination of any waiting period under the HSR Act and any applicable foreign Antitrust Laws, and (iii) cooperate and consult with each other in determining which filings are required to be made.

(c) RESERVED.

(d) The Seller Parties and Buyer shall use commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties that are described in Disclosure Schedule Section 3.05 and Disclosure Schedule Section 4.04 and, notwithstanding the foregoing, shall give all notices and receive all consents required under any Real Property lease.

(e) Without limiting the generality of the parties' undertakings pursuant to subsections (a) and (b) above, each of the parties hereto shall use commercially reasonable efforts to:

(i) respond to any inquiries by any Governmental Authority regarding antitrust or other matters with respect to the transactions contemplated by this Agreement or any Ancillary Document;

(ii) avoid the imposition of any order or the taking of any action that would restrain, alter or enjoin the transactions contemplated by this Agreement or any Ancillary Document; and

(iii) in the event any Governmental Order adversely affecting the ability of the parties to consummate the transactions contemplated by this Agreement or any Ancillary Document has been issued, to have such Governmental Order vacated or lifted.

(f) If any consent, approval or authorization necessary to preserve any right or benefit under any Contract to which the Company is a party is not obtained prior to the Closing, and Buyer has waived such consent, approval or authorization as a condition to the Closing, the Seller Parties shall, subsequent to the Closing, cooperate with Buyer and the Company in attempting to obtain such consent, approval or authorization as promptly thereafter as practicable. If such consent, approval or authorization cannot be obtained, the Seller Parties shall use its commercially reasonable efforts to provide the Company with the rights and benefits of the affected Contract for the term thereof, and, if the Seller Parties provide such rights and benefits, the Company shall assume all obligations and burdens thereunder.

(g) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between the Seller Parties or the Company with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other party hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each party shall give notice to the other party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(h) Notwithstanding the foregoing, nothing in this Section 5.09 shall require, or be construed to require, Buyer or any of its Affiliates to agree to (i) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of Buyer, the Company or any of their respective Affiliates; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to result in a Material Adverse Effect or materially and adversely impact the economic or business benefits to Buyer of the transactions contemplated by this Agreement; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

(i) [***]

**Section 5.10 Books and Records.**

(a) In order to facilitate the resolution of any claims made against or incurred by Sellers prior to the Closing, or for any other reasonable purpose, for a period of three years after the Closing, Buyer shall:

(i) retain the books and records (including personnel files) of the Company relating to periods prior to the Closing in a manner reasonably consistent with the prior practices of the Company; and

(ii) upon reasonable notice, afford the Representatives of Sellers reasonable access (including the right to make, at Sellers' expense, photocopies), during normal business hours, to such books and records;

*provided, however*, that any books and records related to Tax matters shall be retained pursuant to the periods set forth in Article VI.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Buyer or the Company after the Closing, or for any other reasonable purpose, for a period of three years following the Closing, each Seller shall:

(i) retain the books and records (including personnel files) of such Seller which relate to the Company and its operations for periods prior to the Closing; and

(ii) upon reasonable notice, afford the Representatives of Buyer or the Company reasonable access (including the right to make, at Buyer's expense, photocopies), during normal business hours, to such books and records;

*provided, however*, that any books and records related to Tax matters shall be retained pursuant to the periods set forth in Article VI.

(c) Neither Buyer nor Sellers shall be obligated to provide the other party with access to any books or records (including personnel files) pursuant to this Section 5.10 where such access would violate any Law.

**Section 5.11 Closing Conditions.** From the date hereof until the Closing, each party hereto shall, and the Seller Parties shall cause the Company to, use commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VII hereof.

**Section 5.12 Reporting Issuer**. From the date of this Agreement until the date that is 12 months following the expiry of the Lock-Up, Parent shall use commercially reasonable efforts to maintain its status as a "reporting issuer" in good standing in all Canadian provinces in which it currently holds such status and maintain the listing of the GTI Shares on the CSE or another nationally recognized stock exchange in Canada. Each of Buyer and Parent acknowledge that a breach or threatened breach of this Section 5.12 would give rise to irreparable harm to Sellers, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by Buyer or Parent of any such obligations, Sellers shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond). Notwithstanding the foregoing, in the event a Change of Control occurs, the terms of this provision shall not apply so long as Sellers have the ability to participate in the sale on the same terms and conditions as all other holders of GTI Shares.

**Section 5.13 Public Announcements.** Unless otherwise required by applicable Law or stock exchange requirements (based upon the reasonable advice of counsel), no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written

consent of the other party (which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement.

**Section 5.14 Further Assurances.** Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

**Section 5.15 Cannabiotix Closing.** If an event occurs that would result in the failure to satisfy a closing condition in favor of the Company in the Cannabiotix Acquisition Agreement, the Sellers shall consult with the Buyer in good faith prior to making any decision as to whether to waive such closing condition.

**Section 5.16 Consultant Payments**. From and after the Closing, any payments to Persons listed as consultants as set forth on Disclosure Schedule 3.21 that are currently payable or payable contingent on the grant of a license shall be paid by the Seller Parties.

**Section 5.17 California Companies**. Notwithstanding any other provision of this Agreement, in order to facilitate and reduce the administrative burden of Buyer's acquisition of the California Company and the California Subsidiaries, Seller Parties may undertake a reorganization of the California Company and the California Subsidiaries, provided that such reorganization does not create any adverse tax consequences or any materially adverse consequences to the Buyer or the Parent. Such reorganization may include such entities becoming subsidiaries of the Company and/or Seller Parties may elect to treat the California Company and/or the California Subsidiaries as corporations for U.S. federal and state income tax purposes. To the extent that the California Company and the California Subsidiaries become subsidiaries of the Company, Buyer and Parent will no longer purchase the California Interest directly and this Agreement shall be deemed to have been amended accordingly.

**Section 5.18 Subscription Receipts**. Parent and Buyer issue the Subscription Receipts to Sellers, pursuant to the Allocation Schedule, on January 1, 2019, provided that this Agreement has not been terminated on or before such date.

## ARTICLE VI
## TAX MATTERS

**Section 6.01 Tax Covenants.**

(a) Without the prior written consent of Buyer, Sellers (and, prior to the Closing, the Company, its Affiliates and their respective Representatives) shall not, to the extent it may affect, or relate to, the Company Parties, make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax Liability or reducing any Tax asset of Buyer or the Company Parties in respect of any Post-Closing Tax Period. Sellers agree that Buyer is to have no liability for any Tax resulting from any action of Sellers, the

Company, its Affiliates or any of their respective Representatives with respect to any Pre-Closing Tax Period, and agrees to indemnify and hold harmless Buyer (and, after the Closing Date, the Company) against any such Tax.

(b) All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the Ancillary Documents (including any real property transfer Tax and any other similar Tax) shall be borne and paid fifty percent by Sellers and fifty percent by Buyer when due. Sellers shall, at their own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and Buyer shall cooperate with respect thereto as necessary).

(c) Buyer shall prepare, or cause to be prepared, all Tax Returns required to be filed by the Company after the Closing Date with respect to a Pre-Closing Tax Period. Any such Tax Return shall be prepared in a manner consistent with past practice (unless otherwise required by Law) and without a change of any election or any accounting method and shall be submitted by Buyer to Sellers' Representative (together with schedules, statements and supporting documentation) at least 30 days prior to the due date (including extensions) of such Tax Return. If Sellers' Representative objects to any item on any such Tax Return, it shall, within ten days after delivery of such Tax Return, notify Buyer in writing that it so objects, specifying with particularity any such item and stating the specific factual or legal basis for any such objection. If a notice of objection shall be duly delivered, Buyer and Sellers' Representative shall negotiate in good faith and use their reasonable best efforts to resolve such items. If Buyer and Sellers' Representative are unable to reach such agreement within ten days after receipt by Buyer of such notice, the disputed items shall be resolved by the Independent Accountant and any determination by the Independent Accountant shall be final. The Independent Accountant shall resolve any disputed items within 20 days of having the item referred to it pursuant to such procedures as it may require. If the Independent Accountant is unable to resolve any disputed items before the due date for such Tax Return, the Tax Return shall be filed as prepared by Buyer and then amended to reflect the Independent Accountant's resolution. The costs, fees and expenses of the Independent Accountant shall be borne equally by Buyer, on the one hand, and Sellers (in accordance with their Proportionate Share of such costs, fees and expenses) on the other hand. The preparation and filing of any Tax Return of the Company that does not relate to a Pre-Closing Tax Period shall be exclusively within the control of Buyer.

**Section 6.02 Termination of Existing Tax Sharing Agreements.** Any and all existing Tax sharing agreements (whether written or not) binding upon the Company shall be terminated as of the Closing Date. After such date none of the Company, Sellers nor any of Sellers' Affiliates and their respective Representatives shall have any further rights or Liabilities thereunder.

**Section 6.03 Tax Indemnification.** Except to the extent treated as a liability in the calculation of Closing Working Capital, each such Seller shall severally, and not jointly and severally, indemnify the Company, Buyer, and each Buyer Indemnitee and hold them harmless from and against such Seller's Proportionate Share of (a) any Loss attributable to any breach of or inaccuracy in any representation or warranty made in Section 3.22; (b) any Loss attributable to any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in Article VI; (c) all Taxes of the Company or relating to the business of the Company for all Pre-Closing Tax Periods; (d) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company (or any predecessor of the Company) is or was

a member on or prior to the Closing Date by reason of a liability under Treasury Regulation Section 1.1502-6 or any comparable provisions of foreign, state or local Law; and (e) any and all Taxes of any person imposed on the Company arising under the principles of transferee or successor liability or by Contract, relating to an event or transaction occurring before the Closing Date. In each of the above cases, together with any reasonable out-of-pocket fees and expenses (including reasonable attorneys' and accountants' fees) incurred in connection therewith. Sellers shall severally, and not jointly and severally, reimburse Buyer for their Proportionate Share of any Taxes of the Company that are the responsibility of the Sellers pursuant to this Section 6.03 within ten Business Days after payment of such Taxes by Buyer or the Company.

**Section 6.04 Straddle Period.** In the case of Taxes that are payable with respect to a taxable period that begins before and ends after the Closing Date (each such period, a "**Straddle Period**"), the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall be:

(a) in the case of Taxes (i) based upon, or related to, income, receipts, profits, wages, capital or net worth, (ii) imposed in connection with the sale, transfer or assignment of property, or (iii) required to be withheld, deemed equal to the amount which would be payable if the taxable year ended with the Closing Date; and

(b) in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period.

**Section 6.05 Contests.** Buyer agrees to give written notice to Sellers' Representative of the receipt of any written notice by the Company, Buyer or any of Buyer's Affiliates which involves the assertion of any claim, or the commencement of any Action, in respect of which an indemnity may be sought by Buyer pursuant to this Article VI (a "**Tax Claim**"); *provided, that* failure to comply with this provision shall not affect Buyer's right to indemnification hereunder. Buyer shall control the contest or resolution of any Tax Claim; *provided, however*, that Buyer shall obtain the prior written consent of Sellers' Representative (which consent shall not be unreasonably withheld or delayed) before entering into any settlement of a claim or ceasing to defend such claim; and, *provided further*, that Sellers' Representative shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose, the fees and expenses of which separate counsel shall be borne solely by Sellers' Representative.

**Section 6.06 Cooperation and Exchange of Information.** Sellers' Representative and Buyer shall provide each other with such cooperation and information as either of them reasonably may request of the other in filing any Tax Return pursuant to this Article VI or in connection with any audit or other proceeding in respect of Taxes of the Company. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by tax authorities. Each of Sellers' Representative and Buyer shall retain all Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Company for any taxable period beginning before the Closing Date until the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by the other party in writing of such extensions for the respective Tax periods. Prior to transferring, destroying

or discarding any Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Company for any taxable period beginning before the Closing Date, Sellers' Representative or Buyer (as the case may be) shall provide the other party with reasonable written notice and offer the other party the opportunity to take custody of such materials.

**Section 6.07 Tax Treatment of Indemnification Payments.** Any indemnification payments pursuant to this Article VI shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

**Section 6.08 Payments to Buyer.**

(a) Notwithstanding anything in this Agreement to the contrary, any amounts payable to Buyer or Parent pursuant to this Article VI related to federal income tax liabilities arising out of or attributable to any Pre-Closing Tax Periods or the Straddle Period shall be satisfied solely by the Members, without consideration for the limitations of liability set forth in Article VIII.

(b) Except as set forth in Section 6.08(a), any amounts payable to Buyer or Parent pursuant to this Article VI shall be satisfied solely by the Escrow Fund.

**Section 6.09 Survival.** Notwithstanding anything in this Agreement to the contrary, the provisions of Section 3.22 and this Article VI shall survive the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 60 days), *provided*, *however*, that the provisions of Section 6.08(a) shall survive for five years following the Closing.

**Section 6.10 Overlap.** To the extent that any obligation or responsibility pursuant to Article VIII may overlap with an obligation or responsibility pursuant to this Article VI, the provisions of this Article VI shall govern.

## ARTICLE VII
## CONDITIONS TO CLOSING

**Section 7.01 Conditions to Obligations of All Parties.** The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) The filings of Buyer and Sellers pursuant to the HSR Act, if any, shall have been made and the applicable waiting period and any extensions thereof shall have expired or been terminated.

(b) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of

such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(c) Sellers shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 3.05 and Buyer shall have received all consents, authorizations, orders and approvals from the Governmental Authorities referred to in Section 4.04, in each case, in form and substance reasonably satisfactory to Buyer and Sellers, and no such consent, authorization, order and approval shall have been revoked.

**Section 7.02 Conditions to Obligations of Buyer.** The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the representations and warranties of Sellers contained in Section 3.01, Section 3.02, Section 3.03, Section 3.06 and Section 3.24, the representations and warranties of Sellers contained in this Agreement, shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof (or, in respect of the Additional Sellers, the date that they become party to this Agreement) and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of Sellers contained in Section 3.01, Section 3.02, Section 3.03, Section 3.06 and Section 3.24 shall be true and correct in all respects on and as of the date hereof (or, in respect of the Additional Sellers, the date that they become party to this Agreement) and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). For the avoidance of doubt, all terms, defined or otherwise, used in any representation and warranty of the Sellers shall be interpreted as of Closing.

(b) Buyer shall have received updated Disclosure Schedules of the Seller, accurate as of the Closing Date, and, without limitation, taking into account the completion of the Cannabiotix Acquisition.

(c) Sellers shall have duly performed and complied with, in all material respects, all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by it prior to or on the Closing Date.

(d) No Action shall have been commenced against Buyer, Sellers or the Company, which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(e) All approvals, consents and waivers that are listed on Schedule 3.05 shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Closing.

(f) From the date of this Agreement, there shall not have occurred any Material Adverse Effect with respect to the Company Parties.

(g) The Ancillary Documents shall have been executed and delivered by the parties thereto and true and complete copies thereof shall have been delivered to Buyer.

(h) Buyer shall have received resignations of the directors and officers of the Company Parties pursuant to Section 5.06**.**

(i) At least three Business Days before Closing, Sellers' Representative shall have delivered to Buyer the Closing Indebtedness Certificate.

(j) Sellers' Representative shall have delivered to Buyer the Estimated Closing Working Capital Statement contemplated in Section 2.04(a)(ii).

(k) Sellers' Representative shall have delivered to Buyer a good standing certificate (or its equivalent) for each Company Party from the secretary of state or similar Governmental Authority of the jurisdiction under the Laws in which such Company Party is organized or qualified to do business.

(l) Sellers shall have delivered to Buyer a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that Sellers are not foreign persons within the meaning of Section 1445 of the Code.

(m) Sellers shall have delivered, or caused to be delivered, to Buyer the Interest Assignments.

(n) Buyer shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Sellers, that each of the conditions set forth in Section 7.02(a) and Section 7.02(b) have been satisfied.

(o) Buyer shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Sellers certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Sellers authorizing the execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(p) Buyer shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Sellers certifying the names and signatures of the officers of Sellers authorized to sign this Agreement, the Ancillary Documents and the other documents to be delivered hereunder and thereunder.

(q) The Cannabiotix Acquisition shall have closed and the Additional Sellers shall have entered into an agreement to be bound by the terms of this Agreement as a "Seller" as if an original party hereto.

(r) Sellers shall have delivered to Buyer such other documents or instruments as Buyer reasonably requests not less than 48 hours prior to Closing and are reasonably necessary to consummate the transactions contemplated by this Agreement.

(s) Sellers shall have delivered to Buyer the executed Armen Employment Agreement.

(t) Sellers shall have delivered to Buyer an estoppel certificate for the Real Property lease identified in Disclosure Schedule Section 7.02(t), executed by the applicable landlord substantially in the form contemplated in the applicable lease.

(u) The Operating Agreement shall have been amended to expressly require the Partnership Representative (as such term is defined in the Operating Agreement) to make a "push-out" election under Section 6226 of the Code, and such amendments shall be reasonably satisfactory to Buyer.

(v) Sellers' Representative shall have delivered to Buyer the Allocation Schedule, with such payments as set forth in this Agreement.

(w) Sellers shall have delivered to Buyer an executed release by [***], pursuant to which [***] shall, upon receipt of payment at the Closing, (i) release the Company, Buyer and Parent of all claims relating to her profits interest and (ii) agree to the Lock-Up for the GTI Shares she receives at the Closing, the schedule for which her GTI Shares shall be released from the Lock-Up to be the same as the Sellers.

(x) The Company shall have made all bonus payments set forth on Disclosure Schedule 3.08(r).

**Section 7.03 Conditions to Obligations of Sellers.** The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Sellers' Representative's waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the representations and warranties of Buyer contained in Section 4.01 and Section 4.18, the representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of Buyer contained in Section 4.01 and Section 4.18 shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date.

(b) Buyer shall have duly performed and complied with, in all material respects, all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by it prior to or on the Closing Date.

(c) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) All approvals, consents and waivers that are listed on Disclosure Schedule Section 4.04 shall have been received, and executed counterparts thereof shall have been delivered to Sellers at or prior to the Closing.

(e) From the date of this Agreement, there shall not have occurred any Material Adverse Effect with respect to the Parent.

(f) No order ceasing or suspending trading in the GTI Shares (or any of them) or any other securities of Parent (including the Subscription Receipts) shall be outstanding and no proceedings for this purpose shall have been instituted or, to the Buyer's Knowledge, pending, contemplated or threatened.

(g) The Ancillary Documents shall have been executed and delivered by the parties thereto and true and complete copies thereof shall have been delivered to Sellers.

(h) Buyer shall have delivered to Sellers cash in an amount equal to the Cash Payment by wire transfer of immediately available funds, to an account or accounts designated at least two Business Days prior to the Closing Date by Sellers in a written notice to Buyer.

(i) Buyer shall have delivered to Sellers, or as Sellers may direct, share certificates or DRS statements representing the GTI Shares payable as the Initial Consideration, minus the Escrow Fund Share Portion, registered in the name of the applicable Seller.

(j) Buyer shall have notified the CSE of the issuance of all GTI Shares pursuant to this Agreement in accordance with the policies of the CSE and all necessary steps shall have been taken to permit such shares to be listed and posted for trading on the CSE subject only to the delivery of the documentation required by Section 3 of Policy 6 – Distributions of the CSE.

(k) Buyer shall have delivered to holders of outstanding Indebtedness, if any, by wire transfer of immediately available funds that amount of money due and owing from the Company to such holder of outstanding Indebtedness as set forth on the Closing Indebtedness Certificate.

(l) Sellers shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in Section 7.03(a) and Section 7.03(b) have been satisfied.

(m) Sellers shall have received copies of all resolutions adopted by the board of directors of Buyer authorizing the execution, delivery and performance of this Agreement and the

Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(n) Sellers shall have received copies of all resolutions adopted by the board of directors of Parent appointing of Alex to the board of directors of Parent.

(o) Parent and Buyer shall have issued the Subscription Receipts pursuant to Section 5.18 on January 1, 2019.

## ARTICLE VIII
## INDEMNIFICATION

**Section 8.01 Survival.** [***]

**Section 8.02 Indemnification By Sellers.** Subject to the other terms and conditions of this Article VIII, each Seller shall indemnify and defend each of Buyer and its Affiliates (including the Company) and their respective Representatives (collectively, the "**Buyer Indemnitees**") against, and shall, severally and not jointly and severally, hold each of them harmless from and against, and shall pay and reimburse each of them for, such Seller's Proportionate Share of any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of such Seller contained in this Agreement (other than in respect of Section 3.22, it being understood that the sole remedy for any such inaccuracy in or breach thereof shall be pursuant to Article VI), as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by such Seller pursuant to this Agreement (other than any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in Article VI, it being

understood that the sole remedy for any such breach, violation or failure shall be pursuant to Article VI).

**Section 8.03 Indemnification By Buyer.** Subject to the other terms and conditions of this Article VIII, Buyer shall indemnify and defend each of Sellers and their Affiliates and their respective Representatives (collectively, the "**Sellers Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Sellers Indemnitees based upon, arising out of, or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement (other than Article VI, it being understood that the sole remedy for any such breach thereof shall be pursuant to Article VI).

**Section 8.04 Certain Limitations.** The indemnification provided for in Section 8.02 and Section 8.03 shall be subject to the following limitations:

(a) [***]

(b) [***]

(c) Notwithstanding the foregoing, the limitations set forth in Section 8.04(a) and Section 8.04(b) shall not apply in respect of any particular Seller, on the one hand, and Buyer, on the other hand, to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any representation or warranty by such Seller of Section 3.01, Section 3.02, Section 3.03, Section 3.24, or by Parent and/or Buyer of Section 4.01, Section 4.02, Section 4.05 and Section 4.18, or to Losses due to fraud or willful misconduct of Seller or Buyer and/or Parent, as applicable.

(d) [***]

(e) [***]

(f) For the sole purpose of determining Losses (and not for determining whether any breach of any representation or warranty has occurred), the representations and warranties of Sellers and Parent and Buyer shall not be deemed qualified by any references to materiality or to Material Adverse Effect.

(g) [***]

(h) If any Buyer Indemnitees make a claim for indemnification from one or more Sellers, such Buyer Indemnitees shall make a claim for indemnification against all Sellers who, in Buyer's determination, would have liability under this Article VIII for such indemnification.

**Section 8.05 Indemnification Procedures.** The party making a claim under this Article VIII is referred to as the "**Indemnified Party**", and the party against whom such claims are asserted under this Article VIII is referred to as the "**Indemnifying Party**".

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "**Third Party Claim**") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 20 calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe

the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided, that* if the Indemnifying Party is Sellers, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (x) is asserted directly by or on behalf of a Person that is a supplier or customer of the Company, or (y) seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.05(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided, that* if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 8.05(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Sellers and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of Section 5.07) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 8.05(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 8.05(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "**Direct Claim**") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to the Company's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

(d) Tax Claims. Notwithstanding any other provision of this Agreement, the control of any claim, assertion, event or proceeding in respect of Taxes of the Company (including, but not limited to, any such claim in respect of a breach of the representations and warranties in Section 3.22 hereof or any breach or violation of or failure to fully perform any covenant, agreement, undertaking or obligation in Article VI) shall be governed exclusively by Article VI hereof.

**Section 8.06 Payments.** [***]

**Section 8.07 Tax Treatment of Indemnification Payments.** All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

**Section 8.08 Exclusive Remedies.** Subject to Section 2.03, Section 2.04(b), Section 2.07, Section 2.08, Section 2.09, Section 5.07, Section 5.08, Section 5.12, Section 5.17 and Section 10.11, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in Article VI and this Article VIII. In furtherance of the foregoing, but, for certainty, subject to Subject to Section 2.03, Section 2.04(b), Section 2.07, Section 2.08, Section 2.09, Section 5.07, Section 5.08, Section 5.12, Section 5.17 and Section 10.11, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in Article VI and this Article VIII. Nothing in this Section 8.08 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's fraudulent, criminal or intentional misconduct.

## ARTICLE IX
## TERMINATION

**Section 9.01 Termination.** This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Sellers' Representative and Buyer;

(b) by Buyer by written notice to Sellers' Representative if:

(i) Buyer is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Sellers pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by Sellers within thirty days of Sellers' receipt of written notice of such breach from Buyer; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.02 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by September 30, 2019 unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(c) by Sellers' Representative by written notice to Buyer if:

(i) the Seller Parties are not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any

representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by Buyer within thirty days of Buyer's receipt of written notice of such breach from Sellers; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.03 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by September 30, 2019, unless such failure shall be due to the failure of Sellers to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing; or

(d) by Buyer or Sellers in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

**Section 9.02 Effect of Termination.** In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

(a) as set forth in this Article IX and Section 5.07 and Article X hereof; and

(b) that nothing herein shall relieve any party hereto from liability for any willful breach of any provision hereof.

## ARTICLE X
## MISCELLANEOUS

**Section 10.01 Expenses.** Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred; *provided*, *however*, each of the Buyer, on the one hand, and Sellers, on the other hand, shall be responsible for 50% of the filing fee payable in connection with any filings or submissions under the HSR Act.

**Section 10.02 Notices.** All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); or (c) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.02):

| | |
|---|---|
| If to Sellers: | c/o Sellers' Representative<br>[***]<br>Attention: Alex Yemenidjian |
| with a copy to: | Fasken Martineau DuMoulin LLP<br>333 Bay Street, Suite 2400<br>Toronto, Ontario M5H 2T6<br>Attention: Rubin Rapuch / Aaron Atkinson |
| If to Buyer: | Green Thumb Industries Inc.<br>325 W. Huron Street, Suite 412<br>Chicago, Illinois 60654<br>Attention: Chief Financial Officer |
| with a copy to: | Dentons US LLP<br>233 S. Wacker Drive, Suite 5900<br>Chicago, IL 60606<br>Attention: Ross Docksey |

**Section 10.03 Interpretation.** For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

**Section 10.04 Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

**Section 10.05 Severability.** If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in Section 5.08(e), upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

**Section 10.06 Entire Agreement.** This Agreement and Ancillary Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the Ancillary Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

**Section 10.07 Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; *provided, however*, that prior to the Closing Date, Buyer may, without the prior written consent of Sellers, assign all or any portion of its rights under this Agreement to one or more of its direct or indirect wholly-owned subsidiaries. No assignment shall relieve the assigning party of any of its obligations hereunder.

**Section 10.08 No Third-party Beneficiaries.** Except as provided in Section 6.03 and Article VIII, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

**Section 10.09 Amendment and Modification; Waiver.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by Buyer and the Seller Parties. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving (and, in the case of the Seller Parties, the Sellers' Representative). No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

**Section 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.**

(a) This Agreement shall be governed by and construed in accordance with the internal Laws of the State of Delaware without giving effect to any choice or conflict of Law provision or rule (whether of the State of Delaware or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY SHALL PROPERLY AND EXCLUSIVELY LIE IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE, AND ANY STATE APPELLATE COURT THEREFROM WITHIN THE STATE OF DELAWARE (OR, IF THE COURT OF CHANCERY OF THE STATE OF DELAWARE DECLINES TO ACCEPT JURISDICTION OVER A PARTICULAR MATTER, ANY

FEDERAL COURT WITHIN THE STATE OF DELAWARE), AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE ANCILLARY DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 10.10(c).

**Section 10.11 Specific Performance.** The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at Law or in equity.

**Section 10.12 Several Obligations.** All representations, warranties, covenants, obligations and liabilities of Sellers in this Agreement or any document or agreement delivered pursuant to this Agreement, are several, and not joint and several, representations, warranties, covenants, obligations and liabilities of the Sellers. No Seller will be liable for any act, omission, default or conduct by any other Seller(s).

**Section 10.13 Joint and Several Obligations of Buyer and Parent.** All representations, warranties, covenants, obligations, acknowledgements, agreements and liabilities given by Buyer and/or Parent in this Agreement or any document or agreement delivered pursuant to this Agreement, are joint and several representations, warranties, covenants, obligations, acknowledgements, agreements and liabilities of Buyer and Parent. For certainty, where any representation, warranty, covenant, obligation, acknowledgement, agreement or liability is given by Buyer or Parent, such representation, warranty, covenant, obligation, acknowledgement, agreement and liability shall be the joint and several representation, warranty, covenant, obligation, acknowledgement, agreement and liability of both Buyer and Parent. Each of Buyer and Parent hereby waives any rule or principle of law which could restrict, or release

Buyer or Parent from, the enforcement of its covenants and obligations as a joint and several representor, warrantor or obligor under this Agreement.

**Section 10.14 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

[***]

By signing below, Alejandro Yemenidjian accepts the appointment as the Sellers' Representative from the date hereof:

[***]

**Exhibit “A”**

[***]

**Exhibit “B”**

**Sample Balance Sheet Calculation**

[***]

**Exhibit 10.3**

**CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED**

**EXECUTION VERSION**

# AMENDMENT NO. 1
# TO
# MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Amendment No. 1 to Membership Interest Purchase Agreement (this "Amendment"), dated June 5, 2019, by and among KHOD Holdings, LLC ("KHOD"), a Nevada limited liability company, and GV Health Partners, LLC ("GV Health") a Nevada limited liability company, Liquid Marketing, LLC ("Liquid"), a Nevada limited liability company, Sagebrush CCLV, LLC ("Sagebrush", and, together with KHOD, GV Health and Liquid, the "Sellers" and each, a "Seller"), a Nevada limited liability company, and those Persons set forth on Exhibit A of the Purchase Agreement, as defined below, (the "Members" and, together with the Sellers, the "Seller Parties"), and GTI Core, LLC, a Delaware limited liability company ("Buyer"), and Green Thumb Industries Inc., a corporation incorporated under the laws of the Province of British Columbia ("Parent") amends that certain Agreement for Membership Interest Purchase Agreement dated November 12, 2018 (the "Purchase Agreement") by and among the Seller Parties, Buyer and Parent. Capitalized terms used and not otherwise defined herein have the meanings set forth in the Purchase Agreement.

## RECITALS

WHEREAS, the Seller Parties, Buyer and Parent are parties to the Purchase Agreement;

WHEREAS, the Seller Parties, Buyer and Parent have agreed, at the request of the Seller Parties, to make certain changes to the Purchase Agreement pursuant to the amendments set forth herein in connection with the closing of the Purchase Agreement and Buyer's purchase of the equity interest of Integral Associates CA, LLC, a California limited liability company ("Integral California") pursuant to a certain Membership Interest Purchase Agreement, dated as of the date hereof and attached as Exhibit A hereto (the "California Agreement");

WHEREAS, it is the intention of the parties that the Purchase Agreement and the California Agreement will be read together and constitute a single document for the purposes of the Purchase Agreement;

WHEREAS, Section 10.09 of the Purchase Agreement provides that the Purchase Agreement can be amended, modified or supplemented, only by a written agreement of Buyer and the Seller Parties; and

WHEREAS, the undersigned desire to amend the Purchase Agreement as set forth herein.

## AGREEMENTS

NOW, THEREFORE, in consideration of the premises, covenants, and agreements contained herein and in the Purchase Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendments.

(a) The Fourth "WHEREAS" clause in the Recital to the Purchase Agreement is hereby amended by inserting the word "Company" before the word "Interest".

(b) The Purchase Agreement is hereby amended by adding the following "WHEREAS" clause below after the fourth "WHEREAS CLAUSE" in the Recitals to the Purchase Agreement:

> "AND WHEREAS, KHOD and GV Health wish to sell to Buyer, and Buyer wishes to purchase from KHOD and GV Health, the California Interest, on and subject to the terms and conditions set forth herein and subject to the terms and conditions set forth in the California Agreement;".

(c) The definition "**Ancillary Documents**" in the Purchase Agreement is hereby amended by inserting the phrase "the California Agreement, the Representation and Warranty Agreement," after the phrase "the Closing Indebtedness Certificate,".

(d) The definition "**Escrow Agent**" in the Purchase Agreement is hereby amended in its entirety as follows:

> ""**Escrow Agent**" means GLAS Americas LLC.".

(e) The Purchase Agreement is hereby amended by adding the following definitions in Article I of the Purchase Agreement:

> ""**California Agreement**" means that certain Membership Interest Purchase Agreement attached hereto as Exhibit C.".
>
> "**Earn-out Calculation**" has the meaning set forth in Section 2.07(a)(iii).".
>
> ""**Milestone Allocation Schedule**" means, in the event of a Milestone Payment or Earn-Out Payment, an allocation schedule delivered to Parent and Buyer from the Sellers setting forth the Persons receiving a portion of such Milestone Payment or Earn-out Payment and the number of shares each such Person is receiving.".
>
> "**Milestone Calculation**" has the meaning set forth in Section 2.07(b)(iii)."
>
> ""**Representation and Warranty Agreement**" means that certain Representation And Warranty Condition, Indemnification And Amendment Agreement attached hereto as Exhibit D.".

(f) Section 2.07(a)(iii) of the Purchase Agreement is hereby amended in its entirety as follows:

"(iii) Any Earn-out Payment that Buyer is required to pay pursuant to Section 2.07(a) hereof shall be paid in full no later than 60 days following the last day of the Calculation Period, or 30 Business Days following the date upon which the determination of Earn-out Adjusted EBITDA for the Calculation Period becomes final and binding upon the parties as provided in Section 2.07(a)(ii) (including any final resolution of any dispute raised by Sellers' Representative in an Earn-out Calculation Objection Notice), if such date is on or after the 45th day or after the end of the Calculation Period in each case as directed by the Sellers' Representative in writing. Within seven Business Days of receiving the Earn-out Calculation from Buyer, Sellers shall deliver to Buyer and Parent a Milestone Allocation Schedule setting forth the recipients of the GTI Shares to be issued pursuant to such any Earn-Out Payment (which shall include any payments owed by Sellers pursuant to that certain Incentive Agreement by and among KHOD, GV Health, Sagebrush, Liquid Marketing and [***] dated October 18, 2018). The Sellers shall also deliver to Buyer and Parent a direction letter, in the form of direction letter delivered by Sellers to Buyer and Parent at Closing in connection with the payment of the Purchase Price, including (i) representations and warranties to Buyer and Parent that, other than as set forth on the Milestone Allocation Schedule, no other Person is entitled to receive any of such GTI Shares, and (ii) a full indemnification of Buyer and Parent relating to the issuance of the GTI Shares pursuant to the Milestone Allocation Schedule. If such Milestone Allocation Schedule and accompanying direction letter are not received by Buyer and Parent within seven Business Days of receiving the Earn-out Calculation, Parent shall instead issue the GTI Shares pursuant to the Proportionate Share of each Seller; provided that, if a Change of Control occurs prior to payment thereof, then the Parent shall pay the Earn-out Payment in the Change of Control Equivalent for each such GTI Share. For the purposes of determining the number of GTI Shares payable pursuant to the Earn-out Payment (the "**Earn-out Calculation**"), Buyer shall use the greater of (i) VWAP with the VWAP End Date of the last day of the Calculation Period or (ii) the lowest price per share after applying the maximum discount permitted by the policies of the CSE; provided that Parent will provide notice to obtain price protection and shall use commercially reasonable efforts to obtain such price protection including, if necessary, applying for a waiver from the policies of the CSE so that the GTI Shares will be issued at the price in (i). The price per GTI Share shall be converted from Canadian Dollars to Dollars pursuant to the exchange rate published by the Wall Street Journal on the VWAP End Date."

(g) Section 2.07(b)(i) of the Purchase Agreement is hereby amended in its entirety as follows:

"(b) Milestone Payments.

(i) As additional consideration for the Interest, at the times specified in 2.07(b)(ii) below, Buyer and Parent shall pay to Sellers, as instructed by Sellers' Representative on the Milestone Allocation Schedule, the following additional amounts (each a "**Milestone Payment**"), upon the awarding of any of

the [***] licenses referred to in (A)-(F) below on or before March 31, 2019 for Section 2.07(b)(i)(A) and December 31, 2019 for Section 2.07(b)(i)(B) and, for Sections 2.07(b)(i)(C)-(D), on or before the date specified in each such section (each, a "**Milestone Event**"):

[***]

[***]

[***]

[***]

(h) The first sentence of Section 2.07(b)(iii) of the Purchase Agreement is hereby amended by adding the phrase "(the "**Milestone Calculation**") after the phrase "the award of a conditional license".

(i) The Purchase Agreement is hereby amended by adding the following Section 2.07(b)(vi):

"Within seven Business Days of receiving the Milestone Calculation from Buyer, Sellers shall deliver to Buyer and Parent a Milestone Allocation Schedule. The Sellers shall also deliver to Buyer and Parent a direction letter, in the form of direction letter delivered to Buyer and Parent at Closing, including (i) representations and warranties to Buyer and Parent that, other than as set forth on the Milestone Allocation Schedule, no other Person is entitled to receive any of such GTI Shares, and (ii) a full indemnification of Buyer and Parent relating to the issuance of the GTI Shares pursuant to the Milestone Allocation Schedule.. If such Milestone Allocation Schedule and accompanying direction letter are not received by Buyer and Parent within seven Business Days of receiving the Milestone Calculation, Parent shall instead issue the GTI Shares pursuant to the Proportionate Share of each Seller."

(j) The Purchase Agreement is hereby amended by adding the following Section 2.07(f):

"Notwithstanding the foregoing, no Seller shall be entitled to a Milestone Payment for receipt of a [***] license pursuant to this Agreement if such Seller is entitled to a Milestone Payment for receipt of such [***] license under the California Agreement. Notwithstanding that Liquid and Sagebrush are not a party to the California Agreement, the Milestone Allocation Schedule (as defined in the California Agreement) set forth in, or required to be delivered pursuant to, the California Agreement shall be consistent with the Proportionate Share set forth in this Agreement and shall be timely delivered."

(k) The Purchase Agreement is hereby amended by adding the following Section 5.19:

"All representations, warranties, conditions and covenants of KHOD, GV Health and any other Seller Party (as such term is defined in the California Agreement) set forth in the California Agreement are hereby incorporated and made part of this Agreement as if set forth in this Agreement.".

(l) The Purchase Agreement is hereby amended by adding the following Section 5.20:

"Subject to Alex's consent, within three business days following the annual and special meeting of shareholders of Parent to be held on June 12, 2019 or any adjournment or postponement thereof, the board of directors of Parent shall deliver executed resolutions appointing Alex to the board of directors of Parent.".

(m) Section 6.03 of the Purchase Agreement is hereby amended by adding the following Section 6.03(b) at the end of such section:

"(b) KHOD and GV Health shall, jointly and severally, indemnify the Company, Buyer, and each Buyer Indemnitee and hold them harmless from and against any Loss attributable to any State of California Taxes or tax penalties paid by the Company, Buyer, or any Buyer Indemnitee, including any reasonable out-of-pocket fees and expenses (including reasonable attorneys' and accountants' fees), incurred in connection with the California Agreement or the transactions therewith or in connection with the manner of the allocation of purchase price set forth in this Agreement.".

(n) Section 6.08(a) of the Purchase Agreement is hereby amended in its entirety as follows:

"Notwithstanding anything in this Agreement to the contrary, (i) any amounts payable to Buyer or Parent pursuant to this Article VI related to federal income tax liabilities arising out of or attributable to any Pre-Closing Tax Periods or the Straddle Period shall be satisfied solely by the Members, without consideration for the limitations of liability set forth in Article VIII, and (ii) KHOD and GV (and solely for this purposes of this Section 6.08(a)(ii), the Members who are listed below such Sellers' names on Exhibit A shall be jointly and severally liable

with such Seller, and Alex shall be deemed to be a Member listed under the name of KHOD and Brian shall be deemed to be a Member listed under the name of GV Health) shall be directly responsible for any amounts payable to the Company, Buyer, or any Buyer Indemnitee pursuant to Section 6.03(b), without consideration for the limitations of liability set forth in Article VIII.".

(o) Section 7.03(n) of the Purchase Agreement is hereby deleted in its entirety.

(p) Sections 8.02(a) and 8.02(b) of the Purchase Agreement are hereby amended by adding the phrase "or the California Agreement" after the phrase "this Agreement".

(q) The Purchase Agreement is hereby amended by adding the following Section 8.02(c):

"any Indemnified Claims (as defined in the Representation and Warranty Agreement).".

(r) Section 8.04(c) is hereby amended in its entirety as follows:

"Notwithstanding the foregoing, the limitations set forth in Section 8.04(a) and Section 8.04(b) shall not apply in respect of any particular Seller, on the one hand, and Buyer, on the other hand, to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any representation or warranty by such Seller of Section 3.01, Section 3.02, Section 3.03 or Section 3.24, or by such Seller of Section 3.01, Section 3.02, Section 3.03 or Section 3.07 of the California Agreement or by Parent and/or Buyer of Section 4.01, Section 4.02, Section 4.05 and Section 4.18, or to Losses contemplated in Section 8.02(c), or to Losses due to fraud or willful misconduct of Seller or Buyer and/or Parent, as applicable.".

(s) The Purchase Agreement is hereby amended by adding the following Section 8.04(i):

"Notwithstanding the foregoing, the aggregate payments to the Buyer Indemnitees pursuant to Section 8.02(c) shall be limited to the Cap and shall be reduced by an amount equal to any amounts received by any such Buyer Indemnitee under the Representation and Warranty Agreement for such Loss.".

(t) The Purchase Agreement is hereby amended by attaching the California Agreement as "Exhibit C" thereto and by attaching the Representation and Warranty Agreement as "Exhibit D" thereto.

2. Timing of the Amendment. This Amendment shall take effect immediately prior to the Closing. In the event the California Agreement does not close on the date hereof, the parties hereto agree that this Amendment shall be null and void and shall be deemed to not have amended the Purchase Agreement.

3. Effect of Amendment. Except as specifically set forth in this Amendment, the Purchase Agreement shall remain in full force and effect in accordance with its terms. All other sections, paragraphs, provisions, and clauses in the Purchase Agreement not expressly modified above remain in full force and effect as originally written. Any sections of the Purchase Agreement that are deleted in their entirety pursuant to this Amendment shall be replaced with the word “RESERVED” while retaining such deleted section’s section numbering.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first hereinabove written.

**KHOD HOLDINGS, LLC**

[***]

**GV HEALTH PARTNERS, LLC**

[***]

**SAGEBRUSH CCLV LLC**

[***]

**LIQUID MARKETING, LLC**

[***]

***[Signature Page to Amendment No. 1 to Membership Interest Purchase Agreement]***

**[***]**

**GTI CORE, LLC**

[***]

**GREEN THUMB INDUSTRIES INC.**

[***]

***[Signature Page to Amendment No. 1 to Membership Interest Purchase Agreement]***

**Exhibit “A”**

**[***]**

**Exhibit “B”**

**Sample Balance Sheet Calculation**

[***]

**Exhibit “C”**

**California Membership Interest Purchase Agreement**

# CALIFORNIA MEMBERSHIP INTEREST PURCHASE AGREEMENT

This CALIFORNIA MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement") is dated as of June 5, 2019 and is among KHOD HOLDINGS, LLC, a Nevada limited liability company ("KHOD"), and GV HEALTH PARTNERS, LLC, a Nevada limited liability company ("GV Health", and together with KHOD, "Sellers" and each, a "Seller"), those Persons set forth on Exhibit A (the "Members" and, together with Sellers, the "Seller Parties"), and GTI CORE, LLC, a Delaware limited liability company ("Buyer"), and GREEN THUMB INDUSTRIES INC., a corporation incorporated under the laws of the Province of British Columbia ("Parent").

WHEREAS, each Seller owns the percentage of the membership interest (the "Interest") of Integral Associates CA, LLC (the "Company") as set forth by such Seller's name on Exhibit A and, together, Sellers own all of the outstanding Interest;

WHEREAS, each Member owns the percentage of the membership interest of the applicable Sellers as set forth on Exhibit A hereto; and

WHEREAS, Sellers wish to sell to Buyer, and Buyer wishes to purchase from Sellers, the Interest, on and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## ARTICLE I
## DEFINITIONS

Section 1.01 Definitions. The following terms have the meanings specified or referred to in this Section 1.01:

"Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in Chicago, Illinois and Las Vegas, Nevada are authorized or required by Law to be closed for business.

"Action" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"Ancillary Documents" means the Interest Assignment and any other document required to be delivered by Seller Parties or Sellers' Representative pursuant to this Agreement.

"Change of Control" means any consolidation, amalgamation, arrangement, take-over bid, tender offer, business combination, merger, redemption, compulsory acquisition or similar transaction of or involving the GTI Shares, alone or as a series of related transactions pursuant to or as a result of which, (i) a party, alone or in concert with others, acquires such numbers of securities of Parent such that such party owns or controls all or substantially all of the votes attached to all of the outstanding securities of Parent, and (ii) holders of GTI Shares receive directly or indirectly cash, shares or other securities or property (or any combination thereof) with respect to or in exchange for GTI Shares.

"Change of Control Equivalent" means cash, shares or other securities or property (or any combination thereof) which holders of GTI Shares receive directly or indirectly with respect to or in exchange for GTI Shares pursuant to or as a result of a Change of Control.

"Company Parties" means, collectively, the Company and all Subsidiaries.

"Contracts" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"Encumbrance" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"GAAP" means United States generally accepted accounting principles in effect from time to time.

"Governmental Authority" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"GTI Shares" means subordinate voting shares of Parent or such other securities of Parent into which such GTI Shares are converted, exchanged, reclassified or otherwise changed from time to time.

"Knowledge of Sellers" or "Sellers' Knowledge" or any other similar knowledge qualification, means the actual knowledge of each Member (including in their individual capacity, if applicable) in each case after reasonable inquiry within the Company Parties and Seller Parties.

"Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

"Liabilities" means any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise.

"Material Adverse Effect" means any event, occurrence, fact, condition or change that is, or would reasonably be expected to become, with or without the lapse of time, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of the Company Parties or the Parent, as applicable, in each case on a consolidated basis, or (b) the ability of Sellers to consummate the transactions contemplated hereby; provided, however, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Company Parties or the Parent operates, as applicable, on a consolidated basis; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement; (vi) any changes in applicable Laws (including the interpretation thereof) or accounting rules, including GAAP; or (vii) the public announcement, pendency or completion of the transactions contemplated by this Agreement; provided further, however, that any event, occurrence, fact, condition or change referred to in clauses (i) through (iv) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Company Parties compared to other participants in the industries in which the Company Parties or the Parent, as applicable, conducts its businesses on a consolidated basis, but only to the extent of such disproportionate effect.

"Milestone Calculation" has the meaning set forth in Section 2.02(e).

"Permits" means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

"Sellers' Representative" means Alejandro Yemenidjian, as a representative of Sellers.

"Taxes" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"VWAP" means the volume weighted average of the sale price of the GTI Shares on the principal securities exchanges on which the GTI Shares are at the time listed, averaged over twenty (20) consecutive trading days, ending on the VWAP End Date.

"VWAP End Date" means the final trading day used to calculate any such VWAP.

## ARTICLE II
## PURCHASE AND SALE

Section 2.01 Purchase and Sale. On terms and subject to the conditions in this Agreement, Sellers hereby sell to Buyer, and Buyer hereby purchases from Sellers the Interest, free and clear of all Encumbrances, for the consideration specified in Section 2.02.

Section 2.02 Purchase Price. The purchase price for the Interest (the "Purchase Price") shall consist of the Initial Consideration and the Milestone Payments.

(a) The "Initial Consideration" shall consist of:

(i) 512,209 GTI Shares, delivered at the Closing.

(b) The "Milestone Payments" shall consist of:

[***]

[***]

[***]

(c) If a Milestone Event occurs, Seller's Representative shall promptly notify Buyer that the Milestone Event has occurred. In respect of any such Milestone Event, Buyer or Parent shall pay to Sellers, as instructed by Sellers' Representative, the applicable Milestone Payment, in GTI Shares (provided that, if a Change of Control occurs prior to such payment, then Buyer or Parent shall pay such Milestone Payment in the Change of Control Equivalent for each such GTI Share) on the tenth Business Day following the occurrence of the applicable Milestone Event.

(d) Within seven Business Days of receiving the Milestone Calculation from Buyer, Sellers shall deliver to Buyer and Parent an allocation schedule setting forth the recipients of the GTI Shares to be issued pursuant to any such Milestone Payment (the "**Milestone Allocation Schedule**"). The Sellers shall also deliver to Buyer and Parent a direction letter, in the form of direction letter delivered by Sellers to Buyer and Parent at Closing in connection with the payment of the Purchase Price, including (i) representations and warranties to Buyer and Parent that, other than as set forth on the Milestone Allocation Schedule, no other Person is entitled to receive any of such GTI Shares, and (ii) a full indemnification of Buyer and Parent relating to the issuance of the GTI Shares pursuant to the Allocation Schedule. If such Milestone Allocation Schedule and accompanying direction letter are not received by Buyer and Parent within seven Business Days of receiving the Milestone Calculation, Parent shall instead issue 50% of such GTI Shares to KHOD and 50% to GV Health.

(e) To determine the number of GTI Shares (or the Change of Control Equivalent for each such GTI Share) payable to Sellers for any such Milestone Event if such Milestone Event is the award of a conditional license (the "**Milestone Calculation**"), the parties shall use the greater of (i) VWAP, with the VWAP End Date being the date of the Milestone Event or the next Business Day following the day of a Milestone Event, if such Milestone Event takes place on a day that is not a Business Day or (ii) the lowest price per share after applying the maximum discount permitted by the policies of the CSE; provided that Parent will provide notice to obtain price protection and shall use commercially reasonable efforts to obtain such price protection including, if necessary, applying for a waiver from the policies of the CSE so that the GTI Shares will be issued at the price in (i). If the Milestone Event takes place over several days, the final day of the Milestone Event shall be the VWAP End Date, or the next Business Day following such final day of such Milestone Event, if such day is not a Business Day. Notwithstanding the foregoing, if a Change of Control occurs prior to any particular Milestone Event, the VWAP End Date for such Milestone Event and each Milestone Event thereafter shall be the date of such Change of Control. The price per GTI Share shall be converted from Canadian Dollars to Dollars pursuant to the exchange rate published by the Wall Street Journal on the VWAP End Date. In the event of a Balance Payment pursuant to Section 2.02(b)(ii), the same number of GTI Shares (or if a Change of Control occurs prior to payment, the Change of Control Equivalent for each such GTI Share) shall be payable as were payable for the applicable Milestone Event.

(f) In the event the change of control of a Company Party pursuant to this Agreement jeopardizes such Company Party's ability to retain either a conditional or final license in California, Buyer and Sellers' Representative shall work together in good faith to ensure that Buyer receives the economic benefits equivalent to the economic benefits it would have received if it, or its Subsidiary, had owned the license so long as such agreement is in compliance with all applicable Laws, except for Laws pertaining to the US federal regulation of cannabis, and receives any and all material applicable government approvals.

Section 2.03 Closing. Subject to the terms and conditions of this Agreement, the purchase and sale of the Interest contemplated hereby shall take place at a closing (the "Closing") to be held at 10:00 a.m., Central time on the date hereof at the Chicago, Illinois offices of Dentons US LLP, or at such other

time or on such other date or at such other place as Sellers and Buyer may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date").

Section 2.04 Transactions to be Effected at the Closing.

(a) At the Closing, Buyer and Parent shall deliver to Sellers' Representative: (i) the Initial Consideration, and (ii) all other agreements, documents, instruments or certificates reasonably requested by Sellers.

(b) At the Closing, Sellers shall deliver to Buyer: (i) a document evidencing assignment of the Interest (the "Interest Assignment"); ( (ii) all other agreements, documents, instruments or certificates reasonably requested by Buyer.

Section 2.05 Withholding Tax. Buyer shall be entitled to deduct and withhold from the Purchase Price all Taxes that Buyer is required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Sellers hereunder.

## ARTICLE III
## REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller severally, and not jointly and severally, represents and warrants to Buyer that the statements contained in this ARTICLE III are true and correct as of the date hereof.

Section 3.01 Authority of Sellers and Members.

(a) It is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of Nevada and has full power and authority to enter into this Agreement and the Ancillary Documents to which it is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

(b) All of its Members have the individual power and capacity to enter into this Agreement and the Ancillary Documents to which such Member is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

(c) The execution and delivery by it and its Members of this Agreement and any Ancillary Document to which it and/or its Member is a party, the performance by it and/or its Member of its obligations hereunder and thereunder, and the consummation by them of the transactions contemplated hereby and thereby have been duly authorized by it and its Members. This Agreement has been duly executed and delivered by it and its Members, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of them enforceable against each of them in accordance with its terms subject to any limitation under bankruptcy, insolvency or other applicable laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction. When each other Ancillary Document to which such it or its Members is or will be a party has been duly executed and delivered by it or its Member (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of it or its Member enforceable against it or its Member in accordance with its terms. All actions taken by it in connection with this Agreement and the Ancillary Documents will be duly authorized on or prior to the Closing by the applicable Member.

Section 3.02 Organization, Authority and Qualification of the Company. The Company and each of its Subsidiaries is a limited liability company duly organized, validly existing and in good

standing under the Laws of the state of California and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. Each Company Party is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary except where failure to be so licensed or qualified would not have a Material Adverse Effect. All actions taken by the Company Parties in connection with this Agreement and the Ancillary Documents will be duly authorized on or prior to the Closing.

Section 3.03 Capitalization.

(a) The authorized equity of the Company consists solely of membership interest, of which, at the date hereof, 100% of the membership interest of the Company is issued and outstanding and constitutes all of the Interest. Except for the Interest, there is no membership interest of the Company issued and outstanding or has ever been issued and outstanding.

(b) All of the Interest outstanding on the date hereof are duly authorized, are validly issued, fully paid and non-assessable, and are owned of record and beneficially by Sellers, free and clear of all Encumbrances. Such Seller owns all of the Interest set forth next to such Seller's name on Exhibit A and upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Interest owned by such Seller, free and clear of all Encumbrances, and Buyer shall own all of the issued and outstanding membership interest of the Company. None of the Interest is, or ever has been, evidenced by a membership interest certificate.

(c) All of the Interest was issued in compliance with applicable Laws. None of the Interest was issued in violation of any agreement, arrangement or commitment to which Sellers or the Company is a party or is subject to or in violation of any preemptive or similar rights of any Person.

(d) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to the membership interest or equity of any Company Party or obligating Sellers or any Company Party to issue or sell any membership interest of, or any other interest in, any Company Party. No Company Party has any outstanding or authorized any membership interest appreciation, phantom equity, profit participation or similar rights. There are no voting trusts, interestholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Interest or the equity of any Subsidiary.

Section 3.04 No Subsidiaries. A list of all subsidiaries of the Company (such subsidiaries, the "Subsidiaries") is set forth below. Each Subsidiary is wholly owned by the Company. The Company does not own or have any interest in any shares or have an ownership interest in any other Person other than the Subsidiaries. The Company owns all of its equity interest in the Subsidiaries free and clear of all Encumbrances. The Subsidiaries of the Company are:

(a) Essence WeHo, LLC

(b) Essence DTLA, LLC

(c) Essence La Cienega, LLC

(d) Essence Melrose, LLC

(e) Essence CC, LLC

(f) Ant Distribution, LLC

(g) Integral Associates Dena, LLC

(h) Integral Associates California, LLC

Section 3.05 No Conflicts; Consents. The execution, delivery and performance by such Seller of this Agreement and the Ancillary Documents to which such Seller is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of organization, operating agreement or other organizational documents of any Company Party; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Sellers or any Company Party, except for Laws pertaining to the US federal regulation of cannabis; (c) except as described in writing to Buyer, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which such Seller or any Company Party is a party or by which such Seller or any Company Party is bound or to which any of their respective properties and assets are subject or any Permit affecting the properties, assets or business of the Company except in the cases of (b) and (c) where the violation, breach, default or acceleration would not have a Material Adverse Effect; or (d) result in the creation or imposition of any Encumbrance other than those Encumbrances permitted by Buyer on any properties or assets of any Company Party. Except as specifically disclosed in writing to Buyer, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Sellers or any Company Party in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 3.06 No Operations. Since their formation, none of the Company or the Subsidiaries have conducted any material business or operations. No Company Party currently has or ever had any employees or Liabilities. No Company Party holds any assets other than a conditional retail cannabis licenses for Essence WeHo, LLC. No Company Party leases or owns any real property.

Section 3.07 Legal Proceedings; Governmental Orders; Compliance with Laws; Permits.

(a) There are no Actions pending or, to Sellers' Knowledge, threatened (a) against or by any Company Party affecting any of its properties or assets (or by or against Sellers or any affiliate thereof and relating to the Company); or (b) against or by the Sellers or any affiliate of Sellers that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To Sellers' Knowledge, no event has occurred or circumstances exist that, to Sellers' Knowledge, would reasonably be expected to give rise to any such Action.

(b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against or affecting any Company Party or any of their properties or assets.

(c) Except for Laws pertaining to the US federal regulation of cannabis, each Company Party has complied, and is now complying, in all material respects, with all Laws applicable to it or its business, other properties or assets, except where failure to comply with such Laws would not have a Material Adverse Effect.

(d) All Permits required for the Company Parties to conduct their business have been obtained by it and are valid and in full force and effect except where the failure to obtain or maintain such Permit would not have a Material Adverse Effect. All fees and charges with respect

to such Permits as of the date hereof have been paid in full. To the Sellers' knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit held by a Company Party where such revocation, suspension, lapse or limitation would have a Material Adverse Effect.

Section 3.08 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Ancillary Document based upon arrangements made by or on behalf of Sellers.

## ARTICLE IV
## REPRESENTATIONS AND WARRANTIES OF BUYER

Parent and Buyer jointly and severally represent and warrant to Sellers that the statements contained in this ARTICLE IV are true and correct as of the date hereof.

Section 4.01 Organization and Authority of Buyer. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware. Buyer has full power and authority to enter into this Agreement and the Ancillary Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any Ancillary Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Sellers) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. When each Ancillary Document to which Buyer is or will be a party has been duly executed and delivered by Buyer (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms.

Section 4.02 Organization, Authority and Qualification of Parent. Parent is a corporation organized, validly existing and in good standing under the Laws of the Province of British Columbia and has the requisite corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. The execution and delivery by Parent of this Agreement and any Ancillary Document to which Parent is a party, the performance by Parent of its obligations hereunder and thereunder and the consummation by Parent of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Parent. This Agreement has been duly executed and delivered by Parent, and (assuming due authorization, execution and delivery by Sellers) this Agreement constitutes a legal, valid and binding obligation of Parent enforceable against Parent in accordance with its terms. When each Ancillary Document to which Parent is or will be a party has been duly executed and delivered by Parent (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of Parent enforceable against it in accordance with its terms.

Section 4.03 No Conflicts. The execution, delivery and performance by Buyer of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of incorporation, by-laws or other organizational documents of Buyer; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; or (c) except as described in writing to Sellers' Representative, require the consent, notice or other action by any Person under any Contract to which Buyer is a party.

Except as described in writing to Sellers' Representative, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.04 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Ancillary Document based upon arrangements made by or on behalf of Sellers.

## ARTICLE V
## MISCELLANEOUS

Section 5.01 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 5.02 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); or (c) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 5.02):

| | |
|---|---|
| If to Sellers: | c/o Sellers' Representative<br>[***]<br>[***]<br>Attention: Alex Yemenidjian |
| with a copy to: | Fasken Martineau DuMoulin LLP<br>333 Bay Street, Suite 2400<br>Toronto, Ontario M5H 2T6<br>Attention: Rubin Rapuch |
| If to Buyer: | Green Thumb Industries Inc.<br>325 W. Huron Street, Suite 412<br>Chicago, Illinois 60654<br><br>Attention: Chief Financial Officer |
| with a copy to: | Dentons US LLP<br>233 S. Wacker Drive, Suite 5900<br>Chicago, IL 60606<br>Attention: Ross Docksey |

Section 5.03 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to articles, sections and exhibits mean the articles and sections of, and exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof

and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

Section 5.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 5.05 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 5.06 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may assign its rights or obligations hereunder without the prior written consent of the other parties, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 5.07 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 5.08 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by Buyer and the Seller Parties. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving (and, in the case of the Seller Parties, the Sellers' Representative). No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 5.09 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal Laws of the State of Delaware without giving effect to any choice or conflict of Law provision or rule (whether of the State of Delaware or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY SHALL PROPERLY AND EXCLUSIVELY LIE IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE, AND ANY STATE APPELLATE COURT THEREFROM WITHIN THE STATE OF DELAWARE (OR, IF THE COURT OF CHANCERY OF THE STATE OF DELAWARE DECLINES TO ACCEPT JURISDICTION OVER A PARTICULAR MATTER, ANY

FEDERAL COURT WITHIN THE STATE OF DELAWARE), AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE ANCILLARY DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 5.09(c).

Section 5.10 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at Law or in equity.

Section 5.11 Several Obligations. All representations, warranties, covenants, obligations and liabilities of Sellers in this Agreement or any document or agreement delivered pursuant to this Agreement, are several, and not joint and several, representations, warranties, covenants, obligations and liabilities of Sellers. No Seller will be liable for any act, omission, default or conduct by any other Seller(s).

Section 5.12 Joint and Several Obligations of Buyer and Parent. All representations, warranties, covenants, obligations, acknowledgements, agreements and liabilities given by Buyer and/or Parent in this Agreement or any document or agreement delivered pursuant to this Agreement, are joint and several representations, warranties, covenants, obligations, acknowledgements, agreements and liabilities of Buyer and Parent. For certainty, where any representation, warranty, covenant, obligation, acknowledgement, agreement or liability is given by Buyer or Parent, such representation, warranty, covenant, obligation, acknowledgement, agreement and liability shall be the joint and several representation, warranty, covenant, obligation, acknowledgement, agreement and liability of both Buyer and Parent. Each of Buyer and Parent hereby waives any rule or principle of law which could restrict, or release Buyer or Parent from, the enforcement of its covenants and obligations as a joint and several representor, warrantor or obligor under this Agreement.

Section 5.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature Page Follows]

lN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**KHOD HOLDINGS, LLC**

[***]

**GV HEALTH PARTNERS, LLC**

[***]

[Signature Pages to Membership Interest Purchase Agreement]

[***]

**GTI CORE, LLC**

[***]

**GREEN THUMB INDUSTRIES INC.**

[***]

[Signature Pages to Membership Interest Purchase Agreement]

By signing below, Alejandro Yemenidjian accepts the appointment as the Sellers' Representative from the date hereof:

[***]

[Signature Pages to Membership Interest Purchase Agreement]

Exhibit A

Members

[***]

**Exhibit “D”**

**Representation and Warranty Agreement**

**REPRESENTATION AND WARRANTY**
**CONDITION, INDEMNIFICATION, AND AMENDMENT AGREEMENT**

This REPRESENTATION AND WARRANTY CONDITION, INDEMNIFICATION, AND AMENDMENT AGREEMENT (this "Agreement") is made and entered into effective as of June 5, 2019 (the "Effective Date") by and among KHOD Holdings, LLC, a Nevada limited liability company ("KHOD"), GV Health Partners, LLC, a Nevada limited liability company ("GVHP"), Sagebrush CCLV LLC, a Nevada limited liability company ("Sagebrush"), Bert Adams, an individual ("Mr. Adams"), Liquid Marketing, LLC, a Nevada limited liability company ("Liquid"), Lucienne Adams, an individual ("Ms. Adams"), Integral Associates, LLC, a Nevada limited liability company ("Integral"), CCLV Manufacturing Center LLC, a Nevada limited liability company ("CCLV"), CCLV Production LLC, a Nevada limited liability company ("CCLVP"), GTI Core, LLC, a Delaware limited liability company ("GTI Core"), and Green Thumb Industries Inc., a corporation incorporated under the laws of the Province of British Columbia ("GTI Inc."). The forgoing parties are sometimes referred to individually as a "Party" and collectively as the "Parties".

**RECITALS**

A. KHOD, GVHP, Sagebrush, Liquid, Integral, CCLV, CCLVP, Mr. Adams and Ms. Adams are parties to that certain Integral Contribution Agreement dated October 18, 2018 (as amended, modified, supplemented or waived from time to time in accordance with its terms (the "Contribution Agreement")), pursuant to which Sagebrush and Liquid are required, on the consummation of the transactions contemplated thereunder, to collectively contribute 100% of the limited liability company membership interests in CCLV to Integral. CCLV owns 100% of the limited liability company membership interests in CCLVP. Capitalized terms referred to in this Agreement in the context of the Contribution Agreement and not defined herein shall have the same meaning as defined in the Contribution Agreement.

B. KHOD, GVHP, Sagebrush, Liquid, GTI Core, and GTI Inc. are parties to that certain Membership Interest Purchase Agreement dated November 13, 2018 (as amended, modified, supplemented or waived from time to time in accordance with its terms (the "MIPA")), pursuant to which GTI Core will acquire from KHOD, GVHP, Sagebrush, and Liquid, on the consummation of the transactions contemplated thereunder, 100% of the limited liability company membership interests in Integral. Capitalized terms referred to in this Agreement in the context of the MIPA and not defined herein shall have the same meaning as defined in the MIPA.

C. The Contribution Agreement defines "License Agreement" to mean that certain Second Amended and Restated Intellectual Property License Agreement dated as of January 1, 2018 among CCLV, Neema Samari-Kermani ("Kermani") and Jeffry S. Buchman ("Buchman").

D. Exhibit A attached hereto sets forth certain representations and warranties of CCLV, CCLVP, Liquid and Sagebrush (collectively, the "CCLV Parties") contained in the Contribution Agreement, numbered to correspond to the applicable sections thereof. Among other conditions, the Closing under the Contribution Agreement and consummation of the transactions thereunder is subject to the condition precedent that all such representations and warranties of the CCLV Parties shall be true and correct in all material respects as of the Closing Date thereunder.

E. Article III of the MIPA contains representations and warranties of the Sellers thereunder, including a representation and warranty in Section 3.12(g) of the MIPA that there are no Actions pending or threatened with respect to the violation by Integral of the Intellectual Property of any Person; and a representation and warranty in Section 3.17 of the MIPA that there are no Actions pending or threatened (a) against any Company Party affecting any of its properties or assets (or by or against Sellers or any Affiliate thereof and relating to the Company), or (b) against or by the Sellers or any Affiliate of Sellers that challenges or seeks to prevent, enjoy or otherwise delay the transactions contemplated by the MIPA. Among other conditions, GTI Core's obligations to consummate the MIPA Closing are subject to the conditions that the representations and warranties of the Sellers contained in the MIPA shall be true and correct in all material respects and that no Action shall have been commenced against GTI Core, the Sellers, or Integral which would prevent the Closing.

F. Subsequent to the execution of the Contribution Agreement and the MIPA by the parties thereto, CCLV received notice of threatened litigation as set forth on Exhibit B attached hereto, including a draft Complaint naming Integral and GTI Inc. as real parties in interest in such threatened litigation (the [***]) and as set forth on Exhibit C attached hereto (the [***] and together with the [***], collectively, the "Threatened Litigation") with respect to claims by [***]. CCLV disclosed the Threatened Litigation to Integral, and Integral disclosed the same to GTI Core pursuant to Section 5.05(a) of the MIPA.

G. Sagebrush and Liquid delivered drafts of CCLV Disclosure Schedules to GTI Core and GTI Inc. pursuant to the MIPA that also disclose (among other things) certain [***] the possible [***], the [***] and Sagebrush and Liquid have also informed GTI Core and GTI Inc. of [***] (collectively, the "CCLV Disclosures").

H. Section 5.15 of the MIPA requires KHOD and GVHP to consult with GTI Core if any event occurs that would result in the failure to satisfy a closing condition in favor of Integral in the Contribution Agreement (referred to as the Cannabiotix Acquisition Agreement therein).

I. Other parties to the MIPA include Alejandro "Alex" Yemenidjian (in his capacity as grantor of the Yemenidjian Living Trust, individually, and as the "Sellers' Representative" thereunder), Armen Yemenidjian, individually, and Brian Greenspun, individually and as Trustee of the Brian L. Greenspun Separate Property Trust (collectively, the "Other Integral Parties").

J. The Parties hereto desire to enter into this Agreement with respect to the forgoing matters for the purposes set forth below.

**AGREEMENT**

**NOW, THEREFORE,** in consideration of the above Recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the Parties hereby agrees as follows:

1. Notice of Threatened Litigation and CCLV Disclosures. All Parties acknowledge that they have received written notice [***] pursuant to the disclosure requirements of the Contribution Agreement and the MIPA. The CCLV Parties further represent and warrant that they have engaged legal counsel to attempt to settle or otherwise resolve such threatened litigation at their cost and expense, although such threatened litigation has not been settled or otherwise resolved as of the date of this Agreement. The Indemnitors (as defined below) hereby represent and warrant that the CCLV Parties have not been served with and have no knowledge of any other lawsuits, threatened lawsuits, claims, charges, disputes, disciplinary actions, regulatory charges, or complaints of any kind, whether at law or equity, formal or informal.

2. Failure of Representations and Warranties and Waiver of Conditions Precedent. All Parties acknowledge that there may be the failure of one or more conditions precedent to the Closing of the Contribution Agreement and/or the MIPA as a result of the Threatened Litigation and/or the CCLV Disclosures. Notwithstanding the potential or actual failure of such conditions precedent, each benefited Party hereby elects to waive such conditions precedent and to proceed to consummate, first, the Closing under the Contribution Agreement and, second, following the joinder of Sagebrush and Liquid as Sellers and [***] as Members to the MIPA, the Closing under the MIPA. Notwithstanding anything set forth in the Contribution Agreement or the MIPA to the contrary, such waiver is applicable only to the failure of such respective conditions to Closing for the purpose of consummating such Closings, and is not a waiver or release of any claims, demands, actions, causes of action, lawsuits, arbitrations, or litigation, of any nature, whether at law or in equity (collectively, "Claims") of a waiving Party arising out of any failure of such conditions to Closing or any of their rights or remedies under the Contribution Agreement, the MIPA, or any other agreement between any of the Parties or the Other Integral Parties related to the transactions contemplated by the Contribution Agreement or MIPA. Such waiver is not intended to, and shall not be deemed to, waive any right of any waiving Party or any Other Integral Parties to recover, pursuant to the terms of the Contribution Agreement or MIPA, any loss, cost, damage, liability, or expense, including, without limitation, reasonable attorneys' fees and costs (collective, "Losses") suffered or incurred by such waiving Party as a result of any such Claims.

3. Indemnity.

(a) Sagebrush and Liquid (collectively, the "Indemnitors"), together with [***], confirm and ratify their respective indemnification obligations to the extent set forth in the Contribution Agreement for the benefit of the Integral Parties (as such term is defined in the Contribution Agreement, as amended herein) and the MIPA for the benefit of the Buyer Indemnitees (as defined in the MIPA) in connection with or arising out of (i) the [***] Threatened Litigation (including, without limitation, with respect to the License Agreement), the [***], or any other Claims of [***]

or any related or affiliated entity or person directly relating to the Threatened Litigation and (ii) the other CCLV Disclosures (collectively, "Indemnified Claims"); provided that the confirmations and ratifications in this Section 3(a) (and only this Section 3(a)) shall not be deemed to increase the indemnification obligations or liabilities of any party beyond the obligations and liabilities set forth in the Contribution Agreement and/or MIPA, as applicable, subject to Section 2 of this Agreement.

(b) From and after the Closing under the Contribution Agreement, at which time Integral will own 100% of CCLV, the Indemnitors agree, jointly and severely, to indemnify, defend, and hold KHOD, GVHP, Integral, CCLV, GTI Core, GTI Inc., any other Buyer Indemnitee, or any of the Other Integral Parties (collectively, the "Indemnified Parties") harmless for any Losses suffered or incurred by Indemnified Parties in connection with any Indemnified Claims (along with the indemnification obligations pursuant to the Contribution Agreement and pursuant to the MIPA, collectively, their "Indemnification Obligations"), subject to Section 4.1. of the Contribution Agreement Notwithstanding anything set forth in the Contribution Agreement or the MIPA to the contrary, the Indemnification Obligations of the Indemnitors with respect to the Indemnified Claims shall apply to the first dollar of Losses suffered or incurred by any Indemnified Parties thereunder, without regard to any Basket Amount set forth in the Contribution Agreement or Deductible set forth in the MIPA.

(c) The indemnity obligations set forth in Section 3(b) shall be subject to Section 4.3 of the Contribution Agreement, provided, however, that notwithstanding the provisions of Section 4.3 of the Contribution Agreement, the Indemnitors may not settle any of the following third party Indemnified Claims without the written consent of GTI Inc. if [***].

(d) Payments pursuant to Section 3(b) with respect of any Losses shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment that the Indemnified Party would have been entitled to receive with respect of any such claim pursuant to CCLV's insurance policies in existence immediately prior to the date hereof if such policies had been maintained and in effect at the time of the claim and if the Indemnified Party had taken actions reasonably required to received payment pursuant to such policies.

(e) Payments to any Indemnified Party pursuant to Section 3(b) shall be reduced by an amount equal to any amounts received by such Indemnified Party under the Contribution Agreement and/or the MIPA.

4. Escrow for Indemnified Claims.

(a) [***]

(b) The Parties shall jointly instruct the CCLV Escrow Agent to release the remaining CCLV Escrow Fund pro rata to Sagebrush and Liquid as set forth below:

(1) The CCLV Escrow Fund shall be released in the following amounts on the fifth business day following the occurrence of the following events:

[***]

[***]

[***]

(2) The amounts to be released pursuant to Sections 4(b)(1)(A) and (B) shall be reduced by an amount equal to the value of any Losses incurred by the Indemnified Parties related to the Indemnified Claims, calculated pursuant to Section 4(d).

(3) Notwithstanding Section 4(b)(1), no amounts shall be released under Section 4(b)(1)(B) until the final resolution of the [***] Threatened Litigation and then only if the Losses to the Indemnified Parties pursuant to the [***] Threatened Litigation were less than the value of [***], calculated pursuant to Section 4(d).

(c) The Indemnified Parties shall be entitled to recover any Losses pursuant to an Indemnified Claim under this Agreement from the CCLV Escrow Agent, pursuant to the terms of the CCLV Escrow Agreement, from the CCLV Escrow Fund and the CCLV Escrow Fund shall be the sole recourse for the Indemnified Parties under this Agreement except in the event of fraudulent, criminal or intentional misconduct. This Agreement does not modify or amend the Contribution Agreement as to any rights of the Integral Parties thereunder, including, without limitation, the right to recover any Losses pursuant to any indemnification obligations of the Indemnitors to the Integral Parties thereunder. The Other Integral Parties shall be entitled to recover from the Escrow Fund through the Integral Parties. Integral, CCLV and other Buyer Indemnitees shall be entitled to recover from the Escrow Fund through GTI Inc. or GTI Core.

(d) If any GTI Shares are to be paid to the Indemnified Parties in satisfaction of an Indemnification Obligation to indemnify against Losses under this Agreement, the value of each such GTI Share shall be the volume weighted average of the closing sale price of the GTI Shares on the principal securities exchanges on which the GTI Shares are at the time listed, averaged over twenty (20) consecutive trading days, with the final averaged day used in the calculation being the date such GTI Shares are agreed to be transferred to such Indemnified Party.

5. Amendment to Contribution Agreement.

(a) Pursuant to Section 6.1 of the Contribution Agreement, KHOD, GVHP, Sagebrush, [***], Liquid, [***], Integral, CCLV and CCLVP agree to amend the Contribution Agreement by inserting the following sentence before the last sentence in Section 4:

> "Solely for the purposes of Sagebrush and Liquid's indemnification obligations in this Article 4, the term "Integral Parties" shall include KHOD, GVHP, Integral and, following the Closing, CCLV, CCLVP, GTI and each affiliate, subsidiary member, manager, director, officer, employee, consultant, financial advisor, counsel, accountant and other agents of Integral, CCLV, CCLVP and GTI.".

(b) Except as specifically set forth in this Agreement, the Contribution Agreement shall remain in full force and effect in accordance with its terms. All other sections, paragraphs, provisions, and clauses in the Contribution Agreement not expressly modified above remain in full force and effect as originally written.

6. Miscellaneous.

(a) This Agreement may not be amended or modified in any respect unless the same shall be in writing and signed by all of the Parties.

(b) This Agreement shall inure to the benefit of, and shall be binding upon, the parties and their respective successors and assigns.

(c) This Agreement shall be governed by the laws of the State of Nevada and the exclusive venue of any action arising under this Agreement shall be Clark County, Nevada. In the event of any action for breach of, to enforce the provisions of, or otherwise involving this

Agreement, the court in such action shall award a reasonable sum as attorneys' fees to the party or parties who, in the court's decision, prevailed in the action.

(d) Subject to the survival provisions set forth herein, all covenants and obligations of the Parties under this Agreement shall survive the Closings under the Contribution Agreement and the MIPA, as applicable. If the Closing under the Contribution Agreement occurs, and for whatever reason the Closing under the MIPA Agreement does not occur, this Agreement shall continue in full force and effect with respect to the waived condition precedent.

(e) This Agreement does not modify or amend the Contribution Agreement as to any rights of the Integral Parties thereunder, including, without limitation, the right to recover any Losses pursuant to any indemnification obligations of the Indemnitors to the Integral Parties thereunder.

(f) The Other Integral Parties are express third-party beneficiaries of this Agreement.

(g) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original. Counterparts of this Agreement may be delivered by electronic transmission, including by "PDF" e-mail attachment, which such attachments shall be deemed to be effective counterparts of this Agreement for all purposes.

[Remainder of Page Intentionally Blank]

**IN WITNESS WHEREOF**, the parties have executed this Representation and Warranty Condition Agreement as of the Effective Date.

**"KHOD"**

[***]

**"GVHP"**

[***]

**"Sagebrush"**

[***]

**"Liquid"**

[***]

**"GTI Core"**

[***]

**"GTI Inc."**

[***]

**[Signature Page to CCLV Representation and Warranty Condition Agreement]**

| **“CCLV”** | **“CCLVP”** |
| --- | --- |
| [***] | [***] |

**[Signature Page To CCLV Representation and Warranty Condition Agreement]**

Exhibit A

Certain Representations and Warranties of the CCLV Parties set forth in the Contribution Agreement (in part, with capitalized terms used herein as defined in the Contribution Agreement):

3.1(a) Representations and Warranties.

(ii) Members and Membership Interests. The only limited liability company members of CCLV are Sagebrush and Liquid and such Parties collectively own 100% of the CCLV Membership Interests. No Person other than the Parties pursuant to this Agreement has any right, title, or interest in . . . CCLV or CCLVP, including, without limitation, any option, convertible debt, offering rights, voting rights, or other rights to acquire any Membership Interest in . . . CCLV or CCLVP.

(xvi) Litigation. There is no Litigation pending or, to the Actual Knowledge of [the Manager of CCLV and CCLVP], threatened against each of [CCLV and CCLVP] or any of its subsidiaries, including, without limitation, in connection with this Agreement or the Contribution Transaction, except as disclosed as part of the Due Diligence Materials.

3.1(b) Additional Representations and Warranties of CCLV Parties.

(i) Neither [***], nor any related or affiliated party of [***] is a member of CCLV nor has any right, title or interest in or to CCLV. The CCLV Members have delivered to Integral a true and correct copy of the agreement(s) by which such Membership Interests of [***] were transferred which include a waiver and release by [***] of all claims against CCLV, Liquid and Sagebrush and their respective managers and other members.

(ii) The License Agreement remains in full force and effect, and will continue to remain in full force and effect, subject to its terms and conditions, after the Closing and consummation of the Contribution Transaction, as an asset of CCLV, and all rights under the License Agreement shall continue, subject to its terms and conditions, for the benefit of CCLV notwithstanding the ownership of CCLV by Integral as a result of consummation of the Contribution Transaction; provided that payment of the [***] transaction fee (the "Transaction Fee") to the licensor thereunder as required pursuant to the License Agreement in connection with consummation of the Contribution Transaction is timely made and provided that payment of a separate Transaction Fee to the licensor thereunder in connection with the consummation of the GTI Transaction is timely made. . . . The Contribution Transaction does not require the consent or approval of the Licensor under the License Agreement in any case provided that the Transaction Fee is paid, including, without limitation, if CCLV continues as the Licensee thereunder, which is the intent of the Parties under this Agreement.

Exhibit B

[Attached to this page.]

[***]

Exhibit C

[Attached to this page.]

[***]

**Exhibit 10.4**

**CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED**

***Execution Version***

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**AGREEMENT AND PLAN OF MERGER AND REORGANIZATION**

**by and among**

**Green Thumb Industries Inc.,**

**GTI Merger Sub, LLC**

**and**

**Advanced Grow Labs, LLC,**

**dated as of**

**January 4, 2019**

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**AGREEMENT AND PLAN OF MERGER AND REORGANIZATION**

This Agreement and Plan of Merger and Reorganization (this "Agreement"), effective as of January 4, 2019 ("Effective Date"), is entered into by and among Green Thumb Industries Inc., a corporation incorporated under the laws of the Province of British Columbia ("Parent"), GTI Merger Sub, LLC, a Connecticut limited liability company (the "GTI Sub"), and Advanced Grow Labs, LLC, a Connecticut limited liability company, doing business as Advanced Grow Labs, with its offices located at 400 Frontage Road, West Haven Connecticut (the "Company").

**RECITALS**

**WHEREAS**, the Company and its Subsidiaries are engaged in the business of cultivating, processing, and/or dispensing medical marijuana in Connecticut and Massachusetts (the "Business"); and

**WHEREAS**, the members of the Company (each a "Company Member" and collectively, the "Company Members") own 100% of all classes of the issued and outstanding membership interests of the Company (the "Membership Interests") as set forth on Schedule 4.02 hereof;

**WHEREAS**, the Company owns (i) 100% of AGLMA, LLC, a Connecticut limited liability company ("AGLMA"), (ii) 100% of Advanced Grow Labs Technologies, LLC, a Connecticut limited liability company ("AGLT"), and (iii) 100% of AGL Westport, LLC, a Connecticut limited liability company ("Westport") (each a Company "Subsidiary" and together the Company's "Subsidiaries"),

**WHEREAS**, AGLMA owns twenty-seven percent (27%) of the membership units in CAL FUNDING, LLC, a Massachusetts limited liability company ("CAL FUNDING")[1];

**WHEREAS**, CAL FUNDING owns 100% of the issued and outstanding stock in Mass Alternative Care, Inc., a Massachusetts corporation with an office and business address at One Monarch Place, Suite 1900, Springfield, Massachusetts 01140 ("MAC");

**WHEREAS**, MAC is the holder of Provisional Certificates of Registration from the Massachusetts Department of Public Health (collectively, the "Massachusetts' License") permitting it to operate medical marijuana cultivating, processing, and dispensary facilities located in Chicopee, Massachusetts, Amherst, Massachusetts, Lee, Massachusetts (collectively, the "Massachusetts Business");

**WHEREAS**, AGLMA and MAC are parties to that certain Services Agreement dated February 28, 2018 ("Services Agreement");

---

[1] Note that for regulatory reasons, GTI cannot own more than 9.9% of MAC, so prior to Closing this 27% interest will need to be reduced to a 9.9% nondilutable nonvoting interest in MAC and an option to purchase the remaining 17.1% nondilutable nonvoting interest in MAC granted to GTI for nominal consideration.

**WHEREAS**, Westport owns a 45.9% interest in Bluepoint Wellness of Westport, LLC, a Connecticut limited liability company ("Bluepoint of Westport");

**WHEREAS**, Bluepoint of Westport has received licensure for a dispensary of medical marijuana pursuant to the laws and regulations of the state of Connecticut;

**WHEREAS**, the Parent, the GTI Sub, and the Company, at Closing, shall be treated as C corporations pursuant to the Code;

**WHEREAS**, the Parent and the Company have determined that a business combination between them is advisable and in the best interests of their respective companies, stockholders and members;

**WHEREAS**, this Agreement contemplates a merger of the GTI Sub with and into the Company, with the Company remaining as the surviving entity after the merger (the "Merger"), whereby the Company Members will receive stock of the Parent and cash in exchange for the Membership Interests and the Company will continue as a wholly owned subsidiary of the Parent;

**WHEREAS**, the Company desires that the Merger qualifies as a "plan of reorganization" under Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code") so that the Company Members are not subject to federal income tax liability under the Code at Closing for the initial GTI Shares received in the Merger;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## ARTICLE I
## DEFINITIONS

The following terms have the meanings specified or referred to in this Article I:

"Accounting Principles" means the definitions, accounting methods, principles, policies, practices, and procedures, including classification and estimation methodology, (a) set forth in Schedule A, and (b) to the extent not contemplated in Schedule A, consistent with GAAP and, so long as not inconsistent with GAAP and Schedule A, applying the principles used to prepare the Financial Statements (taking into consideration the nature and timing of such matter).

"Accounting Referee" means Macias, Gini & O'Connell, LLP or, if such accounting firm is unable or unwilling to serve in such role, another internationally-recognized independent accounting firm reasonably acceptable to the Parent and the Company Board; provided that if they cannot agree on the Accounting Referee within a reasonable period of time, then any party shall have the right to cause the International Center for Dispute Resolution to appoint the Accounting Referee.

"Action" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at Law or in equity.

"Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by Contract or otherwise.

"Affiliate Contracts" has the meaning set forth in Section 4.26.

"Agreement" has the meaning set forth in the preamble.

"Assignment" has the meaning set forth in Section 2.04(d)(i).

"Balance Sheet" has the meaning set forth in Section 4.06.

"Benefit Plan" has the meaning set forth in Section 4.21(a).

"Business" has the meaning set forth in the recitals.

"Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in New York, New York are authorized or required by Law to be closed for business.

"CAD" means Canadian Dollars.

"Cap Amount" has the meaning set forth in Section 9.04(a).

"Cash Payment" has the meaning set forth in Section 2.02(a).

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

"Closing" has the meaning set forth in Section 2.04(a).

"Closing Date" has the meaning set forth in Section 2.04(a).

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" means Advanced Grow Labs, LLC.

"Company Board" means a board of the Company Managers, acting by majority vote.

"Company Exclusions" has the meaning set forth in Section 9.04(b).

"Company Fundamental Representations" means the representations and warranties set forth in Section 4.01, Section 4.02, and Section 4.03.

"Company Indemnitees" has the meaning set forth in Section 9.03.

"Companies' Intellectual Property" has the meaning set forth in Section 4.12(a).

"Companies' Inventory" has the meaning set forth in Section 4.14.

"Company Managers" means [***].

"Company Member" has the meaning set forth in the preamble of this Agreement.

"Company Members" has the meaning set forth in the preamble of this Agreement.

"Company Member Claims" means any and all manner of action and actions, cause and causes of actions, known or unknown suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which a Company Member ever had, now has, or hereafter can, shall, or may have against the Company or the Parent, including, but not limited to, claims for tax liabilities should the tax deferred nature of this Agreement be disallowed by the IRS, and includes claims of any Company Member's immediate family members, Affiliates and their respective equity holders, managers, members, directors, officers and employees, in all capacities, in each case whether arising under any agreement or understanding, at Law or in equity.

"Company Working Managers" means the Managers, excluding [***].

"Compiled Financial Statements" has the meaning set forth in Section 4.06.

"Connecticut Bond Escrow Funds" means the Five Hundred Thousand Dollars ($500,000) that was paid by the Company to and is being held in escrow by the State of Connecticut as a bond for the Company's marijuana activities in Connecticut.

"Connecticut Earn-Out" means [***].

"Connecticut Earn-Out Statement" means the Parent's calculation of the Connecticut Earn-Out in accordance with Section 2.03(d).

"Connecticut License Final Share Consideration" means [***].

"Connecticut License Initial Share Consideration" means [***].

"Connecticut Operations" means the Company's business operations located in the State of Connecticut, including costs allocable to those operations.

"Contracts" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"CSE" means that Canadian Securities Exchange.

"Debt" means, with respect to the Company and its Subsidiaries, all obligations (including all obligations in respect of principal, accrued interest, penalties, fees and premiums) of any of the Company or its Subsidiaries, whether direct or indirect, (a) for borrowed money (including, but not limited to, overdraft facilities), (b) for Liabilities secured by any Encumbrance existing on any property or asset of the Company or its Subsidiaries, (c) evidenced by notes, bonds, debentures or

similar documents, (d) for the deferred purchase price of property, goods or services, whether connected or not with the acquisition of any business ("earn-out" or other similar type of payments) or noncompetition agreement, (e) under capital leases (in accordance with GAAP), (f) in respect of letters of credit and bankers' acceptances, (g) for Contracts relating to interest rate protection, swap agreements, factoring, hedging and collar agreements or similar type of Contracts, (h) obligations of the Company or its Subsidiaries to pay any dividends or make any other distributions with respect to any of the Membership Interests or other Equity or ownership interests of the Company or its Subsidiaries, (i) Merger Expenses, (j) the aggregate amount by which the Related Accounts Payable exceeds the Related Accounts Receivable, if any, (k) in the nature of premiums (prepayment or otherwise) or penalties in connection with the obligations described in clauses (a) through (j) above, and (l) in the nature of Guarantees of the obligations described in clauses (a) through (k) above of any other Person. Notwithstanding the foregoing, (i) loans to pay premiums for insurance coverage shall only be classified as Debt to the extent they are for periods of coverage on or prior to Closing and (ii) neither the loan for the Company's 2016 Mercedes cargo van owed to Citizen's Bank, N.A. nor the loan for the Company's forklift shall be classified as Debt.

"Direct Claim" has the meaning set forth in Section 9.05(c).

"Disclosure Schedules" means the Disclosure Schedules delivered by the Company and the Parent concurrently with the execution and delivery of this Agreement and attached to the Agreement as Schedule B.

"Dollars", "USD", or "$" means the lawful currency of the United States and not Canadian Dollars.

"EBITDA" means, for any period, the aggregate net income before interest, income taxes, depreciation and amortization of the Company on a consolidated basis and its subsidiaries for such period, determined in accordance with GAAP; provided, however, that under no circumstance will the calculation of EBITDA allocate to the Company any portion of Parent's central office overhead as an expense in a category that was not a replacement of an expense category of the Company prior to the Closing.

"Encumbrance" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, lease, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership; excluding, however, for purposes of this Agreement, any option or right existing in favor of Parent or Company, or any Affiliate of Parent or Company.

"Escrow Agent" means the escrow agent named in the Escrow Agreement.

"Escrow Agreement" means that Escrow Agreement, the form of which shall be mutually agreed upon by Parent and the Company.

"Environmental Claim" means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging Liability of whatever kind or nature (including Liability or responsibility for the costs of enforcement

proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

"Environmental Law" means any applicable Law, and any Governmental Order, Contract, or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Law" includes, without limitation, the following (including their implementing regulations and any state analogs): CERCLA; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

"Environmental Notice" means any notice of violation or infraction, or notice respecting any Environmental Claim, including if relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

"Environmental Permit" means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"ERISA Affiliate" means, with respect to any Person, any other Person that, together with such first Person, would be treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"Equipment Lease" means any lease agreement under which one of the Company or its Subsidiaries finances the use or acquisition of machinery or equipment, as disclosed on the Financial Statements.

"Equity" means capital interests of any kind (including shares of stock, membership interests or other interests representing the equity in a limited liability company, corporation, partnership or other legal entity) and Equity Commitments.

"Equity Commitments" means (a) options, warrants, convertible securities, exchangeable securities, subscription rights, conversion rights, exchange rights, or other agreements, commitments or rights that could require a Person to issue any of its Equity or to sell any Equity it owns in another Person; (b) any other securities convertible into, exchangeable or exercisable for, or representing the right to subscribe for any Equity of a Person or owned by a Person; (c) statutory preemptive rights or preemptive rights granted under a Person's Organizational Documents; (d) stock appreciation rights, phantom stock, profit participation, or other similar rights with respect to a Person; and (e) any rights to participate in the appreciation of the net assets, enterprise value or fair market value of a Person.

"Final Closing Debt" has the meaning set forth in Section 2.03(b)(iii).

"Final Connecticut Earn-Out" has the meaning set forth in Section 2.03(b)(iii).

"Final Closing Statement" has the meaning set forth in Section 2.03(b)(iii).

"Final Net Working Capital" has the meaning set forth in Section 2.03(b)(iii).

"Financial Statements" has the meaning set forth in Section 4.06.

"Floor" is defined in the definition of Connecticut Earn-Out.

"Floor Amount" has the meaning set forth in Section 9.04(a).

"GAAP" means United States generally accepted accounting principles in effect from time to time.

"General Enforceability Exceptions" means enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting enforcement of creditors' rights generally and by general principles of equity (including the possibility of unavailability of specific performance or injunctive relief), regardless of whether applied in a proceeding at Law or in equity.

"Governmental Authority" means any federal, national, supranational, state, provincial, local, foreign or other government, political subdivision, governmental, regulatory or administrative authority, agency, department, ministry, board, commission, task force or any court, tribunal, judicial, self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator or arbitral body, court or tribunal of competent jurisdiction, customs and any other regulatory or administrative equivalent governmental entity in any country or territory with jurisdiction over the processes for the production, development, testing, manufacture, packaging, labeling, distribution, marketing or use of the products related to the business (including the Business) of any of the Company or its Subsidiaries, and the Federal Trade Commission, Antitrust Division of the U.S. Department of Justice and any other regulatory or administrative equivalent governmental entity in any country or territory with jurisdiction over antitrust or other competition matters.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"GTI Shares" means Green Thumb Industries Inc. subordinate voting shares publicly traded on the CSE under the ticker symbol GTII.CN.

"Guarantee" means, with respect to any Person, (a) any guarantee of the payment or performance of, or any contingent obligation in respect of, any Debt or other Liability of any other Person; (b) any other arrangement whereby credit is extended to any obligor (other than such Person) on the basis of any promise, obligation, commitment or undertaking of such Person (i) to pay the Debt or other Liability of such obligor, (ii) to purchase any obligation owed by such obligor, (iii) to purchase or lease assets under circumstances that are designed to enable such obligor to discharge one or more of its obligations, Debts or Liabilities or (iv) to maintain the capital, working capital, solvency or general financial condition of such obligor; and (c) any Liability as a general partner of a partnership or as a venturer in a joint venture in respect of Debt, Liabilities or other obligations of such partnership or venture.

"Hazardous Materials" means: (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable Environmental Laws as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic substances" or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity or "EP toxicity;" (b) oil, petroleum or petroleum derived substances, natural gas, natural gas liquids or synthetic gas and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (c) any flammable substances or explosives or any radioactive materials; (d) asbestos in any form or electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million; and (e) any substance, liquid, gas or vapor (in isolation or combined) deemed to be a pollutant by the enforcing Governmental Authority.

"HSR" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"IFRS" means the International Financial Reporting Standards.

"Indemnified Party" has the meaning set forth in Section 9.05.

"Indemnifying Party" has the meaning set forth in Section 9.05.

"Indemnity Holdback" means [***].

"Insurance Policies" has the meaning set forth in Section 4.17.

"Intellectual Property" has the meaning set forth in Section 4.12(a).

"Intellectual Property Registrations" means all of the Company or its Subsidiaries' Intellectual Property that is either (a) subject to any issuance, registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing; or (b) used in the current or planned Business or operations of the Company or its Subsidiaries.

"Interim Financial Statements" has the meaning set forth in Section 4.06.

"Interim Financial Statements Date" has the meaning set forth in Section 4.06.

"Knowledge" or any other similar knowledge qualification, means the actual knowledge of such Person, after due inquiry, or, if such Person is a corporate entity, the actual knowledge of any director, managing member, manager or officer of such Person, after due inquiry.

"Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

"Liabilities" has the meaning set forth in Section 4.07.

"Licensed Intellectual Property" has the meaning set forth in Section 4.12(a).

"Limited Lock-Up Members" means the Company Members owning less than [***] of the Company.

"Lock-Up" a regulatory requirement of the CSE or a condition imposed on the holder by the issuer whereby the holder of GTI Shares may not directly or indirectly (a) offer, sell, contract to sell, transfer, assign, secure, hypothecate, pledge, lend, swap, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of (whether through the facilities of a stock exchange, by private placement or otherwise) or transfer any of the GTI Shares (b) make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement or transaction that transfers, in whole or part, to another person any of the economic consequences of ownership of any of the GTI Shares, whether any such swap or transaction is to be settled by delivery of securities, in cash or otherwise, as the case may be or (c) otherwise publicly announce any intention to do any of the activities restricted by (a) and (b).

"Lock-Up Agreement" means that agreement where, with respect to the Company Members who are Limited Lock-Up Members, the Share Consideration cannot be transferred for four (4) months and one day from issuance, and with respect to the Company Members who are not Limited Lock-Up Members, one half (1/2) of the Share Consideration cannot be transferred for four (4) months and one day from issuance, and the remaining Share Consideration cannot be transferred for twelve (12) months from issuance. The Lock-Up will be a legend on the GTI Shares issued to Company Members.

"Losses" means losses, damages, Liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; provided, however, that "Losses" shall not include punitive damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party.

"Material Adverse Effect" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, prospects, condition (financial or otherwise) or assets of the Company or its Subsidiaries, taken as a whole, or (b) the ability of the Company to consummate the Merger on a timely basis; provided, however, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition, or change, directly or indirectly, arising out of or attributable to: (i) any changes, conditions or effects in the United States or foreign economies or securities or financial markets in general; (ii) changes, conditions or effects that generally affect the industries in which the Company or its Subsidiaries operate; (iii) any change, effect or circumstance resulting from an action required by this Agreement or any Merger Document; or (iv) conditions caused by acts of terrorism or war (whether or not declared); provided further, however, that any event, occurrence, fact, condition, or change referred to in clauses (i), (ii) or (iv) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition, or change has a disproportionate effect on the Company or its Subsidiaries compared to other participants in the industries in which the Company or its Subsidiaries conduct their businesses.

"Material Contracts" has the meaning set forth in Section 4.09(a).

"Material Customers" has the meaning set forth in Section 4.16(a).

"Material Suppliers" has the meaning set forth in Section 4.16(b).

"Membership Interests" has the meaning set forth in the recitals.

"Merger" has the meaning set forth in the recitals.

"Merger Consideration" has the meaning set forth in Section 2.02.

"Merger Documents" means this Agreement, the Lock-Up Agreement, the Share Consideration, the Assignments of Company Membership Interests, the Representation and Warranties Bring Down Certificate, and other documents reasonably requested by the Parent.

"Merger Expenses" means in each case, (a) any Liabilities, fees, costs, expenses of, payments made by, or obligations owed or due to be paid by, any Company related to or as a result of this Agreement, the Merger Documents or the Merger, and other related matters to the extent incurred, including, without limitation, any transaction bonus, retention, severance and change of control payments or obligations or any other compensatory payments made to any current or former employee or other service provider of any Company, and (b) solely to the extent not paid prior to the Closing, any legal, accounting, financial advisory and other third party advisory or consulting fees and other expenses incurred by any Company in connection with this Agreement, the Merger Documents or the Merger, and other related matters to the extent incurred.

"Money Laundering Laws" has the meaning set forth in Section 4.29.

"Net Adjustment" has the meaning set forth in Section 2.03(b)(iv).

"Net Cash Payment" has the meaning set forth in Section 2.02(a).

"Net Share Consideration" has the meaning set forth in Section 2.02(b).

"Net Working Capital" shall be calculated in the manner set forth on Schedule A, which sets forth the methodology to be applied in determining the Company's Net Working Capital. The Preliminary Net Working Capital and the Final Net Working Capital shall be calculated in good faith in accordance with the Accounting Principles.

"Negotiation Period" has the meaning set forth in Section 2.03(b)(i).

"Objected Items" has the meaning set forth in Section 2.03(b)(i).

"Organizational Documents" means (a) in the case of a Person that is a corporation, its articles or certificate of incorporation and its by-laws, regulations or similar governing instruments required by the Laws of its jurisdiction of formation or organization; (b) in the case of a Person that is a partnership, its articles or certificate of partnership, formation or association, and its partnership agreement (in each case, limited, limited liability, general or otherwise); (c) in the case of a Person that is a limited liability company, its articles or certificate of formation or organization, and its limited liability company agreement or operating agreement; and (d) in the case of a Person that is not a corporation, partnership (limited, limited liability, general or otherwise), limited liability company or natural Person, its governing instruments as required or contemplated by the Laws of its jurisdiction of organization.

"Parent" has the meaning set forth in the preamble.

"Parent Audited Financial Statements" has the meaning set forth in Section 9.04(a).

"Parent Exclusions" has the meaning set forth in Section 9.04(a).

"Parent Financial Statements" has the meaning set forth in Section 9.04(a).

"Parent Indemnitees" has the meaning set forth in Section 9.02.

"Parent Interim Financial Statements" has the meaning set forth in Section 9.04(a).

"Parent's Fundamental Representations" means the representations and warranties of the Parent set forth in Section 5.01.

"Permits" means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from any Governmental Authorities in order to conduct the Business.

"Permitted Encumbrances" means, collectively, (a) Encumbrances for inchoate mechanics' and materialmen's liens for construction in progress and workmen's, repairmen's, warehousemen's and carriers' liens arising in the ordinary course of business and not for amounts then due but unpaid; (b) Encumbrances securing Vehicle Financing as disclosed in the Financial Statements and Interim Statement; (c) Encumbrances under any Equipment Lease; and (d) Encumbrances for Taxes not yet delinquent or the amount or validity of which is being contested in good faith by appropriate proceedings, provided adequate reserves have been established for such contested Encumbrances for Taxes in accordance with GAAP.

"Person" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"Post-Closing Working Capital Statement" has the meaning set forth in Section 2.03(a).

"Post-Closing Tax Period" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

"Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

"Pre-Closing Taxes" means Taxes of any of the Company or its Subsidiaries for any Pre-Closing Tax Period.

"Preliminary Closing Debt" has the meaning set forth in Section 2.03(a).

"Preliminary Net Working Capital" has the meaning set forth in Section 2.03(a).

"Protective Agreement" means the Confidentiality, Non-Compete, Non-Solicitation, Non-Disparagement and Invention Assignment Agreement to be entered into, in the form agreed to by the parties.

"Real Property" means the real property owned, leased or subleased by any of the Company or its Subsidiaries, together with all buildings, structures and facilities located thereon.

"Related Accounts Payable" means all Accounts Payable of the Company or its Subsidiaries to Affiliates or related parties.

"Related Accounts Receivable" means all Accounts Receivable of the Company or its Subsidiaries from Affiliates or related parties.

"Release" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

"Representative" means, with respect to any Person, any and all directors, managing members, managers, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"Review Period" has the meaning set forth in Section 2.03(b)(i).

"Set-Off Notice" has the meaning set forth in Section 9.08.

"Share Consideration" means, subject to the adjustment, if any, set forth in Section 2.02(a), Six Million Seven Hundred Fifty Thousand (6,750,000) GTI Shares; provided, however, if the five-day VWAP closing price of GTI Shares on the day of receipt of all approvals from all Governmental Authorities necessary to complete this transaction is less than USD $9.25 per share, then Share Consideration shall mean Seven Million Seven Hundred Fifty Thousand (7,750,000) GTI Shares. The conversion of US Dollars to CAD shall be the spot price on the day of receipt of all approvals from all Governmental Authorities necessary to complete this transaction, as reported by the Wall Street Journal. All Share Consideration shall be subject to the Lock-Up Agreement.

"Statement of Objections" has the meaning set forth in Section 2.03(b)(i).

"Straddle Period" has the meaning set forth in Section 7.03.

"Subscription Receipt" means a subscription receipt of the Parent entitling the holder thereof to receive, upon the occurrence of the release event set forth in the Subscription Receipt Agreement, and without payment of any additional consideration, on the exchange thereof, the number of GTI Shares as more fully described in the Subscription Receipt Agreement.

"Subscription Receipt Agreement" means the agreement, the terms of which are mutually agreeable to the Parent and the Company, regarding the delivery of Subscription Receipts of the Parent.

"Surviving Provisions" means Article I (Definitions), Section 6.04 (Confidentiality), Section 10.02 (Effect of Termination) and Article XI (Miscellaneous).

"Target Net Working Capital" means Two Million Five Hundred Thousand Dollars ($2,500,000) with no less than Five Hundred Thousand Dollars ($500,000) in cash.

"Taxes" means (a) all federal, state, local, foreign and other income, gross receipts, sales, use, value added, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, social security (or similar), disability, unemployment, estimated, alternative or add-on minimum, unclaimed property or escheat obligations, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties and (b) any Liability for amounts described in clause (a) of this definition as a result of being a member of an affiliated, consolidated, combined, unitary or similar group (including as a result of being a member of an affiliated group within the meaning of Section 1504(a) of the Code or any similar provision of state, local, or foreign Tax Law), as a result of being a withholding or collection agent, as a result of being a transferee or successor or by Contract, pursuant to applicable Law or otherwise.

"Tax Claim" has the meaning set forth in Section 7.04.

"Tax Return" means any return, declaration, report, claim for refund, information return or statement or other document relating or required to be filed with respect to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third Party Claim" has the meaning set forth in Section 9.05(a).

"Union" has the meaning set forth in Section 4.22(b).

"Vehicle Financing" means any loan or financing agreement under which the Company or its Subsidiaries finances the use or acquisition of vehicles, as disclosed on the Financial Statements.

"VWAP" means the volume weighted average closing price on the CSE.

"Working Capital Holdback" means Two Hundred Fifty Thousand Dollars ($250,000) that will be held by the Parent from the Cash Payment until the date that the actual Final Net Working Capital is determined and the Merger Consideration adjusted in accordance with Section 2.03(b)(iv).

## ARTICLE II
## MERGER

Section 2.01. Merger Upon and subject to the terms and conditions of this Agreement, the GTI Sub shall merge with and into the Company on the Closing Date at the Effective Time (as defined below), and the parties and in the percentages listed on Exhibit A will receive the Merger Consideration in exchange for all of the Membership Interests. From and after the Effective Time, the separate corporate existence of the GTI Sub shall cease, and the Company shall continue as the surviving entity in the Merger as a wholly owned subsidiary of the Parent. The "Effective Time" shall be the time at which the Certificate of Merger (the "Certificate of Merger") and other appropriate or required documents prepared and executed in accordance with the relevant provisions of the Connecticut Entity Transactions Act are filed with the Secretary of State of Connecticut. In consideration of the Merger of the GTI Sub with and into the Company, the Parent will pay the Merger Consideration to the parties and in the percentages listed on Exhibit A.

Section 2.02. Merger Consideration. Subject to adjustment pursuant to Section 2.03, the consideration for the Merger (the "Merger Consideration") shall be equal to the sum of the Net Cash Payment described in (a), below, plus the Net Share Consideration as described in (b), below, plus the Connecticut License Final Share Consideration as described in (c), below, plus the Working Capital Holdback and plus the Indemnity Holdback as described in (d), below:

(a) Net Cash Payment. Fifteen Million Dollars ($15,000,000), subject to the 80/20 Reduction (as defined below) ("Cash Payment"), less the Working Capital Holdback, and less the cash portion of the Indemnity Holdback ("Net Cash Payment") shall be paid on the Closing Date at the Closing pursuant to Section 2.04(c)(i) to the parties and in the percentages listed on Exhibit A. All other consideration and earn-outs shall be paid in GTI Shares. Notwithstanding the foregoing, if the Cash Payment would otherwise constitute more than twenty percent (20%) of the total Merger Consideration, the Cash Payment shall be reduced to the extent necessary to constitute twenty percent (20%) or less of the total Merger Consideration (the "80/20 Reduction"), and the Share Consideration shall be increased by the number of additional GTI Shares, valued at the five day VWAP on the last CSE trading day before the Closing Date, equal to the amount of the 80/20 Reduction (stated as a positive integer).

(b) Net Share Consideration. The Share Consideration, less the portion of the Indemnity Holdback comprised of GTI Shares, plus the Connecticut License Initial Share Consideration ("Net Share Consideration"), shall be delivered at Closing to the parties and in the percentages listed on Exhibit A, which Net Share Consideration shall be subject to the Lock-Up Agreement.

(c) Connecticut License Final Share Consideration. The Connecticut License Final Share Consideration, which shall be subject to the Lock-Up Agreement when issued, shall be delivered to the parties and in the percentages listed on Exhibit A within five Business Days after the date the Connecticut dispensary opens to serve patients, after receiving regulatory approval.

(d) Indemnity Holdback. Parent shall deliver the Indemnity Holdback to the Escrow Agent to hold and retain the Indemnity Holdback in accordance with the Escrow Agreement.

(e) Connecticut Bond Escrow Funds. Upon receipt by the Company of all or any portion of the Connecticut Bond Escrow Funds, those funds received shall be distributed by the Company to the parties and in the percentages listed on Exhibit A.

Section 2.03. Merger Consideration Adjustment.

(a) Post-Closing Working Capital Adjustment. No later than 90 days following the Closing Date, the Parent shall prepare and deliver a statement (the "Post-Closing Working Capital Statement") to the Company Board setting forth the Parent's good faith calculation of (i) Net Working Capital as of the Closing (the "Preliminary Net Working Capital"); and (ii) Debt as of the Closing (the "Preliminary Closing Debt"). The Post-Closing Working Capital Statement shall be prepared in accordance with the Accounting Principles.

(b) Examination and Review.

(i) Upon receipt of the Post-Closing Working Capital Statement or the Connecticut Earn-Out Statement, the Company Board shall have 30 days (the "Review Period") to review such Post-Closing Working Capital Statement or the Connecticut Earn-Out Statement. If the Company Board has accepted such Post-Closing Working Capital Statement or the Connecticut Earn-Out Statement in writing or have not given written notice to the Parent setting forth any objection of the Company Board to such Post-Closing Working Capital Statement or the Connecticut Earn-Out Statement, as the case may be (a "Statement of Objections"), on or before the last day of the Review Period, then such Post-Closing Working Capital Statement or the Connecticut Earn-Out Statement, as the case may be, shall be final and binding upon the parties. In the event that the Company Board timely delivers a Statement of Objections, the Parent and the Company Board shall negotiate in good faith to resolve any objection within 30 days following the receipt by the Parent of the Statement of Objections (the "Negotiation Period"). The Statement of Objections shall reasonably explain any objection to the Post-Closing Working Capital Statement or the Connecticut Earn-Out Statement and the amounts or line items thereof as to which the Company Board disagrees (collectively, the "Objected Items") and to the extent then known to the Company Managers shall include the Dollar amount of each such objection and the Company Board's proposed calculation of each such amount. The Company Board shall provide reasonable supporting documentation for each Objected Item concurrently with the delivery of the Statement of Objections. Except for Objected Items, the Company Board shall be deemed to have accepted all other amounts contained in the Post-Closing Working Capital Statement or the Connecticut Earn-Out Statement, and all such amounts shall be considered final and binding for all purposes hereunder. If, during the Negotiation Period, the Company Board and the Parent agree in writing upon any of the Objected Items, the amounts so determined shall no longer be considered to be Objected Items and will be final and binding on the parties for all purposes hereunder. If the Parent and the Company Board are unable to reach an agreement in writing on any Objected Item on or before the last day of the Negotiation Period, then the Parent or the Company Board may submit such matter to the Accounting Referee, and if so submitted, the Parent and the Company Board shall execute such engagement letter or other agreements as reasonably requested by the Accounting Referee.

(ii) The parties shall instruct the Accounting Referee (A) to only consider the Objected Items on which the Company Board and the Parent have not reached an agreement in writing, (B) to make his determination taking into account the principles and definitions set forth in this Agreement and Schedule A, as applicable, including the definitions of Net Working Capital, Debt, and Connecticut Earn-Out contained herein, and (C) to resolve all outstanding Objected Items within 20 days after receipt of the Statement of Objections, or as soon as practicable thereafter, D) to base his determination solely on the presentations to be made by the Parent and the Company Board that are in accordance with the terms and procedures set forth in this Agreement (i.e., not on the basis of an independent review) and (E) not to assign a value to any item greater than the greatest value for such item claimed by either the Parent or the Company Board or less than the smallest value for such item claimed by either the Parent or the Company Board. The resolution of the dispute by the Accounting Referee shall be final, binding and non-appealable on the parties hereto, absent manifest error. For the avoidance of doubt, the Accounting Referee shall act as an expert and not an arbitrator.

(iii) The Post-Closing Working Capital Statement and the Connecticut Earn-Out Statement as agreed to by the Company Board and the Parent (including if no Statement of Objections is given to the Parent within the Review Period) or as determined by the Accounting Referee is referred to herein as the "Final Closing Statement" and (A) the Net Working Capital set forth on such Final Closing Statement shall be deemed the final Net Working Capital (the "Final Net Working Capital"), (B) the Debt set forth on such Final Closing Statement shall be deemed the final Closing Debt (the "Final Closing Debt"), and (C) the Connecticut Earn-Out set forth on such Final Closing Statement shall be deemed the final Connecticut Earn-Out (the "Final Connecticut Earn-Out").

(iv) The Merger Consideration shall be adjusted by an amount equal to the net increase or decrease to the Merger Consideration (the "Net Adjustment") as a result of the following:

(A) If the Final Net Working Capital includes less than $500,000 in cash, then the amount by which the Final Net Working Capital consists of less than $500,000 in cash shall be retained by Parent in cash from the Working Capital Holdback and the Final Net Working Capital shall be increased by that amount;

(B) If the Final Net Working Capital, after adjustment for the cash shortfall, as described in (A), above, is less than the Target Net Working Capital, then the amount of such difference shall be retained by the Parent from the Working Capital Holdback and the Merger Consideration shall be reduced accordingly, and the balance, if any, of the Working Capital Holdback shall be paid in accordance with Section 2.03(b)(v) below to the parties in the percentages listed on Exhibit A;

(C) If the Final Net Working Capital is more than the Target Net Working Capital, but includes less than $500,000 in cash, then (i) the amount by which the Final Net Working Capital consists of less than $500,000 in cash shall be retained by the Parent from the Working Capital Holdback and added to the Final Net Working Capital, and (ii) the amount that the Final Net Working Capital, as increased by the amount of cash retained by Parent from the Working Capital Holdback determined in accordance with clause (i) of subsection 2.03(b)(iv)(A), is in excess of the Target Working Capital shall be added to the Share Consideration based upon the five day VWAP on the date of the Net Adjustment final determination, and the balance, if any, of the Working Capital Holdback shall be distributed in accordance with Section 2.03(b)(v) below, to the parties in the percentages listed on Exhibit A; and

(D) If the Final Closing Debt is greater than zero, then the Final Closing Debt shall be deducted from the Cash Payment of the Merger Consideration or, if the Cash Payment has already been distributed, then from the Working Capital Holdback or the Indemnity Holdback, at Parent's option.

(v) If the Net Adjustment results in an increase to the Merger Consideration, then such amount shall be added to the Merger Consideration, and within three Business Days following the determination of the Net Adjustment, the Parent shall pay the balance remaining to be paid on the Net Adjustment to the parties in the percentages listed on Exhibit A in GTI Shares representing the increase based upon the GTI Share price equal to the five day VWAP on the date of the Net Adjustment determination. If the Net Adjustment results in a decrease to the Merger Consideration, then such amount shall be retained by the Parent from the Working Capital Holdback and, if the Working Capital Holdback is insufficient, then the remainder shall be a set off from the Connecticut Earn-Out. Within three Business Days following the determination of the Net Adjustment, the Parent shall first deduct and retain the balance remaining to be paid on the Net Adjustment from the Working Capital Holdback and immediately thereafter disburse to the parties in the percentages listed on Exhibit A any remaining balance in the Working Capital Holdback, if any, by wire transfer of immediately available funds to accounts designated on Exhibit A.

(vi) The costs and expenses of the Accounting Referee shall be borne by the Company, on the one hand, and the Parent, on the other hand, in proportion to the difference between the Accounting Referee's determination of the Net Adjustment and the Net Adjustment claimed by the Parent and the Company Members. For example, if it is the Parent's position that the Net Adjustment is $300, the Company Members' position is that the Net Adjustment is $100, and the Accounting Referee's finding is that the Net Adjustment is $150, then the Parent shall pay 75% (300-150 / 300-100) of such fees and expenses and the Company Members shall pay 25% (150-100 / 300-100) of such fees and expenses.

(c) Adjustments for Tax Purposes. Any adjustments made pursuant to this Section 2.03 shall be treated as an adjustment to the Merger Consideration by the parties for Tax purposes, unless otherwise required by Law.

(d) Connecticut Earn-Out. Within ninety (90) days from the date that is twelve months from the date of Closing, the Connecticut Earn-Out shall be determined by the Parent (the "Connecticut Earn-Out Statement") and provided to the parties in the percentages listed on Exhibit A. Upon finalization of the Connecticut Earn-Out Statement in accordance with Section 2.03(b), the Parent shall pay the parties in the percentages listed on Exhibit A the Connecticut Earn-Out due them, if any. Notwithstanding anything otherwise contained in this Agreement, in the event that the employment of three of the Company Working Managers is terminated by the Company, with or without cause, the Connecticut Earn-Out shall be the greater of (i) the [***] Floor payment, or (ii) the Connecticut Earn-Out amount otherwise due as a result of the Connecticut EBITDA.

Section 2.04. Closing.

(a) Subject to the terms and conditions of this Agreement, the Merger contemplated hereby shall take place after the last of the conditions to Closing set forth in Article VIII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date) (the "Closing"), remotely by the electronic transmission of documents and wire transfer of funds, (except with respect to any instruments validly transferable under applicable Law only by physical delivery) but no later than June 30, 2019 unless another date is agreed to in writing by the Company and the Parent, (the "Closing Date").

(b) All proceedings to be taken and all documents to be executed and delivered by the parties at the Closing shall be deemed to have been taken and executed simultaneously and no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

(c) At the Closing, the Parent shall deliver or cause to be delivered to the Company and the Company Members:

(i) The Net Cash Payment, by wire transfer of immediately available funds to the parties and in the percentages listed on Exhibit A;

(ii) the Net Share Consideration, to the parties and in the percentages listed on Exhibit A;

(iii) a certificate of the Secretary (or equivalent officer) of the Parent certifying (A) that attached thereto are true and complete copies of all resolutions adopted by the board of directors or equivalent governing body of the Parent authorizing the execution, delivery and performance of this Agreement and the other Merger Documents and the consummation of the Merger, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the Merger; and (B) the names and signatures of the officers of the Parent authorized to sign this Agreement, the other Merger Documents to which the Parent is a party and the other documents to be delivered hereunder and thereunder;

(iv) a good standing certificate (or its equivalent) for each of the Parent and the GTI Sub from the secretary of state or similar Governmental Authority of the jurisdiction under the Laws in which each of the Parent and the GTI Sub is organized; and

(v) a certificate of the Secretary (or equivalent officer) of the GTI Sub (A) that attached thereto are true and complete copies of all resolutions adopted by the board of directors or equivalent governing body of the GTI Sub authorizing the execution, delivery and performance of this Agreement and the other Merger Documents and the consummation of the Merger, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the Merger; and (B) the names and signatures of the officers of the GTI Sub authorized to sign this Agreement, the other Merger Documents to which the GTI Sub is a party and the other documents to be delivered hereunder and thereunder.

(d) At the Closing, the Company shall deliver to the Parent:

(i) evidence that the Certificate of Merger in the form attached hereto as Exhibit B has been filed with the Secretary of State of the State of Connecticut;

(ii) offer letters and Protective Agreements, duly executed by the each of the Company Working Managers and either the Parent or one of its Subsidiaries;

(iii) evidence of termination of Affiliate Contracts (which, for the avoidance of doubt, would not include any Merger Document);

(iv) evidence of payment in full or conversion of the Convertible Promissory Notes described in Section 4.02(b);

(v) evidence of the termination of the Company's operating agreement;

(vi) a certificate of the Secretary (or equivalent officer) of the Company certifying (A) that attached thereto are true and complete copies of all resolutions adopted by the board of managers (or equivalent body) of the Company authorizing the execution, delivery and performance of this Agreement and the other Merger Documents to which the Company is a party and the consummation of the Merger, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the Merger; (B) that the Organizational Documents of the Company and its Subsidiaries attached thereto are correct, complete, unmodified and in full force and effect on the Closing Date; and (C) the names and signatures of the officers of the Company authorized to sign the Merger Documents and the other documents to be delivered hereunder and thereunder;

(vii) a good standing certificate (or its equivalent) for the Company and each of its Subsidiaries from the secretary of state or similar Governmental Authority of the jurisdiction under the Laws in which the Company and each Subsidiary is organized;

(viii) a certificate pursuant to Treasury Regulations Section 1.1445-2(b) certifying that none of the Company Members are a foreign Person within the meaning of Section 1445 of the Code, reasonably satisfactory to Parent;

(ix) a mutually acceptable option agreement for the 17.1% CAL FUNDING interests shall be executed by the appropriate parties;

(x) Subscription Receipt Agreements in the form acceptable to the Company and the Parent are delivered to the Escrow Agent; and

(xi) an Escrow Agreement in a form acceptable to the Company and the Parent with an Escrow Agent acceptable to the Company and the Parent is executed and delivered.

## ARTICLE III
## REPORTING FOR TAX PURPOSES

Section 3.01. Tax Reporting. Each of the Parent, GTI Sub, and Company shall report the Merger as a reorganization described under Sections 368(a)(1)(A) and 368(a)(2)(E) of the Code on their respective federal and state income tax returns, and all parties shall cooperate in filing all other required forms and disclosures in a manner consistent with the foregoing tax treatment.

## ARTICLE IV
## REPRESENTATIONS AND WARRANTIES
## WITH RESPECT TO THE COMPANY AND ITS SUBSIDIARIES

Except as may otherwise be set forth in the Disclosure Schedules, which shall be organized by Section and Subsection corresponding to the representations and warranties set forth in this Agreement with only those disclosures listed in a Section or Subsection of the Disclosure Schedules modifying the corresponding (and no other) Section or Subsection of this Agreement, the Company hereby represents and warrants to the Parent as follows:

Section 4.01. Organization, Authority and Qualification of the Company and its Subsidiaries.

(a) The Company is a limited liability company duly organized and validly existing under the Laws of the state of Connecticut. Each of the Subsidiaries is a limited liability company duly organized and validly existing under the Laws of the state of Connecticut. The copies of the Organizational Documents of the Company and its Subsidiaries delivered to the Parent by the Company are complete and correct copies thereof. The Organizational Documents of each of the Company and its Subsidiaries are in full force and effect, and none of the Company or its Subsidiaries is in violation of any provision thereof.

(b) The Company and its Subsidiaries each have the requisite limited liability company power and authority to execute the Merger Documents to which the Company and/or its Subsidiaries are a party, to perform their obligations thereunder, and to consummate the Merger, to own, operate or lease its properties and assets now owned, operated or leased by it, and to carry on its business as it has been and is currently conducted. The Merger Documents to which each Company and/or its Subsidiaries is a party will be, when delivered to the other parties thereto, duly executed and delivered by such Company and/or its Subsidiaries, and, assuming due authorization, execution and delivery by the other parties thereto, will constitute a legal, valid and binding obligation of such Company and its Subsidiaries, enforceable against such Company and its Subsidiaries in accordance with the terms thereto, except as such enforcement may be limited by the General Enforceability Exceptions. All limited liability company actions taken by the Company and its Subsidiaries in connection with the Merger Documents to which any of the Company and its Subsidiaries is a party will be duly authorized on or prior to the Closing.

Section 4.02. Capitalization.

(a) The Company Members are the sole and exclusive holders of record and beneficial owners of all classes of all the Membership Interests in the Company in the percentages set forth on Exhibit A attached hereto. The Membership Interests constitute 100% of the total issued and outstanding Equity in the Company. All of the Membership Interests have been duly authorized and are validly issued, are fully-paid and non-assessable, and have been issued in compliance with all applicable Laws and any preemptive rights, rights of first refusal or similar rights of any Person. The Membership Interests were not issued in violation of any of the Organizational Documents of the Company or any other agreement, arrangement or commitment to which the Company and its Subsidiaries is a party.

(b) Except for the Convertible Promissory Notes in the original principal amount of Three Million Dollars ($3,000,000), each of which will be paid in full or converted immediately prior to the Closing, and except as may be contained in the Organizational Documents, each of which provisions will be extinguished and of no force and effect by virtue of the termination of the Company's operating agreement contemporaneously with the Merger, there are no outstanding or authorized subscriptions, options, warrants, calls, preemptive rights, conversion or other rights, agreements, arrangements, commitments of any character, trusts, proxies or understandings relating to the sale, issuance, registration or voting of any membership interests or other Equity Commitments of any of the Company or its Subsidiaries, or of any securities or other instruments convertible into, exchangeable for or evidencing the right to purchase any Equity of any of the Company or its Subsidiaries. Except as may be contained in the Organizational Documents, each of which provisions will be extinguished and of no force and effect by virtue of the termination of the Company's operating agreement contemporaneously with the Merger, there are no outstanding agreements or commitments obligating any of the Company or its Subsidiaries to repurchase, redeem or otherwise acquire, or pay any dividends in respect of, any outstanding Equity of any of the Company or its Subsidiaries, and there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the membership interests or other Equity of any of the Company or its Subsidiaries.

(c) Except as set forth in Section 4.02(c) of the Disclosure Schedules, neither one of the Company nor its Subsidiaries owns, or has any interest in, any shares, ownership interest or Equity in any other Person.

Section 4.03. Equity Commitments. Except as provided for in this Agreement, including, without limitation, in Section 4.03 of the Disclosure Schedules, (a) neither the Company nor any other Person has Equity Commitments outstanding with respect to the Membership Interests, and neither the Company nor its Subsidiaries has an obligation, whether currently or contingent upon the occurrence of any event or passage of time, to issue any Equity Commitments with respect to the Membership Interests or other Equity of any of the Company or its Subsidiaries; (b) no Equity Commitments with respect to the Membership Interests or other Equity of any of the Company or its Subsidiaries will arise in connection with or as a result of the Merger; (c) except as may be set forth in the Organizational Documents, there are no agreements with respect to the voting or transfer of the Membership Interests or other Equity of any of the Company or its Subsidiaries, nor is any of the Company or its Subsidiaries a party to any agreement containing any right of first refusal, right of first offer or right of co-sale relating to the Membership Interests or other Equity of any of the Company or its Subsidiaries; and (d) neither the Company nor its Subsidiaries is obligated to redeem or otherwise acquire any of the Membership Interests or other Equity of any of the Company or its Subsidiaries.

Section 4.04. Qualifications. Section 4.04 of the Disclosure Schedules sets forth each jurisdiction in which each of the Company and its Subsidiaries is licensed or qualified to do business, and each Company and Subsidiary is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary.

Section 4.05. No Conflicts; Consents. Except as set forth in Section 4.05 of the Disclosure Schedules, the execution, delivery and performance by the Company and its Subsidiaries of the

Merger Documents to which any of the Company or its Subsidiaries is a party, and the consummation of the Merger, do not (a) contravene any provision of the Organizational Documents of any of the Company or its Subsidiaries or any Law; (b) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any Permit or consent under, or give to others any rights of termination, acceleration or cancellation of, any note, bond, mortgage or indenture, Contract, lease, sublease, license, Permit, franchise or other instrument or arrangement to which any of the Company or its Subsidiaries is a party; (c) require, with respect to any of the Company or its Subsidiaries, the consent or Permit of any Person (including any Governmental Authority) under any Law or agreement which has not already been obtained; or (d) result in the creation or imposition of any Encumbrance on any properties (including Real Property) or assets of any of the Company or its Subsidiaries. Neither the Company nor its Subsidiaries has received any notice to the effect that, or otherwise been advised that, any of the Company or its Subsidiaries is not in compliance with any Law. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to any of the Company and its Subsidiaries in connection with the execution and delivery of this Agreement and the other Merger Documents and the consummation of the Merger. Notwithstanding the foregoing, the parties acknowledge that the Company will be required to obtain regulatory consent from various jurisdictions for approval of a change in ownership of an entity holding a License, which consents will be necessary before the Company may finalize the Merger.

Section 4.06. Financial Statements. Section 4.06 of the Disclosure Schedules contains complete copies of the accountant-compiled financial statements of the Company and its Subsidiaries consisting of the balance sheet of each as of its respective fiscal year end in each of the years 2016 and 2017 and the related statements of income for the years then ended (the "Compiled Financial Statements"), and management-prepared financial statements consisting of the balance sheet of each Company and its Subsidiaries (the "Balance Sheet") as of October 30, 2018 (the "Interim Financial Statements Date") and the related statements of income for the applicable period then ended (the "Interim Financial Statements" and, together with the Compiled Financial Statements, the "Financial Statements"). The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse). The Financial Statements (a) are consistent with the books and records of each of the Company and its Subsidiaries (which books and records are correct and complete in all material respects); (b) fairly present the financial condition of each of the Company and its Subsidiaries and the respective assets and Liabilities of each as of the respective dates they were prepared and the results of the operations of each of the Company and its Subsidiaries for the periods indicated, in each case, in accordance with GAAP, and in the case of the Interim Financial Statements, subject to the exceptions set forth in the preceding sentence; (c) do not include any extraordinary or nonrecurring operation or transaction except as expressly set forth in the notes thereto; and (d) comply with all Laws and Governmental Orders in all material respects.

Section 4.07. Undisclosed Liabilities. Except as set forth in Section 4.07 of the Disclosure Schedules, neither the Company nor its Subsidiaries has any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or

contingent, accrued or unaccrued, matured or unmatured or otherwise ("Liabilities"), except (a) those which are adequately reflected on, accrued, or reserved against in the Balance Sheet, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Interim Financial Statements Date and which are not, individually or in the aggregate, material in amount.

Section 4.08. Absence of Certain Changes, Events and Conditions. Except as set forth in Section 4.08 of the Disclosure Schedules, since the Interim Financial Statements Date, and other than in the ordinary course of business consistent with past practice, there has not been, with respect to any of the Company or its Subsidiaries, any:

(a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) issuance, sale or other disposition of, or creation of any Encumbrance on, any Equity of any of the Company nor its Subsidiaries, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any Equity of any of the Company nor its Subsidiaries;

(c) redemption, purchase or acquisition of any Equity of the Company or its Subsidiaries;

(d) change in any method of accounting or accounting practice of any of the Company or its Subsidiaries, except as required by GAAP;

(e) change in the any of the Company or its Subsidiaries' cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;

(f) entry into any Contract that would constitute a Material Contract;

(g) incurrence, assumption or Guarantee of any Debt for borrowed money;

(h) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any Debts or entitlements;

(i) damage, destruction or loss (whether or not covered by insurance) to its property (including Real Property);

(j) any capital investment in, or any loan to, any other Person;

(k) acceleration, termination, material modification to or cancellation of any material Contract (including, but not limited to, any Material Contract) to which any of the Company or its Subsidiaries is a party or by which it is bound;

(l) any capital expenditures;

(m) other than Permitted Encumbrances, imposition of any Encumbrance upon any of the Company or its Subsidiaries' properties (including Real Property) or assets, tangible or intangible;

(n) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its employees, members, managers, consultants or independent contractors, other than as provided for in any written agreements or required by applicable Law, (ii) change in the terms of employment for any employee or any termination of any employees, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any employee, member, manager, consultant or independent contractor;

(o) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with an employee, (ii) Benefit Plan or (iii) collective bargaining or other agreement with a Union, in each case whether written or oral;

(p) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its members, managers, officers and employees;

(q) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(r) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provision of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(s) purchase, lease or other acquisition of the right to own, use or lease any property or assets for an amount in excess of $50,000, individually (in the case of a lease, per annum) or $100,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(t) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock or other Equity of, or by any other manner, any business or any Person or any division thereof;

(u) action by any of the Company or its Subsidiaries to make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax Liability of, or reducing any Tax deduction, credit or other benefit or favorable Tax attribute available to, the Parent in respect of any Post-Closing Tax Period; or

(v) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 4.09. Material Contracts.

(a) Section 4.09(a) of the Disclosure Schedules sets forth a true, complete and correct list of each of the following Contracts (other than purchase orders entered into in the ordinary course of business and, Contracts that by their terms may be terminated in the ordinary course of business upon less than 60 days' notice without penalty or premium) to which any Company is a party or by which any Company is bound and which have not been entirely fulfilled or performed (such Contracts, collectively, the "Material Contracts"):

(i) all Contracts that contain restrictions with respect to payment of dividends or any other distribution in respect of the Membership Interests or other Equity of any of the Company nor its Subsidiaries;

(ii) any Contract that by its terms requires the payment by or on behalf of any of the Company or its Subsidiaries in excess of $50,000 per annum or the delivery by any of the Company nor its Subsidiaries of goods or services with a fair market value in excess of $50,000 per annum or provides for any of the Company or its Subsidiaries to receive payments in excess of $50,000 per annum;

(iii) all Contracts involving a loan (other than accounts receivable owing from trade debtors in the ordinary course of business) or advance to (other than travel and entertainment advances to the employees of any of the Company or its Subsidiaries extended in the ordinary course of business), or investment in, any Person or any agreement relating to the making of any such loan, advance or investment;

(iv) any Contract that (i) requires any of the Company or its Subsidiaries to purchase any product or service in excess of $50,000 from a third party or (ii) requires that any of the Company or its Subsidiaries deal exclusively with a third party in connection with the sale or purchase of any product or service;

(v) any Contract that relates to an acquisition or divestiture of material assets that contains covenants, indemnities or other contractual obligations that could impose a Liability that is material to any of the Company or its Subsidiaries;

(vi) any Contract under which any of the Company or its Subsidiaries has any outstanding Debt or evidencing an Encumbrance on any property or asset of any of the Company or its Subsidiaries, other than a Permitted Encumbrance;

(vii) all Contracts under which any Person (other than the Company or its Subsidiaries) has directly or indirectly guaranteed Debt of any of the Company or its Subsidiaries;

(viii) any bonds or Contracts of Guarantee in which any of the Company or its Subsidiaries acts as a surety or guarantor with respect to any obligation (fixed or contingent) of another Person;

(ix) all Contracts involving any joint venture, partnership, strategic alliance, shareholders' agreement, co-marketing, co-promotion, joint development or similar arrangement;

(x) all Contracts involving any resolution or settlement of any actual or threatened Action under which any of the Company or its Subsidiaries has any obligation or Liability that will continue after the Closing Date;

(xi) any Contract limiting or restraining any of the Company or its Subsidiaries or any successor thereto from engaging or competing in any manner, in any location or in any business;

(xii) all Affiliate Contracts;

(xiii) any Contract providing for the license of or settlement with respect to the Company or its Subsidiaries' Intellectual Property (other than commercially available software and hardware), as well as Intellectual Property license agreements under which any of the Company or its Subsidiaries is currently a licensee;

(xiv) any Contract concerning the occupancy, management or operation of any Real Property owned, leased or used by any of the Company or its Subsidiaries;

(xv) all collective bargaining agreements entered into by any of the Company or its Subsidiaries; and

(xvi) any Contract providing that any of the Company or its Subsidiaries indemnify any Person in an amount that would be material to such Company or Subsidiary, other than any such agreement entered into in the ordinary course of business.

(b) Each of the Company and all of its Subsidiaries is in material compliance with the terms and provisions of each Material Contract. No party to any Material Contract is in breach or default under any of its terms. Neither of the Company nor its Subsidiaries has received written notice of any breach, default or notice of termination by any Person under any Material Contract. A copy of each written Material Contract has been provided to the Parent and a description of each verbal Material Contract is set forth in Section 4.09(a) of the Disclosure Schedules.

(c) Each Material Contract is (i) valid and binding on each of the Company or any Subsidiary in accordance with its respective terms and (ii) in full force and effect. None of the Company or its Subsidiaries is in breach of or default under (or is alleged to be in breach of or default under), or has provided, delivered, or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder.

(d) Other than as set forth in Section 4.09(d) of the Disclosure Schedules, neither of the Company nor its Subsidiaries has any Liability for the deferred purchase price of property, goods or services, whether connected or not to the acquisition of any business (earn-out or other similar type of payments) or noncompetition agreement.

Section 4.10. Title to, Condition and Sufficiency of Assets.

(a) The Company and each of its Subsidiaries has good and valid title to, or, as applicable, a valid and existing leasehold interest in or license to, all of its properties and assets, including furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property and other assets reflected in the Compiled Financial Statements, the Interim Financial Statements, or acquired after the Interim Financial Statements Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Interim Financial Statements Date. All such properties and assets (including leasehold interests) (i) are free and clear of all Encumbrances other than Permitted Encumbrances; and (ii) include all the tangible and intangible assets and rights required for the operation of the Business as has been and as is currently being conducted by the Company or its Subsidiaries. During the past five years, there has not been any significant interruption of the Business due to inadequate maintenance or obsolescence of such properties and assets (including leasehold interests).

(b) Except as set forth in Section 4.10(b) of the Disclosure Schedules, the furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company and each of its Subsidiaries are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost.

(c) Section 4.10(c) of the Disclosure Schedule sets forth a list of all vehicles owned, leased or otherwise used by the Company or its Subsidiaries.

Section 4.11. Real Property. Except as provided in Section 4.11 of the Disclosure Schedule, neither of the Company nor its Subsidiaries owns or leases or has ever owned or leased any Real Property.

Section 4.12. Intellectual Property.

(a) "Intellectual Property" means all of the following and similar intangible property and related proprietary rights, interests and protections, however arising, pursuant to the Laws of any jurisdiction throughout the world, including such property that is owned by the Company or its Subsidiaries (the "Companies' Intellectual Property") and that in which the Company or its Subsidiaries holds exclusive or non-exclusive rights or interests granted by license from other Persons ("Licensed Intellectual Property"):

(i) trademarks, service marks, trade names, brand names, logos, trade dress and other proprietary indicia of goods and services, whether registered, unregistered or arising by Law, and all registrations and applications for registration of such trademarks, including intent-to-use applications, and all issuances, extensions and renewals of such registrations and applications;

(ii) internet domain names, whether or not trademarks, registered in any generic top level domain by any authorized private registrar or Governmental Authority;

(iii) original works of authorship in any medium of expression, whether or not published, all copyrights (whether registered, unregistered or arising by Law), all registrations and applications for registration of such copyrights, and all issuances, extensions and renewals of such registrations and applications;

(iv) confidential information, formulas, designs, devices, technology, know-how, research and development, inventions, methods, processes, compositions and other trade secrets, whether or not patentable; and

(v) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations and renewals of such patents and applications.

(b) All required filings and fees related to the Intellectual Property Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Intellectual Property Registrations are otherwise in good standing.

(c) The Company and its Subsidiaries, each as the case may be, own exclusively all right, title and interest in and to the Companies' Intellectual Property, free and clear of Encumbrances and have the exclusive right to use and license the same, free and clear of any claim or conflict with the Intellectual Property of others and no royalties, honorariums or fees are payable by any of the Company or its Subsidiaries to any Person by reason of the ownership or use of the Companies' Intellectual Property.

(d) The Companies' Intellectual Property and Licensed Intellectual Property as currently or formerly owned, licensed or used by the Company or its Subsidiaries or proposed to be used, and the Business as currently and formerly conducted and proposed to be conducted have not, do not and will not infringe, violate or misappropriate the Intellectual Property of any Person. Neither the Company nor its Subsidiaries has received any communication, and no Action has been instituted, settled or, to the Knowledge of the Company or its Subsidiaries, threatened that alleges any such infringement, violation or misappropriation, and none of the Companies' Intellectual Property is subject to any outstanding Governmental Order.

(e) To the Knowledge of the Company and its Subsidiaries, no Person has infringed, violated or misappropriated, or is infringing, violating or misappropriating, any of the Companies' Intellectual Property.

Section 4.13. Recall and Defective Products.

(a) Each product distributed, sold or serviced by the Company or its Subsidiaries meets all the provisions of all applicable Laws, policies, guidelines and any other requirements of a Governmental Authority.

(b) Section 4.13(b) of the Disclosure Schedules sets forth (i) a list of all products which at any time have been recalled, withdrawn or suspended by the Company or its Subsidiaries, whether voluntarily or otherwise, including the date recalled, withdrawn or suspended and a brief description of all completed or pending proceedings seeking the recall, withdrawal, suspension or seizure of any product; (ii) a brief description of all completed or pending proceedings seeking the recall, withdrawal, suspension or seizure of any product; and (iii) a list of all regulatory letters received by the Company or its Subsidiaries or any of their Affiliates or agents relating to any of the Company or its Subsidiaries or any of their products or establishments.

(c) To the Knowledge of the Company and its Subsidiaries, there exists no set of facts which could reasonably be expected to furnish a basis for the recall, withdrawal or suspension of any product registration, product license, import license or other license, approval or consent of any Governmental Authority with respect to any of the Company or its Subsidiaries or any of their products or establishments.

(d) There are no Actions that are pending or, to the Knowledge of the Company or its Subsidiaries, threatened under or pursuant to any warranty, whether express or implied, on products or services sold by any of the Company or its Subsidiaries. There are no Actions existing and, to the Knowledge of the Company or its Subsidiaries, there is no basis for any Actions against any of the Company or its Subsidiaries for injury to Persons, animals or property as a result of the sale, distribution or manufacture of any product or performance of any service by any of the Company or its Subsidiaries, including, but not limited to, Actions arising out of the perished, defective or unsafe nature of its products or services.

Section 4.14. Inventory. The inventory set forth in the Financial Statements (the "Companies' Inventory") was properly stated therein at the lower of cost or market value determined in accordance with GAAP, and the value of obsolete materials, materials below standard quality and slow-moving materials have been written down in accordance with GAAP. The Companies' Inventory is owned by the Company or its Subsidiaries, each as the case may be, free and clear of all Encumbrances other than Permitted Encumbrances. The Companies' Inventory (i) has been maintained in the ordinary course of business consistent with past practice, (ii) consists of items of a quality usable or saleable in the ordinary course of business consistent with past practice, (iii) will have a useful life which shall not be less than the useful life that such type of inventory has had in the ordinary course of business consistent with past practice, and (iv) will be consistent in quantity and quality with the quantity and quality of the inventory maintained in the ordinary course of business consistent with past practice. All of the Companies' Inventory is lawful for its current and intended use and fully registered as may be required under applicable Law, with the exception being federal laws applicable to marijuana.

Section 4.15. Accounts. Subject to proper reserves taken into account as reflected in the Financial Statements, the accounts and notes receivable of the Company and each of its Subsidiaries are not subject to any dispute, counterclaim, defense, set-off or other claim. The accounts and notes receivable of the Company and each of its Subsidiaries are valid and genuine and have arisen solely out of bona fide sales and deliveries of goods, performances of services and other business transactions of the Company and each of its Subsidiaries, are held free and clear of all Encumbrances other than Permitted Encumbrances and, to the Knowledge of the Company and each of its Subsidiaries, are collectable in the ordinary course of business. Since the Interim Financial Statements Date, neither the Company nor its Subsidiaries has (a) with respect to any portion of its trade accounts payable (i) failed to pay its trade accounts payable in the ordinary course of business consistent with past practice or (ii) extended the terms of payment, whether by Contract, amendment, act, deed or course of dealing, of any trade account payable, or (b) with respect to any portion of its accounts and notes receivable, accelerated or delayed collection of such accounts and notes receivable.

Section 4.16. Customers and Suppliers.

(a) Section 4.16(a) of the Disclosure Schedules sets forth the 9 customers of the Company based on gross revenue for the period of January 1, 2018 through November 30, 2018 Date, together with the Dollar amount of goods and/or services sold by the Company during such period to each such customer (collectively, the "Material Customers"). Except as disclosed on Section 4.16(a) of the Disclosure Schedules, no Material Customer has terminated or materially altered its relationship with the Company or has stated its intention to the Company to not continue to do business or to materially alter its relationship with any of the Company. The Company has no material disputes or disagreements with any Material Customer. To the Knowledge of the Company and its Subsidiaries, there exists no set of facts which could reasonably be expected to furnish a basis for any of the Material Customers to not continue to do business or to materially alter their respective relationship with the Company. No Subsidiary has any customers.

(b) Section 4.16(b) of the Disclosure Schedules sets forth the 15 principal suppliers based on expenses to whom each Company has paid consideration for goods or services for the period of January 1, 2018 through November 30, 2018, together with the Dollar amount of goods and/or services purchased by the Company or its Subsidiaries from each such supplier (collectively, the "Material Suppliers"). No Material Suppliers sells to or supplies the Company or its Subsidiaries on an exclusive basis or is an employee, or deemed an employee, of any of the Company or its Subsidiaries. None of the Material Suppliers' employees, officers or agents are deemed the employees, officers or agents of any of the Company or its Subsidiaries or cause any of the Company or its Subsidiaries to be responsible in any way for the Debts, Liabilities or obligations of any Material Supplier. No Material Supplier has terminated or materially altered its relationship with any of the Company or its Subsidiaries or has stated its intention to the Company or its Subsidiaries to not continue to do business or to materially alter its relationship with any of the Company or its Subsidiaries. None of the Company or its Subsidiaries have any disputes or disagreements with any Material Supplier.

(c) None of the Company nor its Subsidiaries or any other Affiliate or agent of the Company or its Subsidiaries, or any other Person acting on behalf of or associated with any of the Company or its Subsidiaries, acting alone or together, has directly or indirectly given or agreed

to give any money, gift or similar benefit to any customer, supplier, purchasing group, employee or agent of any customer or supplier or other Person who was, is or may be in a position to help or hinder the business of any of the Company or its Subsidiaries (including the Business) or assist any of the Company or its Subsidiaries in connection with any actual or proposed transaction, in each case which (i) may subject any of the Company or its Subsidiaries to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) if not given in the past, may have had an adverse effect on the assets, business (including the Business), operations or prospects of any of the Company or its Subsidiaries or (iii) if not continued in the future, may adversely affect the assets, business, operations or prospects of any of the Company or its Subsidiaries.

Section 4.17. Insurance. Section 4.17 of the Disclosure Schedules sets forth a true and complete list of all current policies, binders, other insurance arrangements or Contracts for the transfer or sharing of insurance risks of fire, Liability, product Liability, umbrella Liability, real and personal property, workers' compensation, vehicular, directors' and officers' Liability, fiduciary Liability and other casualty and property insurance maintained by each of the Company and its Subsidiaries or relating to the assets, business, operations, employees, officers or managers of the Company and its Subsidiaries (collectively, the "Insurance Policies"), including the amounts of such insurance and annual premiums with respect thereto. All Insurance Policies (i) are in full force and effect, were in full force and effect during the periods of time that such Insurance Policies purported to be in effect, and shall remain in full force and effect following the consummation of the Merger and (ii) all premiums due under the Insurance Policies have been timely paid. The Insurance Policies in effect as of the date of this Agreement include mandated coverage under all Laws as required in any jurisdiction where any of the Company or its Subsidiaries are conducting any aspect of the Business. The Insurance Policies do not provide for any retrospective premium adjustment or other experience-based Liability on the part of any of the Company or its Subsidiaries. Neither the Company or its Subsidiaries has received any notice of cancellation or intent to cancel any of the Insurance Policies. Except as noted in Section 4.17 of the Disclosure Schedules, there are no claims or Actions related to the Business pending under any such Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. Neither the Company nor its Subsidiaries is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such Insurance Policy.

Section 4.18. Legal Proceedings; Governmental Orders.

(a) Except as set forth on Section 4.18 of the Disclosure Schedules, there are no Actions that are pending or, to the Knowledge of the Company or its Subsidiaries, threatened against or by any of the Company or its Subsidiaries or any of their Affiliates (i) that affect any of the Company or its Subsidiaries or any of the Company or its Subsidiaries' properties or assets, (ii) that challenge or question the validity of this Agreement, the other Merger Documents, or the Merger, or (iii) that seek to enjoin or obtain monetary damages in respect of this Agreement, the other Merger Documents, or the Merger. Section 4.18(a) of the Disclosure Schedules also includes a true and correct listing of all Actions against each of the Company and its Subsidiaries that were pending, settled or adjudicated since January 1, 2014.

(b) There are no outstanding Governmental Orders or unsatisfied judgments, penalties or awards against or affecting any of the Company or its Subsidiaries or any of their respective properties or assets.

Section 4.19. Compliance with Laws; Permits.

(a) With the exception of Laws pertaining to the US federal regulation of cannabis, the Company and its Subsidiaries have complied and, are now complying in all material respects with all Laws and Governmental Orders applicable to the Business, properties or assets.

(b) The Company and its Subsidiaries, as the case may be, possess all Permits necessary to own, lease and operate, rent, sell, assign and transfer its assets and conduct the Business as currently conducted. The Permits are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Neither the Company nor its Subsidiaries has received any notice nor does the Company or its Subsidiaries have Knowledge of any impending or threatened notice from any Governmental Authority (i) asserting that any of the Company or its Subsidiaries is not in compliance with any Permit or Law or (ii) threatening to suspend, revoke, revise, limit, restrict or terminate any Permit held by any of the Company or its Subsidiaries or declare any such Permit invalid.

(c) The Company and its Subsidiaries are in material compliance with all statutes, Laws, ordinances, rules, orders and regulations of federal, state, provincial and local governments related to (i) the development, testing, manufacture, packaging, distribution and marketing of products; (ii) employment, safety and health; and (iii) environmental protection, building, zoning and land use. Neither the Company nor its Subsidiaries have claims that are pending under any of the Company or its Subsidiaries' warranties or Guarantees, neither of the Company nor its Subsidiaries has received notice of any such claims and, to the Knowledge of the Company or its Subsidiaries, no such claims are threatened. Since January 1, 2014, neither the Company nor its Subsidiaries has received any written communication from any Governmental Authority or third party that alleges that any of the Company or its Subsidiaries is not in compliance with any such federal, state, provincial or local Laws, rules or regulations.

Section 4.20. Environmental Matters.

(a) The Company and its Subsidiaries are currently and have been in compliance with all Environmental Laws, and neither the Company or its Subsidiaries has received from any Person any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements.

(b) The Company and the Subsidiary have obtained and are in material compliance with all Environmental Permits necessary for the ownership, lease, operation or use of their respective businesses (including the Business) and all such Environmental Permits are in full force and effect.

(c) There has been no Release of Hazardous Materials in contravention of any Environmental Law with respect to the Business or assets of any of the Company or its Subsidiaries.

(d) Neither the Company nor its Subsidiaries has retained or assumed, by Contract or operation of Law, any Liabilities or obligations of any Person under Environmental Law.

Section 4.21. Employee Benefit Matters.

(a) Section 4.21(a) of the Disclosure Schedules contains a true and complete list of each (i) oral or written employment or consulting agreement to or under which any of the Company or its Subsidiaries is a party or has or may have any actual or contingent Liability or obligation, and (ii) employee benefit plan, program or arrangement which is or has been maintained, sponsored, contributed to or required to be contributed to by any of the Company or its Subsidiaries or any of their ERISA Affiliates for the benefit of any current or former employee, consultant, independent contractor or member of any of the Company or its Subsidiaries, or under which any of the Company or its Subsidiaries or any of their ERISA Affiliates has or may have any Liability, or with respect to which the Parent or any of its Affiliates would reasonably be expected to have any Liability, contingent or otherwise, including, without limitation, any pension, profit sharing, retirement, bonus, deferred compensation, incentive, performance award, phantom Equity or Equity, health and welfare, change in control, retention, severance, vacation, paid time off, fringe-benefit and other similar employee benefit plan, agreement, policy, program or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, including each "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA (as listed in Section 4.21(a) of the Disclosure Schedules, each, a "Benefit Plan").

(b) With respect to each Benefit Plan: (i) each has been administered in all material respects in compliance with its terms and with all applicable Laws, including, but not limited to, ERISA and the Code; (ii) no Actions or disputes are pending or threatened; (iii) no audits, inquiries, reviews, proceedings, claims, or demands are pending with any governmental or regulatory agency; (iv) all premiums, contributions or other payments required to have been made by Law or under the terms of any Benefit Plan or any Contract relating thereto as of the date hereof have been made; (v) all material reports, returns and similar documents required to be filed with any Governmental Authority have been duly and timely filed; (vi) no "prohibited transaction" has occurred within the meaning of the applicable provisions of ERISA or the Code; and (vii) there have been no acts or omissions by any of the Company or its Subsidiaries or any of their ERISA Affiliates that have given or could give rise to any fines, penalties, Taxes or related charges under Sections 502(c), 502(i), 502(l), 502(m) or 4071 of ERISA or Section 511 or Chapter 43 of the Code, or under any other applicable Law, for which any of the Company or its Subsidiaries or any of their ERISA Affiliates may be liable.

(c) With respect to each Benefit Plan, the Company and its Subsidiaries have made available to the Parent accurate, current and complete copies of each of the following: (i) where the Benefit Plan has been reduced to writing, the plan document together with all amendments; (ii) where the Benefit Plan has not been reduced to writing, a written summary of all

material plan terms; (iii) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and Contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the Merger or otherwise; (iv) copies of the most recent summary plan descriptions, summaries of material modifications, employee handbooks and any other material written communications (or a description of any oral communications) relating to any Benefit Plan; (v) in the case of any Benefit Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the Internal Revenue Service; (vi) in the case of any Benefit Plan for which a Form 5500 is required to be filed, a copy of the three most recently filed Form 5500, with schedules attached; (vii) nondiscrimination testing results with respect to the most recently completed plan year; and (viii) copies of material notices, letters or other correspondence from the Internal Revenue Service, Department of Labor or Pension Benefit Guaranty Corporation relating to the Benefit Plan.

(d) No Benefit Plan is, nor does any of the Company or its Subsidiaries or any of their ERISA Affiliates have any Liability or obligation under: (i) a defined benefit pension plan subject to Section 412 of the Code or Title IV of ERISA; (ii) a multiemployer plan as defined in Section 4001(a)(3), or (iii) a multiple employer plan as defined in Section 413(c) of the Code.

(e) No Benefit Plan provides medical or death benefits with respect to any employee or former employee of any of the Company or its Subsidiaries or its predecessors after termination of employment, except as required under Section 4980B of the Code or Part 6 of Title I of ERISA or other applicable Law. No Benefit Plan is a self-insured group health plan.

(f) Neither the Company nor any of its Subsidiaries is or will be obligated to pay separation, severance, termination or similar benefits as a result of the Merger nor will the Merger accelerate the time of payment or vesting, or increase the amount, of any benefit or other compensation due to any individual.

(g) The Merger will not be the direct or indirect cause of any amount paid or payable by any of the Company or its Subsidiaries being classified as an excess parachute payment under Section 280G of the Code.

Section 4.22. Employees, Consultants and Contractors.

(a) Section 4.22(a) of the Disclosure Schedules contains a list of all individuals who are employees, consultants, or contractors of each of the Company or its Subsidiaries as of the date hereof, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full or part time); (iii) hire date; (iv) current annual base compensation rate; (v) commission, bonus or other incentive-based compensation; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. As of the date hereof, all compensation, including wages, commissions and bonuses, payable and due to employees, consultants, or contractors of each of the Company and its Subsidiaries for services performed on or prior to the date hereof, have been paid in the ordinary course in accordance with past payroll practices and there are no outstanding agreements, understandings or commitments of any of the Company or its Subsidiaries with respect to any commissions, bonuses or increases in compensation.

(b) Except as set forth in Section 4.22(b) of the Disclosure Schedules, neither the Company nor any of its Subsidiaries is a party to, bound by, or currently negotiating any (i) employment agreement, consulting agreement or any other agreement or Contract with any of its employees or contractors or (ii) collective bargaining agreement or other similar type of agreement or Contract with a Union, works council or labor organization (collectively, "Union"), and there is not, and there has never been, any Union representing or purporting to represent any employee of any of the Company or its Subsidiaries, and, to the Knowledge of the Company and its Subsidiaries, no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining. There has never been, nor, to the Knowledge the Company and its Subsidiaries, has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor disruption or dispute affecting any of the Company or its Subsidiaries or any of their respective employees. Neither the Company nor its Subsidiaries has any duty to bargain with any Union.

(c) All individuals characterized and treated by any of the Company or its Subsidiaries as consultants or independent contractors are properly classified as independent contractors and not as employees under all applicable Laws. Neither the Company nor its Subsidiaries has any direct or indirect Liability as a result of any misclassification of any Person as an independent contractor rather than as an "employee". Except as set forth in Section 4.22(c) of the Disclosure Schedules, all employees (and, if applicable, Persons wrongly misclassified as independent contractors rather than as "employees") of the Company or its Subsidiaries are employed on an "at-will" basis or pursuant to the terms of agreements that are terminable by the Company or its Subsidiaries immediately without incurring any Liability (other than earned but unpaid compensation).

(d) Except as set forth in Section 4.22(d) of the Disclosure Schedules, the Company and its Subsidiaries have calculated and accurately paid all Taxes, fees and charges due to any Governmental Authority with respect to the employment of, or services provided by, its employees, consultants, or contractors.

Section 4.23. Taxes.

(a) Each of the Company and its Subsidiaries has timely filed all required Tax Returns in connection with and in respect of its respective business, assets and employees with the appropriate Governmental Authority in all jurisdictions in which such Tax Returns are required to be filed, and have timely paid and discharged all Taxes due and payable (whether or not shown or required to be shown on any Tax Return). All such Tax Returns are true, correct and complete in all material respects.

(b) Neither the Company nor its Subsidiaries has filed or requested any extension of time within which to file any Tax Return, which Tax Return has not been filed.

(c) The Company and its Subsidiaries have withheld or collected and timely paid all Taxes required to have been withheld or collected and paid in connection with amounts paid or received or owing to any employee, independent contractor, creditor, stockholder, member, partner or other Person.

(d) There are no, and, to the Knowledge of the Company and its Subsidiaries, there is no basis for any, pending or threatened claims, assessments, notices, deficiencies or audits with respect to any Taxes owed or allegedly owed by any of the Company or its Subsidiaries.

(e) Neither the Company nor its Subsidiaries has received any notice of any Tax deficiency outstanding, proposed or assessed against or allocable to either such entity or executed any waiver of any statute of limitations on the assessment or collection of any Tax or executed or filed with any Governmental Authority any agreement now in effect extending the period for assessment or collection of any Taxes.

(f) There are no Encumbrances for Taxes upon or pending or, to the Knowledge of the Company or its Subsidiaries, threatened against any assets of the Company or its Subsidiaries, other than Permitted Encumbrances.

(g) No claim has ever been made by any Governmental Authority in a jurisdiction in which the Company or its Subsidiaries does not file Tax Returns that the Company or its Subsidiaries is or may be subject to taxation by that jurisdiction.

(h) None of the Company Members is a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2.

(i) Neither the Company nor any of its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any Post-Closing Tax Period as a result of (i) an adjustment under either Section 481(a) or Section 482 of the Code by reason of a change in method of accounting or otherwise on or prior to the Closing Date for a Pre-Closing Tax Period, (ii) an installment sale or open transaction disposition made on or prior to the Closing date, (iii) the cash method of accounting or long-term contract method accounting utilized prior to the Closing Date, or (iv) a prepaid amount received on or prior to the Closing Date.

(j) Neither the Company nor any of its Subsidiaries is a party to or bound by any Tax allocation, sharing or indemnity agreements or arrangements. Neither the Company nor any of its Subsidiaries has any liability for Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any corresponding provisions of state, local or foreign Tax law), or as a transferee or successor, or by contract or otherwise.

(k) Neither the Company nor any of its Subsidiaries has constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution which could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement.

(l) Neither the Company nor its Subsidiaries have ever engaged in any transactions with Affiliates or controlled entities that would make them subject to transfer pricing rules or Laws.

(m) Neither the Company nor any of its Subsidiaries have participated in a "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4(b) (and all predecessor regulations).

(n) The unpaid Taxes of the Company and its Subsidiaries (A) did not, as of the Interim Financial Statements Date, exceed the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Balance Sheet (rather than in any notes thereto) and (B) will not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company and its Subsidiaries in filing their Tax Returns. Since the date of the Interim Balance Sheet Date, neither the Company nor any of its Subsidiaries have incurred any Liability for Taxes arising from extraordinary gains or losses, as that term is used in GAAP, outside the ordinary course of business consistent with past custom and practice.

(o) The Company is not relying on tax or other advice from Parent, GTI Sub or professional counsel for either of them in structuring this transaction for tax purposes.

Section 4.24. Books and Records. The minute books of the Company (including the minute books of each of the Companies' Predecessors) have been made available to the Parent, are correct in all material respects, and comply in all material respects with all Laws and Governmental Orders.

Section 4.25. Brokers or Finders. Except as set forth in Section 4.25 of the Disclosure Schedules, neither the Company nor any of its Subsidiaries have entered into any agreement or arrangement entitling any broker, finder, investment banker or other firm or Person to any brokerage, finder's or other fee, commission or expense payable by any of the Parent, any of the Company or its Subsidiaries or any of their respective Affiliates in connection with the Merger. Any said commission due a broker or finder, if not paid prior to Closing, shall be paid by the Company and shall be a reduction to the Cash Payment Merger Consideration or, if the Cash Payment has already been made, from the Indemnity Holdback without regard to the Floor Amount.

Section 4.26. Affiliate Transactions. Section 4.26 of the Disclosure Schedules lists all existing Contracts or other arrangements or transactions between the Company or its Subsidiaries, on the one hand, and (a) any of the Company Members or any Company Member's respective Affiliates, (b) any of the Company Members' respective immediate family members or Affiliates or (c) the directors, managers, officers, employees, consultants or agents (or any immediate family member thereof), as applicable, of any of the Company Members or any of their respective Affiliates, on the other hand (collectively, the "Affiliate Contracts").

Section 4.27. Patriot Act / Economic Sanctions. The Company and its Subsidiaries are in compliance with the requirements of Executive Order No. 13224, 66 Fed Reg. 49079 (September 25, 2001) and other similar requirements contained in the rules and regulations of the Office of Foreign Asset Control, Department of the Treasury and in any enabling legislation or other executive orders in respect thereof. To the Knowledge of the Company and its Subsidiaries, each customer, distributor, supplier and Person with whom any of the Company or its Subsidiaries has done business or engaged in any transaction: (a) is not currently identified on the Specially

Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control, Department of the Treasury, or on any other similar list maintained by the Office of Foreign Assets Control, Department of Treasury pursuant to any authorizing statute, executive order or regulation; and (b) is not a Person with whom a citizen of the United States or United States entity is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States Law or executive order of the President of the United States.

Section 4.28. No Illegal Payments. The Company and its Subsidiaries and, to the Knowledge of the Company and its Subsidiaries, each director, manager, officer, employee and agent of each of the Company and its Subsidiaries, is in compliance with: (a) applicable Laws relating to illegal payments and bribes; and (b) applicable Laws relating to illegal political contributions, including all requirements of the United States Foreign Corrupt Practices Act of 1977, and the regulations thereunder, as amended from time to time. Without limiting the generality of the foregoing, none of the Company Members, any of the Company or its Subsidiaries nor, to the Knowledge of the Company and its Subsidiaries, any of their officers, employees or Representatives has corruptly or otherwise offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value to: (i) any government or similar official for purposes of (A) (1) influencing any act or decision of such official in his or her official capacity, (2) inducing such official to do or omit to do any act in violation of the lawful duty of such official, or (3) securing any improper advantage; or (B) inducing such official to use his or her influence with a Governmental Authority to affect or influence any act or decision of such Governmental Authority, in order to assist the Company or its Subsidiaries in obtaining or retaining business for or with, or directing business to, any Person or; (ii) any political party or official thereof or any candidate for political office for purposes of (A) (1) influencing any act or decision of such party, official, or candidate in its or his or her official capacity, (2) inducing such party, official, or candidate to do or omit to do an act in violation of the lawful duty of such party, official, or candidate, or (3) securing any improper advantage; or (B) inducing such party, official, or candidate to use its or his or her influence with a Governmental Authority to affect or influence any act or decision of such Governmental Authority in order to assist the Company or its Subsidiaries in obtaining or retaining business for or with, or directing business to, any Person; or (iii) any Person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any official, to any political party or official thereof, or to any candidate for political office, for purposes of (A) (1) influencing any act or decision of such official, political party, party official, or candidate in his or her or its official capacity, (2) inducing such official, political party, party official, or candidate to do or omit to do any act in violation of the lawful duty of such official, political party, party official, or candidate, or (3) securing any improper advantage; or (B) inducing such official, political party, party official, or candidate to use his or her or its influence with a Governmental Authority to affect or influence any act or decision of such Governmental Authority, in order to assist any of the Company Members or any of the Company or its Subsidiaries in obtaining or retaining business for or with, or directing business to, any Person. There have been no false or fictitious entries made in the books or records of the Company or its Subsidiaries relating to any offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value, including any bribe, kickback or other illegal or improper payment, and none of the Company Members or any of the Company or its Subsidiaries has established or maintained a secret or unrecorded fund. The

Company and its Subsidiaries have instituted and maintain policies and procedures designed to ensure compliance with the United States Foreign Corrupt Practices Act of 1977, and the regulations thereunder, as amended from time to time.

Section 4.29. Anti-Money Laundering. The operations of the Company and its Subsidiaries are and have been, conducted in compliance with all anti-money laundering Laws, rules and regulations to which each of the Company or its Subsidiaries is subject (collectively, "Money Laundering Laws") and no investigation, action, suit or proceeding before any Governmental Authority involving any of the Company or its Subsidiaries with respect to Money Laundering Laws is pending and, to the Knowledge of the Company or its Subsidiaries, no such actions, suits or proceedings are threatened.

Section 4.30. Full Disclosure. To the Knowledge of each of the Company and its Subsidiaries, no representation or warranty by the Company in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to the Parent pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

## ARTICLE V
## REPRESENTATIONS AND WARRANTIES OF THE PARENT AND THE GTI SUB

The Parent and the GTI Sub hereby jointly and severally represent and warrant, as applicable, to the Company and the Company Members as follows:

Section 5.01. Organization and Authority of the Parent and the GTI Sub.

(a) The Parent is a corporation duly incorporated, validly existing and in good standing under the Laws of the Province of British Columbia and has the requisite power and authority to execute and deliver this Agreement and the other Merger Documents to which the Parent is a party, to carry out its obligations hereunder and thereunder and to consummate the Merger.

(b) The execution and delivery by the Parent of this Agreement and any other Merger Document to which Parent is a party, the performance by the Parent of its obligations hereunder and thereunder, and the consummation by the Parent of the Merger have been duly authorized by all necessary action on the part of the Parent and no other manager, member or similar proceedings or actions by the Parent are necessary to authorize and consummate this Agreement, the other Merger Documents to which the Parent is a party, or the Merger.

(c) This Agreement and the other Merger Documents to which the Parent is a party will be, when delivered to the Company, duly executed by the Parent, and, assuming due authorization, execution and delivery by the other parties hereto and thereto, will constitute a legal, valid and binding obligation of the Parent, enforceable against the Parent in accordance with the terms hereto and thereto, except as such enforcement may be limited by the General Enforceability Exceptions.

(d) The GTI Sub is a limited liability company duly organized, validly existing and in good standing under the Laws of Connecticut and has the requisite power and authority to execute and deliver this Agreement and the other Merger Documents to which the GTI Sub is a party, to carry out its obligations hereunder and thereunder and to consummate the Merger.

(e) The execution and delivery by the GTI Sub of this Agreement and any other Merger Document to which GTI Sub is a party, the performance by the GTI Sub of its obligations hereunder and thereunder, and the consummation by the GTI Sub of the Merger have been duly authorized by all necessary action on the part of the GTI Sub and no other manager, member or similar proceedings or actions by the GTI Sub are necessary to authorize and consummate this Agreement, the other Merger Documents to which the GTI Sub is a party, or the Merger.

(f) This Agreement and the other Merger Documents to which the GTI Sub is a party will be, when delivered to the Company, duly executed by the GTI Sub, and, assuming due authorization, execution and delivery by the other parties hereto and thereto, will constitute a legal, valid and binding obligation of the GTI Sub, enforceable against the GTI Sub in accordance with the terms hereto and thereto, except as such enforcement may be limited by the General Enforceability Exceptions.

Section 5.02. No Conflicts; Consents. Except as provided below or as set forth in Section 5.02 of the Disclosure Schedules, the execution, delivery and performance by the Parent and the GTI Sub of this Agreement and the other Merger Documents to which the Parent and the GTI Sub is a party, and the consummation of the Merger, do not and will not: (a) contravene any provision of the Organizational Documents of the Parent or the GTI Sub or any Law; (b) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any Permit or consent under, or give to others any rights of termination, acceleration or cancellation of, any note, bond, mortgage or indenture, Contract, lease, sublease, license, Permit, franchise or other instrument or arrangement to which the Parent or the GTI Sub is a party; or (c) require, with respect to the Parent or the GTI Sub, the consent or Permit of any Person (including any Governmental Authority) under any Law or agreement which has not already been obtained. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Parent or the GTI Sub in connection with the execution and delivery of this Agreement and the other Merger Documents and the consummation of the Merger, except for such filings as may be required under the HSR Act. Notwithstanding the foregoing in this Section 5.02, the parties acknowledge that the Parent and the GTI Sub will be required to obtain regulatory consent from various jurisdictions for approval of a change in ownership of an entity holding a License, which consents will be necessary before Parent may finalize the Merger.

Section 5.03. Tax-Free Reorganization.

(a) The Parent (i) is not an “investment company” as defined in Section 368(a)(2)(F)(iii) and (iv) of the Code; (ii) has no present plan or intention to liquidate the Company or to merge the Company with or into any other corporation or entity, or to cause the Company to sell or otherwise dispose of its assets, all except in the ordinary course of business or if such liquidation, merger, disposition is described in Section 368(a)(2)(C) or Treasury Regulation Section 1.368-2(d)(4) or Section 1368-2(k); and (iii) has no present plan or intention, following the Merger, to issue any additional membership interests of the Company or to create any new class of membership interests of the Company.

(b) The GTI Sub is a wholly-owned subsidiary of the Parent, formed solely for the purpose of engaging in the Merger, and will carry on no business prior to the Merger.

(c) Immediately prior to the Merger, the Parent will be in control of GTI Sub within the meaning of Section 368(c) of the Code.

(d) Immediately following the Merger, the Company will hold all of the assets held by the Company immediately prior to the Merger.

(e) The Parent has no present plan or intention to reacquire any of the Share Consideration.

(f) Following the Merger, the Company will continue the Company's historic business or use a significant portion of the Company's historic business assets in a business as required by Section 368 of the Code and the Treasury Regulations promulgated thereunder.

(g) GTI Sub will have no liabilities assumed by the Company, and will not transfer to the Company any assets subject to liabilities in the transaction.

(h) Pursuant to Code Section 7874(a)(2)(B), the Parent is a surrogate foreign corporation, and pursuant to Code Section 7874(b), the Parent is treated as a domestic corporation.

(i) GTI Sub has made, or at the time of Closing, will have made, the appropriate election to be treated is an entity taxed as a corporation under Subchapter C of the Code.

Section 5.04. Capitalization. The final prospectus of Parent dated October 10, 2018 accurately reflects the capitalization of Parent on such date and, except as disclosed therein or as set forth in Disclosure Schedule 5.04, as of such date there are no outstanding or authorized options, warrants, convertible securities or other binding rights, agreements, arrangements or commitments of any character relating to the equity of Parent or obligating Parent to issue or sell any equity interest in Parent. All of the GTI Shares were issued in compliance with applicable Laws. None of the GTI Shares were issued in violation of any agreement, arrangement or commitment to which the Parent is a party or is subject to or in violation of any preemptive or similar rights of any Person. The GTI Shares to be issued to the Company Members at the Closing pursuant to Section 2.02 hereof, when issued and delivered in accordance with the terms hereof, shall be duly and validly issued, fully paid and nonassessable and free of all preemptive rights and will be issued in compliance with applicable securities laws. The GTI Shares are presently eligible for quotation and trading on the Canadian Securities Exchange. No order ceasing or suspending trading in the GTI Shares (or any of them) or any other securities of Parent is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of Parent, are pending, contemplated or threatened.

Section 5.05. Power and Authority. The Parent and GTI Sub each have the requisite corporate and limited liability company power and authority, respectively, to execute the Merger

Documents to which each is a party, to perform their obligations thereunder, and to consummate the Merger, to own, operate or lease its properties and assets now owned, operated or leased by it, and to carry on its business as it has been and is currently conducted. The Merger Documents to which each of the Parent and GTI Sub is a party will be, when delivered to the other parties thereto, duly executed and delivered by such corporation, and, assuming due authorization, execution and delivery by the other parties thereto, will constitute a legal, valid and binding obligation of such corporation, enforceable against such corporation in accordance with the terms thereto, except as such enforcement may be limited by the General Enforceability Exceptions. All corporate and limited liability company actions taken by the Parent and GTI Sub in connection with the Merger Documents to which it is, or they are, a party will be duly authorized on or prior to the Closing.

Section 5.06. Subsidiaries. The Parent has delivered or made available to the Company complete and accurate copies of the Organizational Documents of GTI Sub. GTI Sub has no assets other than minimal paid-in capital, it has no liabilities or other obligations, and it is not in default under or in violation of any provision of its Organizational Documents.

Section 5.07. Legal Proceedings; Governmental Orders.

(a) Except as set forth on Section 4.1807 of the Disclosure Schedules, there are no Actions that are pending or, to the Knowledge of the Parent or GTI Sub, threatened against or by the Parent, GTI Sub or any of Parent's Affiliates (i) that materially affect the Parent or GTI Sub or any of the properties or assets of either of them, (ii) that challenge or question the validity of this Agreement, the other Merger Documents, or the Merger, or (iii) that seek to enjoin or obtain monetary damages in respect of this Agreement, the other Merger Documents, or the Merger.

(b) Except as set forth in Disclosure Schedule 5.07, there are no outstanding material Governmental Orders and no material unsatisfied judgments, penalties or awards against or affecting Parent or Buyer or any of their properties or assets.

Section 5.08. Compliance with Laws; Permits.

(a) With the exception of Laws pertaining to the US federal regulation of cannabis, the Parent and each subsidiary of Parent has complied, and is now complying, with all Laws applicable to it or its business, properties or assets, except where failure to comply with such Laws would not have a Material Adverse Effect.

(b) All Permits required for Parent and each subsidiary of Parent to conduct its business have been obtained by it and are valid and in full force and effect except where the failure to obtain or maintain such Permit would not have a Material Adverse Effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. To the Knowledge of Parent, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit where such revocation, suspension, lapse or limitation would have a Material Adverse Effect on Parent.

Section 5.09. Financial Statements. The Parent's audited financial statements consisting of the balance sheet of the Parent as at December 31, 2017 and 2016 and the related statements of

income and retained earnings, members' equity and cash flow for the years then ended, (the "Parent Audited Financial Statements"), and unaudited interim financial statements consisting of the balance sheet of the Parent as of October 30, 2018 and the related statements of income and retained earnings, members' equity and cash flow for the six-month period then ended (the "Parent Interim Financial Statements" and together with the Parent Audited Financial Statements, the "Parent Financial Statements") as filed on SEDAR have been prepared in accordance with IFRS applied on a consistent basis throughout the period involved, subject, in the case of the Parent Interim Financial Statements, to normal and recurring year-end adjustments and the absence of notes (that, if presented, would not differ materially from those presented in the Parent Audited Financial Statements). The Parent Financial Statements are based on the books and records of the Parent, and, in all material respects, fairly present the financial condition of the Parent and each subsidiary of Parent as of the respective dates they were prepared and the results of the operations of the Parent for the periods indicated.

Section 5.10. Brokers or Finders. The Parent has not entered into any agreement or arrangement entitling any broker, finder, investment banker or other firm or Person to any brokerage, finder's or other fee, commission or expense payable by any of the Company Members or the Company or its Subsidiaries in connection with the Merger.

## ARTICLE VI
## COVENANTS

Section 6.01. Conduct of the Business Prior to Closing.

(a) Until the Closing or the earlier termination of this Agreement in accordance with its terms, the Company and each of its Subsidiaries shall: (i) conduct its business (including the Business) in the ordinary course of business consistent with past practice, (ii) keep available the services of present employees, (iii) exercise reasonable best efforts to preserve the relationships of each of the Company and its Subsidiaries with Persons having significant relations therewith, (iv) maintain and operate its properties in a good and workmanlike manner, and (v) pay or cause to be paid all costs and expenses (including but not limited to insurance premiums) incurred in connection therewith in a timely manner.

(b) Except as otherwise expressly permitted in this Agreement, including without limitation, with respect to the matters set forth on Section 6.01(b) of the Disclosure Schedules, without the prior written consent of the Parent, which consent shall not be unreasonably withheld, the Company and each of its Subsidiaries shall not:

(i) purchase or sell any Membership Interests, shares, capital stock or other Equity of the Company or its Subsidiaries or grant or make any option, subscription, warrant, call, commitment or agreement of any character in respect of any such Membership Interests, shares, capital stock or other Equity;

(ii) lease, license, assign, sell, transfer or otherwise dispose of any of its properties, rights, businesses or assets (including by merger, consolidation or acquisition of stock or assets) excluding in all cases sales of inventory and obsolete equipment in the ordinary course of business;

(iii) adopt any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provision of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(iv) create, incur, assume, Guarantee or otherwise become liable or obligated with respect to any Debt, or make any loan or advance to, or any investment in, any Person;

(v) incur any Encumbrances on any properties, rights or assets of the Company or its Subsidiaries, in each case, other than Permitted Encumbrances in the ordinary course of business consistent with past practice;

(vi) enter into any new lease for any Real Property, vehicles or any other personal property or modify, renew, extend or terminate any existing lease for any Real Property, vehicles or any other personal property or purchase or acquire or enter into any agreement to purchase or acquire any Real Property, vehicles or any other personal property of any of the Company or its Subsidiaries, excluding in all cases acquisition of inventory and leasing of vehicles and equipment in the ordinary course of business consistent with past practice;

(vii) (A) make any distributions (other than distributions of cash) in respect of, any Membership Interests, shares, capital stock or Equity of any of the Company or its Subsidiaries, , (B) split, combine or reclassify any of its outstanding Membership Interests, shares, capital stock or Equity of any of the Company or its Subsidiaries or issue or authorize the issuance of any shares, capital stock or Equity of the Company or its Subsidiaries, (C) purchase, redeem or otherwise acquire or dispose of any Membership Interests, shares, capital stock or Equity of any of the Company or its Subsidiaries, or (D) issue, sell, transfer, grant, pledge, dispose of or otherwise encumber any Membership Interests, shares, capital stock or Equity of any of the Company or its Subsidiaries;

(viii) (A) establish, adopt, enter into any plan, agreement, program, policy, trust, fund or other arrangement that would be a Benefit Plan if it were in existence as of the date of this Agreement or amend or terminate any Benefit Plan in a manner that would affect the benefits provided to or with respect to any employee of any of the Company or its Subsidiaries or otherwise increase the Liabilities of any of the Company or its Subsidiaries under the Benefit Plans, except as required by Law, or take any action to accelerate vesting under, or release any restrictions applicable under, any of the foregoing for any employee of any of the Company or its Subsidiaries, (B) increase the compensation or fringe benefits of any employee of any of the Company or its Subsidiaries, (C) pay any bonus to, accelerate any right under any Benefit Plan to, grant any severance or termination pay to any employee of any of the Company or its Subsidiaries, or (D) loan or advance any money or other property to any employee of any of the Company or its Subsidiaries;

(ix) make any change in its accounting methods, policies or practices (other than such changes that have been required by Law, GAAP, or IFRS);

(x) make or change any election relating to Taxes, change an annual accounting period or adopt or change any accounting method relating to Taxes, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment relating to any of the Company or its Subsidiaries, surrender any right to claim a refund, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to any of the Company or its Subsidiaries, or become a member of a consolidated group;

(xi) enter into, amend, supplement, waive, modify, terminate, annul, cancel, allow to lapse, assign, convey, encumber or otherwise transfer, in each case in any material respect, in whole or in part, rights and interests in or under any Material Contracts or enter into any Contract that would be a Material Contract if in effect on the date of this Agreement;

(xii) compromise, settle, grant any waiver or release relating to or otherwise adjust any right or claim with respect to any pending or threatened Action (A) relating to the Merger or (B) against any of the Company or its Subsidiaries;

(xiii) change, or agree to change, any business policies of any of the Company or its Subsidiaries which relate to advertising, promotional activities, pricing, personnel, labor relations, sales, returns or warranties;

(xiv) amend any Organizational Documents of any of the Company or its Subsidiaries;

(xv) sell, license, sublicense, covenant not to sue under, abandon, assign, transfer, disclose, encumber or otherwise grant any rights under any of the Company or its Subsidiaries' Intellectual Property to any Person, other than in the ordinary course of business consistent with past practice;

(xvi) allow its levels of inventory to vary in any material respect from the levels customarily maintained;

(xvii) shorten or lengthen the customary payment and collection cycles, as the case may be, for any of the Company or its Subsidiaries' trade accounts payable and receivables; or

(xviii) agree or commit to do any of the foregoing.

Section 6.02. Access to Books and Records. During the period commencing on the date hereof and ending on the Closing Date or the earlier termination of this Agreement in accordance with its terms, the Company and its Subsidiaries shall, give the Parent and its Affiliates and their respective Representatives reasonable access, during normal business hours, upon reasonable advance notice, to the officers, directors, premises, properties, books, records, financial statements, and Tax Returns of the Company and its Subsidiaries. The reasonable access described in this Section 6.02 shall be conducted in such manner as not to unreasonably interfere with the conduct of the business of the Company or its Subsidiaries.

Section 6.03. Notice Regarding Changes. The Company and its Subsidiaries shall promptly inform the Parent in writing of any change in facts and circumstances that could reasonably be expected to (a) cause a Material Adverse Effect or (b) render any of the representations and warranties made herein by the Company inaccurate or misleading in any material respect if such representations and warranties had been made upon the occurrence of the fact or circumstance in question. The Parent shall promptly inform the Company in writing of any change in facts and circumstances that could reasonably be expected to render any of the representations and warranties made herein by the Parent inaccurate or misleading in any material respect if such representations and warranties had been made upon the occurrence of the fact or circumstance in question.

Section 6.04. Confidentiality. After the Closing, the Company shall, and shall cause the Company Managers and Affiliates to, hold, and shall use his or its reasonable best efforts to cause his or its respective Representatives to hold, in confidence any and all information, whether written or oral, concerning the Business or any of the Company or its Subsidiaries, except to the extent that the Company can show that such information (a) is generally available to and known by the public through no fault of any of the Company, Company Members, any of their Affiliates or their respective Representatives; or (b) is lawfully acquired by the Company, the Company Members, any of their Affiliates or their respective Representatives after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If any of the Company, the Company Members or any of their Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, the Company shall promptly notify the Parent in writing and shall disclose only that portion of such information which the Company is advised by its counsel in writing is legally required to be disclosed, provided that the Company shall use reasonable best efforts to first notify the Parent to allow it to cause the Company or its Subsidiaries to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 6.05. Conditions; Consents and Approvals. Each party hereto shall use all commercially reasonable efforts to take, or cause to be taken, all appropriate action to do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the Merger as promptly as practicable, including the satisfaction, but not the waiver, of the closing conditions set forth in Article VIII. The Company shall, as promptly as practicable, use their reasonable best efforts to obtain, or cause to be obtained, the consents and Permits set forth in Section 4.05 of the Disclosure Schedules and any other consents and Permits from all Governmental Authorities and other Persons that may be or become necessary for their execution and delivery of the Merger Documents or the performance of their respective obligations hereunder or thereunder. The Parent shall, as promptly as practicable, use its reasonable best efforts to obtain, or cause to be obtained, any consents and Permits from all Governmental Authorities and other Persons that may be or become necessary for their execution and delivery of the Merger Documents or the performance of their obligations hereunder or thereunder. Each party hereto shall cooperate fully with each other party hereto and its or his Affiliates in promptly seeking to obtain all such consents and Permits. The parties hereto shall not willfully take any action that will or may be reasonably expected to have the effect of delaying, impairing or impeding the receipt of any required consents or Permits.

Section 6.06. Termination of Affiliate Contracts. The Company and all of its Subsidiaries shall cause, prior to the Closing, that all Affiliate Contracts be settled and terminated with the exception of those Affiliate Contracts set forth on Schedule C.

Section 6.07. Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the Merger.

## ARTICLE VII
## TAX MATTERS

Section 7.01. Tax Covenants.

(a) Without the prior written consent of the Parent, or except as otherwise permitted in this Agreement, none of the Company or their respective Affiliates or Representatives shall, to the extent it may affect, or relate to, the Company or its Subsidiaries, make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax Liability of, or reducing any Tax deduction, credit or other benefit or favorable Tax attribute available to, the Parent, the Company or its Subsidiaries in respect of any Post-Closing Tax Period. The Company agrees that the Parent is to have no Liability for any Tax resulting from any action of the Company, its Subsidiaries or Affiliates or any of their respective Representatives not otherwise authorized by the Parent or by this Agreement, and agrees to indemnify and hold harmless the Parent against any such Tax or reduction of any Tax asset.

(b) All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties, interest, additions and other similar amounts) incurred in connection with this Agreement and the other Merger Documents (including any real property transfer Tax and any other similar Tax) shall be borne and paid by the Company. The Company Managers shall, at their own expense or at the expense of the Company Members, timely file any Tax Return or other document with respect to such Taxes or fees (and the Parent shall cooperate with respect thereto as necessary).

Section 7.02. Tax Indemnification. The Company shall indemnify the Parent and each Parent Indemnitee and hold them harmless from and against any Loss attributable to (a) any breach of or inaccuracy in any representation or warranty made in Section 4.23; (b) any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in this Article VII; (c) any and all Taxes of any of the Company or its Subsidiaries or relating to the Business of any of the Company or its Subsidiaries for all Pre-Closing Tax Periods; (d) any and all Taxes of any member of an affiliated, consolidated, combined or unitary group of which any of the Company or its Subsidiaries or any of their predecessors is or was a member on or prior to the Closing Date by reason of a Liability under Treasury Regulation Section 1.1502-6 or any comparable provisions of foreign, state or local Law; and (e) any and all Taxes of any Person imposed on any of the Company or its Subsidiaries arising under the principles of transferee or successor Liability or by Contract, relating to an event or transaction occurring on or before the Closing Date, in each of the above cases, together with any out-of-pocket fees and expenses

(including attorneys' and accountants' fees) incurred in connection therewith. Without limiting the foregoing, the Company shall promptly reimburse the Parent for any Taxes of or related to any that are the responsibility of the Company pursuant to this Section 7.02, and in no event, no later than five (5) days before the date on which such Taxes are due.

Section 7.03. Straddle Period. In the case of Taxes that are payable with respect to a taxable period that begins before and ends after the Closing Date (each such period, a "Straddle Period"), the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall be:

(a) in the case of Taxes based upon, or related to, income or receipts, deemed equal to the amount (annualized, if appropriate to property apportion the total Taxes for the entire year) which would be payable if the taxable year ended on the Closing Date; and

(b) in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period.

Section 7.04. Contests. The Parent agrees to give written notice to the Company Managers of the receipt of any written notice by the Parent or any of the Parent's Affiliates which involves the assertion of any claim, or the commencement of any Action, in respect of which an indemnity may be sought by the Parent pursuant to this Article VII (a "Tax Claim"); provided, that failure to comply with this provision shall not affect the Parent' right to indemnification hereunder. The Company Managers shall be entitled to control the contest or resolution of any Tax Claim only if (a) the Company Managers provide the Parent with evidence reasonably acceptable to the Parent that the Company Members will have adequate financial resources to defend against the Tax Claim and fulfill the Company's indemnification obligations hereunder, (b) the Tax Claim involves only money damages and does not seek an injunction or other equitable relief against the Parent or any of the Parent's Affiliates, (c) the Parent has not been advised by counsel that an actual or potential conflict exists between the Parent and the Company Members in connection with the defense of the Tax Claim, (d) the Tax Claim does not relate to or otherwise arise in connection with any criminal or regulatory enforcement Action or proceeding and (e) the Company Managers conduct the defense of the Tax Claim actively and diligently; provided, however, that the Company Managers shall obtain the prior written consent of the Parent (which consent shall not be unreasonably withheld or delayed) before entering into any settlement of a claim or ceasing to defend such claim; and, provided further, that the Parent shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose, the fees and expenses of which separate counsel shall be borne solely by the Parent. If the Company Managers are not entitled to control the consent or resolution of a Tax Claim, the Parent shall control the contest or resolution of such Tax Claim.

Section 7.05. Cooperation and Exchange of Information. The Company Managers and the Parent shall provide each other with such cooperation and information as either of them reasonably may request of the others in filing any Tax Return pursuant to this Article VII or in connection with any audit or other proceeding in respect of Taxes. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying

schedules, related work papers and documents relating to rulings or other determinations by tax authorities. The Company Managers and the Parent shall retain all material Tax Returns, schedules and work papers, records and other documents in their possession relating to Tax matters of any of the Company or its Subsidiaries for any taxable period beginning before the Closing Date until the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by the other party in writing of such extensions for the respective Tax periods. Prior to transferring, destroying or discarding any material Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of any of the Company or its Subsidiaries for any taxable period beginning before the Closing Date, the Company Board or the Parent (as the case may be) shall provide the other party with reasonable written notice and offer the other party the opportunity to take custody of such materials. References in this Article VII to the Company or its Subsidiaries shall include all predecessors of the Company or its Subsidiaries.

Section 7.06. Tax Treatment of Indemnification Payments. Any indemnification payments pursuant to this Article VII shall be treated as an adjustment to the Merger Consideration by the parties for Tax purposes, unless otherwise required by Law.

Section 7.07. Survival. Notwithstanding anything in this Agreement to the contrary, the provisions of Section 4.23 and this Article VII shall survive for the full period of any applicable statute of limitations (giving effect to any waiver, mitigation or extension thereof) plus 90 days; provided, however, that Parent's and GTI Sub's sole recourse for any Losses arising under an indemnity claim pursuant to this Article VII shall be against the Indemnity Holdback, the Company Working Managers, and the set-off rights contained in Section 9.08.

Section 7.08. Overlap. To the extent that any obligation or responsibility pursuant to Article IX may overlap with an obligation or responsibility pursuant to this Article VII relating to any Tax, the provisions of this Article VII shall govern.

Section 7.09. No Warranty on Tax Treatment. Neither Parent nor GTI Sub, on one hand, nor the Company, on the other hand, is representing or warranting to the other that the GTI Shares received by the Company Members will qualify for tax deferred status for federal income tax purposes, nor, subject to the parties' compliance with Section 3.01, shall either Party be entitled to recover damages from the other in the event that it does not so qualify. Notwithstanding the foregoing, nothing in this Section 7.09 shall diminish the Company's and Company Working Managers' indemnification of the Parent and the GTI Sub pursuant to Section 9.02.

## ARTICLE VIII
## CONDITIONS TO CLOSING

Section 8.01. Conditions to Obligations of All Parties. The obligations of each party to consummate the Merger shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the Merger illegal, otherwise restraining or prohibiting consummation of the Merger or causing the Merger to be rescinded following completion thereof.

(b) All Company Working Managers shall have entered into offer letters and Protective Agreements on terms mutually acceptable to the Company Board and Parent.

Section 8.02. Conditions to Obligations of the Parent. The obligations of the Parent and the GTI Sub to consummate the Merger shall be subject to the fulfillment or waiver by the Parent and the GTI Sub, at or prior to the Closing, of each of the following conditions:

(a) All of the Company's Fundamental Representations shall be true and correct in all respects at and as of the Closing. All other representations and warranties of the Company contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality, Material Adverse Effect or similar qualifications) or in all material respects (in the case of any other representation or warranty) at and as of the Closing (except for such representations and warranties that are made as of another specific date which shall be required to be true and correct in all respects or in all material respects, as applicable, only as of such date), and the Company and all of its Subsidiaries shall have performed and satisfied in all material respects all agreements and covenants required by this Agreement to be performed and satisfied by the Company at or prior to the Closing.

(b) No Action shall have been commenced or threatened against the Company or its Subsidiaries that would prevent the Closing or would have a Material Adverse Effect.

(c) All consents and Permits of any Person (including any Governmental Authority) that are listed in Section 4.05 of the Disclosure Schedules shall have been received in form and substance reasonably satisfactory to the Parent, executed counterparts thereof shall have been delivered to the Parent at or prior to the Closing, and no such consent or Permit shall have been revoked. All filings required to be made prior to the Closing Date with, and all consents, approvals, permits and authorizations required to be obtained prior to the Closing Date from, any Governmental Authority or other Person in connection with the execution and delivery of this Agreement, and the consummation of the Merger contemplated hereby by the Company and Parent shall have been made or obtained (as the case may be). The parties shall confer regarding the applicability of the HSR to this Merger. All costs of filings related to HSR, if any, shall be paid by Parent.

(d) The Company shall have delivered to the Parent the documents or instruments set forth in Section 2.04(d).

(e) The Company's 27% ownership of CAL FUNDING, LLC shall be reduced to 9.9% non-voting membership interests, and the remaining 17.1% currently owned by the Company shall be the subject of an Option Agreement whereby the Parent or its assignees has the right to acquire said interest, convertible at that time to non-voting interests, for $100 upon the receipt of final regulatory authority to acquire those interests, all in accordance with an Option Agreement, the terms of which are reasonably acceptable to the Parent and the Company.

Section 8.03. Conditions to Obligations of the Company. The obligations of the Company to consummate the Merger shall be subject to the fulfillment or waiver by the Company, at or prior to the Closing, of each of the following conditions:

(a) All of the Parent's and GTI Sub's Fundamental Representations shall be true and correct in all respects at and as of the Closing. All other representations and warranties of the Parent and the GTI Sub contained in this Agreement shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality, Material Adverse Effect or similar qualifications) or in all material respects (in the case of any other representation or warranty) at and as of the Closing (except for such representations and warranties that are made as of another specific date which shall be required to be true and correct in all respects or in all material respects, as applicable, only as of such date), and the Parent and the GTI Sub shall have performed and satisfied in all material respects all covenants and agreements required by this Agreement to be performed and satisfied by the Parent and the GTI Sub at or prior to the Closing.

(b) No Action shall have been commenced or threatened against Parent or GTI Sub or any of the Company or its Subsidiaries that would prevent the Closing or would have a Material Adverse Effect.

(c) All consents and Permits of any Person (including any Governmental Authority) shall have been received in form and substance reasonably satisfactory to the Company, executed counterparts thereof shall have been delivered to the Company at or prior to the Closing, and no such consent or Permit shall have been revoked. All filings required to be made prior to the Closing Date with, and all consents, approvals, permits and authorizations required to be obtained prior to the Closing Date from, any Governmental Authority or other Person in connection with the execution and delivery of this Agreement, the Licenses, and the consummation of the Merger contemplated hereby by the Company, the GTI Sub and the Parent shall have been made or obtained (as the case may be). The Parties shall confer regarding the applicability of the HSR to this Merger. All costs of filings related to HSR, if any, shall be paid by Parent or GTI Sub.

(d) The Parent shall have delivered to the parties and in the percentages listed in Exhibit A, cash in an amount equal to the Net Cash Payment by wire transfer of immediately available funds.

(e) The Parent shall have delivered the Net Share Consideration to the parties and in the percentages listed on Exhibit A.

(f) The Parent shall have delivered to the Company the documents or instruments set forth in Section 2.04(c).

## ARTICLE IX
## INDEMNIFICATION

[***]

Section 9.02. Indemnification by the Company and Company Working Managers. Subject to the other terms and conditions of this Article IX, the Company and the Company Working Managers, jointly and severally, shall indemnify and defend the Parent, the GTI Sub, and their respective Representatives (collectively, the "Parent Indemnitees") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Parent Indemnitees based upon, arising out of, with respect to or by reason of (a) Company Fundamental Representations and Warranties for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 90 days, and without limitation of the Floor Amount or the Cap Amount, and (b) Company Member Claims for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 90 days, and without limitation of the Floor Amount or the Cap Amount. The Company shall also indemnify and defend the Parent Indemnitees against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Parent Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Company contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Company or any its Subsidiaries pursuant to this Agreement (other than in respect of Section 4.23, it being understood that the sole remedy for any such inaccuracy in or breach thereof shall be pursuant to Article VII); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Company or its Subsidiaries pursuant to this Agreement (other than any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in Article VII, it being understood that the sole remedy for any such breach, violation or failure shall be pursuant to Article VII);

(c) any Merger Expenses (other than to the extent such Merger Expenses were included in the calculation of the adjustment to the Purchase Price pursuant to Section 2.03).

Section 9.03. Indemnification by the Parent and GTI Sub. Subject to the other terms and conditions of this Article IX, the Parent and GTI Sub, jointly and severally, shall indemnify and defend the Company and the Company Members and their respective Affiliates and their respective Representatives (collectively, the "Company Indemnitees") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Company Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Parent contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Parent pursuant to this Agreement;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Parent pursuant to this Agreement (other than Article VII, it being understood that the sole remedy for any such breach thereof shall be pursuant to Article VII); or

(c) the disclosures of the Parent set forth in Section 5.02 of the Disclosure Schedules.

Further, Parent shall indemnify those parties that personally guaranteed the Bluepoint of Westport lease agreement against any liability arising from the Westport lease agreement.

Section 9.04. Certain Limitations. The indemnification provided for in Section 9.02 and Section 9.03 shall be subject to the following limitations:

(a) [***]

(c) For purposes of calculating the amount of Losses under this Article IX, (but not for purposes of determining whether a representation or warranty has been breached), the representations and warranties contained in this Agreement shall be deemed to have been made without any qualifications as to materiality, Material Adverse Effect or similar qualifications.

(d) [***]

(e) Notwithstanding anything to the contrary contained in this Agreement, any amount payable pursuant to the indemnification obligations of this Agreement shall be paid without duplication, and in no event shall any party be indemnified more than once under different provisions of this Agreement for the same Losses (i.e., there is no "double recovery").

(f) Notwithstanding anything to the contrary in this Article IX, the Parent Indemnitees shall not be entitled to indemnification under this Article IX with respect to any Losses to the extent they were accounted for in the calculation of any adjustment to the Merger Consideration pursuant to Section 2.03.

(g) Notwithstanding anything to the contrary in this Agreement, the indemnification rights contained in this Article IX shall be the sole and exclusive remedy for breach of any representation, warranty or covenant contained in this Agreement, and the Indemnity Holdback and set-off rights described in Section 9.08 below shall be the sole source of recourse with respect to the indemnification obligations contained herein. In no event shall the Parent or GTI Sub be able to recover damages from any of the Company Members individually, it being understood that the Parent or GTI Sub shall resort only to the Indemnity Holdback, the Company Working Managers, and set-off rights for relief.

Section 9.05. Indemnification Procedures. The party making a claim under this Article IX is referred to as the "Indemnified Party", and the party against whom such claims are asserted under this Article IX is referred to as the "Indemnifying Party".

(a) *Third Party Claims*. If any Indemnified Party receives notice of the assertion or commencement of any Action, audit, claim, demand or assessment made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "Third Party Claim") against such Indemnified Party with respect to which the Indemnifying Party may be obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 15 calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, and shall include copies of all material written evidence thereof. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own

reputable counsel, and the Indemnified Party shall cooperate in good faith in such defense; provided, that if the Indemnifying Party is the Company, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 9.05(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, provided, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; and (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 9.05(b), pay, compromise, or defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. The Company and the Parent shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) *Settlement of Third Party Claims*. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, conditioned or delayed. If the Indemnified Party has assumed the defense pursuant to Section 9.05(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) *Direct Claims*. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such delay or failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. If the Indemnifying Party

does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

(d) *Tax Claims*. Notwithstanding any other provision of this Agreement, the control of any claim, assertion, event or proceeding in respect of Taxes of any of the Company or its Subsidiaries (including, but not limited to, any such claim in respect of a breach of the representations and warranties in Section 4.23 hereof or any breach or violation of or failure to fully perform any covenant, agreement, undertaking or obligation in Article VII) shall be governed exclusively by Article VII hereof.

Section 9.06. Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Merger Consideration for Tax purposes, unless otherwise required by Law.

Section 9.07. Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate.

Section 9.08. Right to Set-Off. Subject in all cases to the Cap Amount, upon written notice to the Company specifying in reasonable detail the basis therefor (the "Set-Off Notice"), the Parent may set-off any amount to which it may be entitled under Article VII or this Article IX against amounts otherwise payable by the Parent to the Company Members pursuant to this Agreement. The exercise of a right of set-off by the Parent in good faith, whether or not ultimately determined to be justified, will not constitute a breach of the Agreement; provided, however, that in the event that any such set-off by the Parent is ultimately determined not to be justified, the Parent shall pay, in addition to such damages and restitution awarded by a court or arbitrator with jurisdiction over such matter, without duplication, interest on any unpaid amount determined by such court or arbitrator to be due and payable hereunder at a rate equal to two percent (2%) over the prime rate published from time to time by *The Wall Street Journal* from and after the date of such set-off by the Parent to the date of payment of such amount determined by such court or arbitrator to be due and payable hereunder. Neither the exercise of, nor the failure to exercise, such right of set-off will constitute an election of remedies or limit the Parent in any manner in the enforcement of any other remedies that may be available to it.

## ARTICLE X
## TERMINATION

Section 10.01. Grounds for Termination. This Agreement may be terminated:

(a) at any time on or prior to the Closing Date by mutual written agreement of the Parent and the Company;

(b) by the Parent or the Company if the Closing shall not have occurred on or before the Closing Date; provided that the right to terminate this Agreement pursuant to this Section 10.01(b) shall not be available to the Company if the Company, or to the Parent if any Parent Party, failed to fulfill any obligation under this Article X and such failure shall have been a material cause of, or resulted in, the failure of Closing to occur on or before the Closing Date; provided, further, for the avoidance of doubt, the failure to close the transaction described in Section 5.02 shall not give the Parent the right to terminate this Agreement pursuant to this Section 10.01(b).

(c) by the Parent or the Company if any Governmental Authority shall have denied its consent to the Merger, or enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the Merger illegal, otherwise restraining or prohibiting consummation of the Merger or causing the Merger to be rescinded following completion thereof;

(d) by the Company, if the Parent breaches or fails to perform in any material respect any of their representations, warranties or covenants contained in this Agreement and such breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 8.01 or Section 8.03 and (ii) cannot be or has not been cured within 15 Business Days following delivery to the Parent of written notice of such breach or failure to perform, unless in respect of this clause (ii) the failure or impossibility results primarily from any of the Company or its Subsidiaries breaching this Agreement;

(e) by the Parent, if any of the Company or its Subsidiaries breach or fail to perform in any material respect any of their representations, warranties or covenants contained in this Agreement, and such breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 8.01 or Section 8.02 and (ii) cannot be or has not been cured within 15 Business Days following delivery to the Company of written notice of such breach or failure to perform, unless in respect of this clause (ii) the failure or impossibility results primarily from the Parent breaching this Agreement.

Section 10.02. Effect of Termination. Upon a termination of this Agreement in accordance with Section 10.01, each party's further rights and obligations hereunder, other than the Surviving Provisions, shall terminate, but termination shall not affect any rights or obligations of a party which may have accrued prior to such termination. Nothing in this Section 10.02 shall relieve any party of any Liability for any breach of this Agreement.

## ARTICLE XI
## MISCELLANEOUS

Section 11.01. Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the Merger shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 11.02. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when

delivered by hand (with written confirmation of receipt); or (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested). Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.02):

| | |
|---|---|
| If to the Company or its Subsidiaries:<br>Or Company Board | Advanced Grow Labs, LLC<br>400 Frontage Road<br>West Haven, CT 06516<br>Attention: David Lipton, CEO<br>E-mail: [***] |
| *with a copy to:* | Cohen and Wolf, P.C.<br>1115 Broad Street<br>Bridgeport, CT 06604<br>Attention: David M. Levine, Esq.<br>E-Mail: [***] |
| If to Parent: | Green Thumb Industries Inc.<br>325 W. Huron Street, Suite 412<br>Chicago, Illinois 60654<br>Attention: Benjamin Kovler, CEO<br>E-mail: [***] |
| *with a copy to:* | Greenberg Traurig, P.A.<br>101 East College Avenue<br>Tallahassee, FL 32301<br>Attention: Fred F. Harris, Jr., Esq.<br>E-mail: [***] |

Interpretation. For purposes of this Agreement, (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 11.03. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 11.04. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the Merger be consummated as originally contemplated to the greatest extent possible.

Section 11.05. Entire Agreement. This Agreement and the other Merger Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

Section 11.06. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither the Company nor the Parent may assign any of their rights or obligations hereunder without the prior written consent of the other party. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 11.07. No Third-Party Beneficiaries. Except as provided in Section 7.02 and Article IX, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 11.08. Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 11.09. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal Laws of the state of Delaware without giving effect to any choice or conflict of Law provision or rule (whether of the state of Delaware or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the state of Delaware.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTION MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE DISTRICT OF DELAWARE OR THE COURTS OF THE STATE OF DELAWARE IN EACH CASE LOCATED IN THE VICINAGE THEN INCLUDING THE COUNTY OF GLOUCESTER, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTION. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 11.09(c).

Section 11.10. Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at Law or in equity.

Section 11.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

*(The following page is the signature page)*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers, where applicable, thereunto duly authorized.

**PARENT:**
[***]

**GTI SUB:**
[***]

**COMPANY:**
[***]

**COMPANY WORKING MANAGERS:**
[***]

**SCHEDULE A**
**CALCULATION OF NET WORKING CAPITAL**

1. The following definitions shall be used for purposes of calculating the Net Working Capital:

"Accounting Principles" means the definitions, accounting methods, principles, policies, practices, and procedures, including classification and estimation methodology, (a) set forth in this Schedule A, and (b) to the extent not contemplated in this Schedule A, consistent with GAAP and, so long as not inconsistent with GAAP and this Schedule A, applying the principles used to prepare the Compiled Financial Statements (taking into consideration the nature and timing of such matter).

"Accounts Payable" means all accounts payable of the Company and its Subsidiaries, determined on a consolidated basis and calculated in accordance with the Accounting Principles; provided, however, that the outstanding principal balance of the Company's Mercedes Benz cargo van loan and forklift loan shall constitute Accounts Payable.

"Accounts Receivable" means all normalized accounts receivable outstanding less than 60 days *plus* notes receivable (due and owed by any third party to the Company or its Subsidiaries *less* the Company or its Subsidiaries' allowance for doubtful note payment), determined on a consolidated basis and calculated in accordance the Accounting Principles.

"Accrued Expenses" means all accrued expenses and current accrued Liabilities of the Company or its Subsidiaries, including accrued pension, accrued profit sharing, 401k deferral payable, accrued expenses, accrued state income taxes, determined on a consolidated basis and calculated in accordance with the Accounting Principles.

"Cash" means all cash and cash equivalents of the Company and its Subsidiaries, *plus* seventy-five percent (75%) of the cash of Bluepoint of Westport, *minus* all cash and cash equivalents of the Company and its Subsidiaries (including for these purposes the cash of Bluepoint of Westport referenced above) required to pay all outstanding checks issued by the Company or its Subsidiaries on or prior to the Closing, determined on a consolidated basis and calculated in accordance with the Accounting Principles.

"Inventory" means the cost of all goods, merchandise and other personal property owned and held for sale or used in the provision of the Company or its Subsidiaries' services, and all raw materials, works-in-process, materials and supplies of every nature which contribute to the finished products of the Company or its Subsidiaries in the ordinary course of their respective businesses, including freight adjustment, 263A adjustment and currency adjustment in line with past practices, specifically excluding, however, damaged, defective, perished or otherwise unsaleable items held for sale by the Company or its Subsidiaries, determined on a consolidated basis and calculated in accordance with the Accounting Principles.

"Prepaid Expenses" means all pre-paid expenses and taxes of the Company and its Subsidiaries, determined on a consolidated basis and calculated in accordance with the Accounting Principles, and for avoidance of doubt shall include, without limitation, amounts prepaid toward the $450,000 of budgeted expenses for the West Haven construction project described in Section 4.07 of the Disclosure Schedules.

2. For purposes of this Agreement, "Net Working Capital" means the sum of Cash, *plus* Accounts Receivable (net of Related Accounts Receivable), *plus* Inventory, *plus* Prepaid Expenses, *minus* Accounts Payable (net of Related Accounts Payable), *minus* Accrued Expenses, in each case as of the close of business on the Closing Date.

**SCHEDULE B**
**DISCLOSURE SCHEDULE**

See Attached

**DISCLOSURE SCHEDULES**

**To**

**AGREEMENT AND PLAN OF MERGER AND REORGANIZATION**

**by and among**

**Green Thumb Industries Inc.,**

**GTI Merger Sub, LLC**

**and**

**Advanced Grow Labs, LLC,**

**dated as of**

**January 4, 2019**

The disclosures set forth in the Disclosure Schedules have been arranged for purposes of convenience in separately titled sections corresponding to sections of the Merger Agreement. Each section of the Disclosure Schedules shall be deemed to have been disclosed with respect to any section of the Merger Agreement and incorporate by reference all information disclosed in any other section of the Disclosure Schedules, in each case, to the extent the relevance of such information is reasonably apparent on the face to such other section of the Merger Agreement or such other section of the Disclosure Schedules.

**Section 4.02**

**Company Members**

[***]

**Section 4.02(c)**

**Subsidiaries**

Wholly Owned Subsidiaries of the Company:

1. Advanced Grow Labs Technologies, LLC, a Connecticut limited liability company.
2. AGLMA, LLC, a Connecticut limited liability company.
3. AGL Westport, LLC, a Connecticut limited liability company.

Other Subsidiaries:

4. CAL Funding, LLC, a Massachusetts limited liability company – 27% of equity held by AGLMA, LLC.
5. Mass Alternative Care, Inc, a Massachusetts corporation – 100% of equity held by CAL Funding, LLC.
6. Bluepoint Wellness of Westport, LLC, a Connecticut limited liability company – 45.9% of equity held by AGL Westport, LLC.

**Section 4.03(b)**

**Equity Commitments**

1. The Company has agreed to issue [***] (or its Affiliate) a [***] ownership interest in the Company in the event of the closing of this Merger.

2. The Company has agreed to issue [***] a [***] of ownership interest in the Company in the event of the closing of this Merger.

3. The Convertible Promissory Notes listed under Section 4.09(8)(a)-(d) of these Disclosure Schedules are incorporated herein by reference. The holders of such Convertible Promissory Notes with a principal amount totaling $3,000,000 dated February 27, 2018, have the right to convert that debt to Units amounting in the aggregate to 5% of the total Company Units.

**Section 4.04**

**Jurisdictions**

Connecticut

1. Advanced Grow Labs, L.L.C.
2. AGLMA, LLC.
3. Advanced Grow Labs Technologies, LLC.
4. AGL Westport, LLC.

Massachusetts

5. Advanced Grow Labs, L.L.C. (foreign qualification).
6. AGLMA, LLC (foreign qualification).

**Section 4.05**

**No Conflict; Consents**

(a)

None.

(b)

1. The Promissory Notes listed under Section 4.09(9)(a)-(i) of these Disclosure Schedules are incorporated herein by reference. The holders of such Promissory Notes with a principal amount totaling $1,400,000 dated as of December 15, 2017, have the right to declare an event of default and subject the Company to prepayment penalties.

2. Supply Agreement, dated as of July 20, 2018, by and between the Company and [***].

3. Limited, Non-Exclusive License to Use Proprietary Instructional Manuals and Other Property, dated as of April 14, 2015, by and between [***] and [***].

(c)

4. Connecticut Department of Consumer Protection ("***DCP***") – the Company marijuana producer license MMPR.0000001.

5. DCP – the Company bakery license BAK.0015356.

6. DCP – Bluepoint Wellness of Westport, LLC dispensary license.

7. Massachusetts Cannabis Control Commission may require consent for the change in ownership of the Company as an indirect owner of Mass Alternative Care, Inc.

8. Pursuant to the Amended and Restated Limited Liability Company Agreement of the Company, dated as of September 26, 2013, and amended on May 22, 2014, July 16, 2014, April 6, 2015, February 1, 2016, and March 1, 2018, a majority of the Class C Preferred Members of the Company must consent; however, pursuant to Section 11.5 thereof, such Preferred Members agree to raise no objections and agree to consent to the Merger.

(d)

None.

**Section 4.06**

**Financial Statements**

[***]

**Section 4.07**

**Undisclosed Liabilities**

1. Company construction project in West Haven - $450,000., some of which is scheduled to be disbursed by the Company as prepaid expenses between the date of this Agreement and the Closing Date.
2. Company paid $49,568.18 to [***] for the manufacture in China of $134,404.98 of vape pens, $12,039.53 of packaging supplies and $8,300 of batteries, anticipated delivery before the Closing Date.
3. Company has received invoices totaling $147,306 for services provided in connection with the contemplated Canadian public offering.
4. Unbilled liability from [***] for approximately $25,000 for drams ordered that may not be used.
5. Optional patent renewal related to AGLT in approximately 1 year will cost $20,000.

**Section 4.08**

**Changes, Events, Conditions**

(b)

1. The items listed in Section 4.03(b) of these Disclosure Schedules, are incorporated herein by reference, and may, with Parent's consent, be accomplished pursuant to a Share Purchase Agreement in a form reasonably acceptable to Parent.

(g)

2. CAL Funding, LLC has guaranteed $2,000,000 of Mass Alternative Care Inc. indebtedness secured by a mortgage from DKRV Commercial Properties, LLC (CAL Funding, LLC's affiliated real estate company).

(l)

3. The matters disclosed in Section 4.07 of these Disclosure Schedules are incorporated herein by reference.

(n)

4. The bonuses and raises listed in Section 4.22(a) of these Disclosure Schedules are incorporated herein by reference, and are effective January 1, 2019.

(q)

5. Bluepoint Wellness of Westport, LLC has been issued a dispensary license.

6. Based upon changes in Federal Tax Law enacted under the most recent Federal Tax Reform, the Company anticipates filing an election to be taxed as a C-corporation.

**Section 4.09(a)**

**Material Contracts**

(i) The Convertible Promissory Notes and Promissory Notes listed below contain liquidity restrictions on the Company while such Notes remain outstanding

(ii)

1. The Lease Agreement between the Company and [***] listed below is incorporated herein by reference
2. The Convertible Promissory Notes listed below are incorporated by reference.
3. The Promissory Notes listed below are incorporated by reference.
4. The Supply Agreement between the Company and [***] listed below is incorporated by reference.
5. Electricity Supply Agreement – Fixed Rate Plan, dated as of March 13, 2018, between the Company and Constellation NewEnergy, Inc.
6. Electricity Supply Agreement – Fixed Rate Plan, dated as of March 29, 2018, between the Company and Constellation NewEnergy, Inc.
7. Microbulk Product Sale Agreement, dated as of July 10, 2014, between AGL LLC and Airgas USA, LLC.
8. Premium Financing Agreement and Disclosure Statement, dated as of October 3, 2018, between the Company and ClassicPlan Premium Financing Inc.
9. Engagement Agreement, dated as of September 26, 2018, between the Company and [***].

(iii) None

(iv) The Supply Agreement between the Company and [***] listed below is incorporated herein by reference

(v) None

(vi)

1. Convertible Promissory Notes (secured by a pari passu Security Agreement of the same date) with a principal amount totaling $3,000,000:
    a. Convertible Promissory Note, dated as of February 27, 2018, between the Company and [***] in the principal amount of $1,500,000, as modified by Consent and Note Modification Agreement dated December 31, 2018.
    b. Convertible Promissory Note, dated as of February 27, 2018, and amended on April 16, 2018, between the Company and [***] in the principal amount of $500,000, as modified by Consent and Note Modification Agreement dated December 31, 2018.

c. Convertible Promissory Note, dated as of February 27, 2018, between the Company and [***] in the principal amount of $250,000, as modified by Consent and Note Modification Agreement dated December 31, 2018.

d. Convertible Promissory Note, dated as of February 27, 2018, and amended on April 16, 2018, between the Company and [***] in the principal amount of $750,000, as modified by Consent and Note Modification Agreement dated December 31, 2018.

2. Investor Rights Agreement, dated as of February 27, 2018 by and among the Company, [***] and the Noteholders listed above in (a) through (d).

3. Intercreditor Agreement, dated as of February 27, 2018, by and among the Company and the Noteholders shown in Sections 4.09(a)(vi)(1)(a) through (d) above and Sections 4.09(a)(vi)(4)(a) through (i) below.

4. Promissory Notes (secured by a pari passu Security Agreement of the same date) with a principal amount totaling $1,400,000 dated December 15, 2017:

a. Promissory Note, dated as of December 15, 2017, between the Company and [***] in the principal amount of $250,000.

b. Promissory Note, dated as of December 15, 2017, between the Company and [***] in the principal amount of $100,000.

c. Promissory Note, dated as of December 15, 2017, between the Company and [***] in the principal amount of $150,000.

d. Promissory Note, dated as of December 15, 2017, between the Company and [***] in the principal amount of $50,000.

e. Promissory Note, dated as of December 15, 2017, between the Company and [***] in the principal amount of $200,000.

f. Promissory Note, dated as of December 15, 2017, between the Company and [***] in the principal amount of $100,000.

g. Promissory Note, dated as of December 15, 2017, between the Company and [***] in the principal amount of $200,000.

h. Promissory Note, dated as of December 15, 2017, between the Company and [***] in the principal amount of $100,000.

i. Promissory Note, dated as of December 15, 2017, between the Company and [***] in the principal amount of $250,000.

3. Equipment Lease Agreement, dated as of February 2, 2017, between the Company and De Lage Landen Financial Services, Inc.

4. Retail Installment Contract, dated as of June 6, 2016, between the Company and UAG Fairfield CM, LLC and immediately assigned therein to Citizens Bank, N.A.

(vii) None

(viii) [***]

(ix)

1. Membership Unit Purchase Agreement, dated as of January 29, 2018, among AGLMA, LLC, CAL Funding, LLC, Kevin G. Collins, Kevin M. Collins, Ronald Paasch, and John E. Turgeon.

2. Services Agreement Pursuant to Membership Unit Purchase Agreement dated January 29, 2018, dated as of February 28, 2018, by and between AGLMA, LLC and Mass Alternative Care, Inc.

3. Amended and Restated Operating Agreement of CAL Funding, LLC, dated as of January 31, 2018.

4. Operating Agreement of Bluepoint Wellness of Westport, LLC, dated as of January 16, 2018.

(x)

1. Agreement Concerning Medical Marijuana Producer License, dated as of October 18, 2016, by and between the Company and State of Connecticut Department of Consumer Protection, to continue the corrected actions agreed to by the parties.

2. The Settlement Agreement between the Company and [***] listed in Section 4.18 of these Disclosure Schedules is incorporated herein by reference to maintain confidentiality.

(xi) Supply Agreement, dated as of July 20, 2018, by and between the Company and [***].

(xii) The items listed in Section 4.26 of these Disclosure Schedules are incorporated herein by reference.

(xiii) None

(xiv) Lease Agreement, dated as of September 10, 2013, and amended on March 24, 2014, and June 9, 2016, between the Company and [***].

(xv) None

(xvi) The item listed in Section 4.26(b)(2) of these Disclosure Schedules is incorporated herein by reference.

**Section 4.09(d)**

**Liabilities**

None

**Section 4.10**

**Personal Property**

(a)(i)

1. The Convertible Promissory Notes and Promissory Notes listed in Sections 4.09(a)(vi)(1)(a) through (d) and Sections 4.09(a)(vi)(4)(a) through (i) of these Disclosure Schedules are incorporated herein by reference and are secured against the assets of the Company.

2. The Mercedes 2500 Cargo Van listed below is encumbered by a lien in favor of Citizens Bank, N.A.

(b)

None.

(c)

1. 2016 Mercedes 2500 Cargo Van.
2. 2014 Nissan NV 200 2.5c/Sv.

**Section 4.11**

**Real Property**

Leased Real Property

1. 400 Frontage Road, West Haven, CT, 06516.

**Section 4.13(b)**

**Recalled Products**

(i)

See attached page

(ii)

None

(iii)

None

[***]

## Section 4.16

### Material Customers and Suppliers

(a)

| | Customer | Gross Revenue 2018 YTD |
|---|---|---|
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| | **[***]** | **[***]** |

Material Customers that have terminated or materially altered their relationship with the Company or stated their intention to do so:

None.

(b)

| | Vendor | Amount Paid January 1, 2018-November 30, 2018 |
|---|---|---|
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |
| [***] | [***] | [***] |

**Section 4.17**

**Insurance Policies**

[***]

Claims or Actions related to the Business pending under any of the above policies:

None.

**Section 4.18(a)**

**Legal Proceedings; Government Orders**

(i)

[***]

(ii)

None.

(iii)

None.

Actions against each of the Company and any of its Subsidiaries since January 1, 2014

2. Geoffrey Rice v. Advanced Grow Labs, L.L.C et al, Case No. 3:15-cv-01288-MPS – settled on January 25, 2017.

3. Agreement Concerning Medical Marijuana Producer License, dated as of October 18, 2016, by and between the Company and State of Connecticut Department of Consumer Protection

**Section 4.21(a)**

**Employee Benefits**

(i)

1. Oral agreement, between the Company and [***], for $10,000 per month for CFO services.
2. Compensation Arrangement for each of [***] as set forth in the Amended and Restated Limited Liability Company Agreement of the Company, dated as of September 26, 2013 as amended.
3. Engagement Agreement, dated as of September 26, 2018, between the Company and [***].
4. Oral agreement, between [***] for managing cultivation production facility in Massachusetts.
5. Oral agreement, between [***] for assisting Ian Colandro.
6. Per diem agreement, between [***] for cultivation services.
7. Per diem agreement, between [***] for drying and curing services.
8. Per diem agreement, between [***] for lab services.

(ii)

9. Anthem Blue Cross Blue Shield - Group Health Insurance.
10. National Council on Compensation Insurance, Inc. – Workers Compensation Policy.
11. Equity Grant Letter, dated as of September 26, 2013, between the Company and [***].

**Section 4.22(a)**

**Employees, Consultants and Contractors**

See attached page

[***]

**Section 4.22(b)**

**Employment/Consulting/Other Agreements with Employees or Contractors**

(i) The items listed in Section 4.21(a)(i)(4)-(8) of these Disclosure Schedules are incorporated herein by reference; the payments contained therein are paid to the respective employee of the Company for services provided in connection with the Services Agreement Pursuant to Membership Unit Purchase Agreement listed in Section 4.09(a)(ix)(2) of these Disclosure Schedules.

(ii) None.

**Section 4.22(c)**

**Exceptions to At-Will Employment**

1. Compensation Arrangement for each of [***] as set forth in the Amended and Restated Limited Liability Company Agreement of the Company, dated as of September 26, 2013 as amended.

**Section 4.22(d)**

**Taxes**

None.

**Section 4.25**

**Brokers or Finders**

1. The Company has agreed to issue [***] (or its Affiliate) 1.33% of ownership interest in the Company in the event of the closing of this Merger.

**Section 4.26**

**Affiliate Transactions**

(a)

1. Compensation Arrangement for each of [***] as set forth in the Amended and Restated Limited Liability Company Agreement of the Company, dated as of September 26, 2013 as amended.

(b)

2. [***]

3. Indemnification by the Company of [***], [***] from guaranteed lease liability pertaining to lease guarantees for 1460 Post Road East, Westport, CT, 06880.

(c)

None.

**Section 5.02**

**No Conflicts; Consents**

None.

**Section 5.04**

**Capitalization**

None.

**Section 5.07**

**Legal Proceedings; Governmental Orders**

None.

**Section 6.01(b)**

**Conduct of the Business Prior to Closing**

(i) The items listed in Section 4.03(b)(1)-(3) of these Disclosure Schedules are incorporated herein by reference.

(ii) none

(iii) none

(iv) The item listed in Section 4.07(1) of these Disclosure Schedules is incorporated herein by reference.

(v) none

(vi) none

(vii) The items listed in Section 4.03(b)(1)-(3) of these Disclosure Schedules are incorporated herein by reference.

(viii) Employee bonuses listed in Section 4.22(a) of these Disclosure Schedules are incorporated herein by reference.

(ix) If the International Financial Review Standards audit results in recommendations to change any accounting method or means of reporting, it is the intention of the Company to comply with such recommendations.

(x) The Company intends to file an election with the United States Internal Revenue Service to be taxed as a corporation.

(xi) none

(xii) none

(xiii) none

(xiv) the Company's operating agreement will be terminated concurrently with the closing of the Merger.

(xv) none

(xvi) none

(xvii) none

**SCHEDULE C**
**AFFILIATE CONTRACTS EXEMPT FROM TERMINATION**

**NONE**

**EXHIBIT A**
**ALLOCATION OF PURCHASE PRICE TO THE COMPANY MEMBERS**

See Attached

**Exhibit A (page 1 of 2)**

| Investor | Post Conversion Allocation of Merger Consideration |
|---|---|
| [***] | [***] |
| [***] | [***] |
| [***] | [***] |

[***]

**EXHIBIT B**
**FORM OF CERTIFICATE OF MERGER**

See Attached

**STATE OF CONNECTICUT**

**CERTIFICATE OF MERGER OF**
**GTI MERGER SUB, LLC**
**(a Connecticut Limited Liability Company)**
**with and into**
**ADVANCED GROW LABS, L.L.C.**
**(a Connecticut Limited Liability Company)**

**FIRST:** The names of the parties to the merger are Advanced Grow Labs, L.L.C. and GTI Merger Sub, LLC, each a Connecticut limited liability company.

**SECOND:** The surviving entity in the merger is Advanced Grow Labs, L.L.C., a Connecticut limited liability company.

**THIRD:** The merger shall be effective [on and as of _____, 2019] [as of the date upon which it is accepted for filing by the Secretary of the State of Connecticut].

**FOURTH:** The plan of merger was duly approved by each of Advanced Grow Labs, L.L.C. and GTI Merger Sub, LLC, in the manner required by Sections 34-279a to 34-279q, inclusive, of the Connecticut General Statutes (known as the Connecticut Uniform Limited Liability Company Act).

Dated this _____ day of _____, 2019.

**ADVANCED GROW LABS, L.L.C.**

By: _____
Name: David Lipton
Title: Chief Executive Officer

**GTI MERGER SUB, LLC**

By: _____
Name:
Title:

**Exhibit 10.5**

**CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED**

***Execution Version***

# FIRST AMENDMENT TO THE AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

**THIS FIRST AMENDMENT TO THE AGREEMENT AND PLAN OF MERGER AND REORGANIZATION** (the "Amendment"), is entered as of February 11, 2019, (**"Effective Date"**) by and among Green Thumb Industries Inc., a corporation incorporated under the laws of the Province of British Columbia ("Parent"), GTI Merger Sub, LLC, a Connecticut limited liability company ("GTI Sub"), Advanced Grow Labs, L.L.C., a Connecticut limited liability company, doing business as Advanced Grow Labs, with its offices located at 400 Frontage Road, West Haven Connecticut ("Company"), each of the persons listed on the signature pages hereto under the caption "Company Working Managers" (collectively, the "Company Working Managers"). Parent, GTI Sub, Company, and the Company Working Managers shall be referred to collectively as the **"Parties"** and are sometimes referred to individually as a **"Party."** Unless otherwise indicated, capitalized terms used and not defined herein have the meanings given to them in the Agreement and Plan of Merger and Reorganization, dated January 4, 2019 (the "Agreement").

## RECITALS

**WHEREAS**, on January 4, 2019 the Parties entered into the Agreement; and

**WHEREAS,** the Parties desire to amend the Agreement.

## AGREEMENT

**NOW THEREFORE**, in consideration of the promises and benefits set forth in this Amendment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1.** **Recitals**. The Recitals, above, are hereby incorporated into this Amendment, as if fully set forth herein.

**2.** **Article I Definitions**.

(a) The word "means" is hereby inserted after "Lock-Up".

(b) The last sentence of the definition of "Lock-Up Agreement" is hereby deleted and replaced with the following two sentences: The Lock-Up Agreement will be embodied in a legend on the GTI Shares issued to Company Members and will not be a stand-alone agreement. For the avoidance of doubt, (i) any GTI Shares issued from the Subscription Receipt to Limited Lock-Up Members shall not be subject to Lock-Up subsequent to four (4) months and one day from the Closing Date, and (ii) (A) one-half (1/2) of any GTI Shares issued from the Subscription Receipt subsequent to four (4) months and one day from the Closing Date to Members who are not Limited Lock-Up Members shall not be subject to Lock-Up Up, and (B) the other one-half (1/2) of any GTI Shares issued from the Subscription Receipt subsequent to twelve (12) months from the Closing Date to Members who are not Limited Lock-Up Members shall not be subject to Lock-Up.

**3. Section 2.03(b)(v)**. Section 2.03(b)(v) is hereby deleted in its entirety and the following Section 2.03(b)(v) is replaced in its place and stead:

(v) If the Net Adjustment results in an increase to the Merger Consideration, then such amount shall be added to the Merger Consideration, and the Parent shall, within three Business Days following the determination of the Net Adjustment, pay to the parties, in the percentages listed on Exhibit A, (A) in cash the amount, if any, by which the cash included in the Final Net Working Capital exceeds $500,000 and (B) any remaining Net Adjustment after the cash payment set forth in clause (A) in GTI Shares based upon the GTI Share price equal to the five day VWAP on the date of the Net Adjustment determination. If the Net Adjustment results in a decrease to the Merger Consideration, then such amount shall be retained by the Parent from the Working Capital Holdback and, if the Working Capital Holdback is insufficient, then the remainder shall be a set off from the Connecticut Earn-Out. Within three Business Days following the determination of the Net Adjustment, the Parent shall first deduct and retain the balance remaining to be paid on the Net Adjustment from the Working Capital Holdback and immediately thereafter disburse to the parties in the percentages listed on Exhibit A any remaining balance in the Working Capital Holdback, if any, by wire transfer of immediately available funds to accounts designated on Exhibit A.

**4. Closing Conditions**. Section 2.04(d)(xii) and (xiii) shall be added as follows:

(xii) [***]

(xiii) an agreement satisfactory to the Parent and GTI Sub from AGL International, Inc. and the shareholders, officers, and directors of AGL International, Inc. indemnifying the Parent and GTI Sub from any claims relating to AGL International, Inc. being added to the cap table and any tax positions they may take.

**5. Section 9.04(a).** The reference to “Company Members” in the last sentence of Section 9.04(a) of the Agreement is hereby deleted and replaced with “Company Working Managers”.

**6. Exhibit A.** Exhibit A to the Agreement is hereby deleted in its entirety and replaced with Schedule 1 hereto.

**7. Section 4.02 of the Disclosure Schedules.** Section 4.02 of the Disclosure Schedules is hereby deleted in its entirety and replaced with Schedule 2 hereto.

**8. Re-affirmation**. In all other respects the terms and conditions of the Agreement are hereby re-affirmed and shall remain unchanged and, subject to each of the terms, provisions and conditions thereof, as amended hereby, the Agreement is hereby declared to be in full force and effect. In the event of a discrepancy between this Amendment and the Agreement, the provisions of this Amendment shall control. After the date hereof, any reference to the Agreement shall mean the Agreement, as amended and modified hereby. The provisions of Article XI of the Agreement shall apply to this Amendment *mutatis mutandis*.

**9. Counterparts**. This Amendment may be executed in two or more counterparts, including facsimile or .pdf, each of which shall be an original, but all of which shall constitute one and the same instrument. Any counterpart or other signature delivered by facsimile, e-mail or other electronic device will be deemed for all purposes as constituting good and valid execution and delivery of this Amendment by such Party, and the signatures of the Parties transmitted electronically will be deemed for all purposes as an "electronic signature" within the meaning of the Uniform Electronic Transaction Act.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

**IN WITNESS WHEREOF,** the Parties have executed this First Amendment to Agreement and Plan of Merger and Reorganization, or have caused this Amendment to be executed by and through their authorized representatives, as of the Effective Date.

**PARENT:**

[***]

**GTI SUB:**

[***]

**COMPANY:**

[***]

**COMPANY WORKING MANAGERS:**

[***]

Post Conversion
Allocation of Merger

| Investor | Consideration |
|---|---|
| [***] | [***] |
| [***] | [***] |
| [***] | [***] |

[***]

| | [***] | [***] | [***] | [***] |
|---|---|---|---|---|
| [***] | [***] | | [***] | [***] |
| [***] | | [***] | [***] | [***] |
| [***] | | [***] | [***] | [***] |
| [***] | | [***] | [***] | [***] |
| [***] | | [***] | [***] | [***] |

Schedule 2

| [***] |
| --- |
| [***] |
| [***] |
| [***]

**Exhibit 10.6**

**CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.**

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# NOTE PURCHASE AGREEMENT

Dated as of May 22, 2019

By and Among

VCP23, LLC,
VCP Real Estate Holdings, LLC
Vision Management Services, LLC
GTI23, INC.
GTI Core, LLC
VCP IP Holdings, LLC
TWD18, LLC
and
For Success Holdings Company,
as Issuers,

and

Certain Purchasers From Time To Time Party Hereto,

and

GLAS USA LLC, as Administrative Agent

and

GLAS AMERICAS LLC, as Collateral Agent

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# NOTE PURCHASE AGREEMENT

This **NOTE PURCHASE AGREEMENT** (as amended, restated, supplemented or otherwise modified from time to time, this "*Agreement*"), dated as of May 22, 2019 (the "*Agreement Date*"), by and among VCP23, LLC, a Delaware limited liability company ("*VCP23*"), VCP Real Estate Holdings, LLC, a Delaware limited liability company ("*VCP Real Estate*"), Vision Management Services, LLC, a Delaware limited liability company ("VMS"), GTI23, Inc., a Delaware corporation ("*GTI23*"), GTI Core, LLC, a Delaware limited liability company ("*GTI Core*"), VCP IP Holdings, LLC, a Delaware limited liability company ("*VCP IP*"), TWD18, LLC, a Delaware limited liability company ("*TWD18*") and For Success Holdings Company, a Delaware corporation ("*FSH*" and, together with VCP23, VCP Real Estate, VMS, GTI23, GTI Core, VCP IP and TWD18, the "*Initial Issuers*" and each, individually, an "Initial Issuer"), each purchaser party hereto listed on the signature page hereto (together with their successors and assigns, each an "*Initial Purchaser*" and collectively, the "*Initial Purchasers*"), GLAS Americas LLC, a New York limited liability company, as collateral agent for the sole benefit of itself, the Administrative Agent and the Purchasers (in such capacity, together with its successors and assigns, the "*Collateral Agent*") and GLAS USA LLC, a New Jersey limited liability company, as administrative agent for the sole benefit of itself, the Collateral Agent and the Purchasers (in such capacity, together with its successors and assigns, the "*Administrative Agent*" and together with the Collateral Agent, each an *"Agent"* and collectively, the *"Agents"*).

## RECITALS

**WHEREAS**, the Issuers (as defined below) have requested that each of the Initial Purchasers make a senior secured guaranteed loan to the Initial Issuers (each such loan, a "*Loan*" and all such Loans, collectively, the "*Loans*") in the amount set forth beside such Initial Purchaser's name on Schedule 2, and each of the Initial Purchasers, for itself only, has agreed to make such Loan on and subject to the terms and conditions of this Agreement; and

**WHEREAS**, in accordance with the terms and conditions of this Agreement, prior to the expiration of the Funding Period (as defined below), the Issuers may request and receive Loans from one or more additional purchasers (together with their successors and assigns, each a "*Subsequent Purchaser*" and collectively with the Initial Purchasers, the "*Purchasers*"); provided that the aggregate principal amount of all of the Loans does not exceed $150,000,000; and

**WHEREAS**, as a condition to its making of a Loan, each of the Purchasers has required that Green Thumb Industries Inc., a British Columbia corporation ("*Guarantor*") and the direct or indirect owner of all of the Equity Interests (as defined below) in each of the Issuers, guarantee, fully and unconditionally, all payment and performance obligations of the Issuers under this Agreement and the other the Loan Documents (as defined below) pursuant to the Guaranty Agreement (as defined below); and

**WHEREAS**, the Issuers will use the proceeds of the Loans solely for purposes permitted under this Agreement.

**NOW THEREFORE**, in consideration of the mutual agreements, provisions and covenants contained herein, the parties, intending to be legally bound, agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1 *Definitions*. As used in this Agreement, including, without limitation, the Preamble, Recitals, exhibits and schedules hereto, the following terms have the meanings stated:

"*Affiliate*" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such specified Person. A Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through ownership of voting securities, by contract or otherwise. With respect to an Issuer or Guarantor, an Affiliate includes, but is not limited to, (a) Subsidiaries of such Issuer or Guarantor, (b) directors, officers and managers of such Issuer or Guarantor, (c) any Person who or which directly or beneficially owns or holds 25% or more of any class of Equity Interests of such Issuer or Guarantor or owns or holds warrants, options, rights or other securities exercisable for, or convertible into, 25% or more of any class of Equity Interests of such Issuer and/or Guarantor, (d) any Person 25% or more of whose voting Equity Interests are directly or beneficially owned or held by such Issuer or Guarantor and (e) any Person 25% or more of whose voting Equity Interests are, or would be after exercise or conversion of any warrants, options, rights or other securities, owned, directly or beneficially, by such Issuer or Guarantor or by a Person described in clause (b) or clause (c) above.

"*Administrative Agent*" has the meaning set forth in the Preamble.

"*Agent(s)*" has the meaning set forth in the Preamble.

"*Agent Fee Letter*" means that certain fee letter entered into on or about the date hereof by the Issuers with the Agents.

"*Agreement*" has the meaning set forth in the Preamble.

"*Agreement Date*" has the meaning set forth in the Preamble.

"*Assignment Agreement*" mean an agreement in the form of Exhibit G attached hereto that has been executed by the parties thereto.

"*Bankruptcy Code*" means title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect or any successive statutes, as applicable, and any comparable Laws in Canada or its provinces.

"*Board of Directors*" means the Board of Directors of Guarantor.

"*Business Day*" means a day other than Saturday or Sunday or other day on which commercial banks in New York City, New York are authorized or required by law or other governmental action to close.

"*Cannabis*" has the meaning set forth in the applicable Cannabis Act.

"*Cannabis Act*" means for any state in which any of the Loan Parties or its respective Subsidiaries conducts business, any state law of regulation addressing the cultivation, production, or sale of medical and/or adult use cannabis or any comparable legislation, as amended, replaced or superseded by comparable legislation, including any US federal legislation.

"*Capital Lease*" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with IFRS, is or should be accounted for as a capital lease or finance lease on the balance sheet of that Person.

"*Capitalized Lease Obligations*" means the amount which is required by IFRS to be reflected as a liability on the balance sheet of the lessee with respect to a Capital Lease.

"*Change of Control*" means, at any time, the occurrence of any of the following events: (i) any Person, or Persons acting in concert, shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934) of any class of Equity Interests of Guarantor representing 25% or more of the combined voting power all Equity Interests of the Guarantor (on an as converted basis after giving effect to the conversion of any issued and outstanding Multiple Voting Shares and Super Voting Shares into Subordinate Voting Shares); (ii) a majority of the Board of Directors shall cease to consist of Continuing Directors; (iii) Guarantor shall cease to own and control, of record and beneficially, 100% of each class of outstanding Equity Interests of GTI23 (or any successor resulting from an internal reorganization) free and clear of all Liens; (iv) GTI23 shall cease to own and control, of record and beneficially, 100% of each class of outstanding Equity Interests of VCP23 (or any successor resulting from an internal reorganization) free and clear of all Liens; and (v) VCP23 shall cease to own and control, of record and beneficially, 100% of each class of outstanding Equity Interests of the other Issuers (or their respective successors resulting from internal reorganizations) free and clear of all Liens; provided, however, that a disposition of Equity Interests of a Subsidiary of Guarantor shall not be a Change of Control if the disposition is permitted by, and complies with, Section 7.7. For purposes of clause (i) of the preceding sentence, a Person shall be deemed to be the beneficial owner of a class of Equity Interests of Guarantor if such Person owns warrants, options or other rights exercisable for, or convertible into, such Equity Interests (whether or not consideration is payable upon any such exercise or conversion and whether or not the exercise or conversion rights are fixed or contingent, or exercisable only after the passage of time).

"*Closing Date*" means the Initial Closing Date or a Subsequent Closing Date, as applicable.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Collateral*" means each of the Properties and any related assets identified in the Mortgages and any replacement properties or assets mortgaged or pledged for the benefit of the Agents and the Purchasers as provided for in Section 7.7.

"*Collateral Agent*" has the meaning set forth in the Preamble.

"*Collateral Documents*" means the Mortgages and any related agreements and instruments entered into from time to time in order to grant to the Collateral Agent, for the benefit of the Agents and the Purchasers, a first priority Lien on the Collateral.

"*Continuing Directors*" means (i) the directors of the Guarantor on the Agreement Date and (ii) each Person who becomes a director after the Agreement Date by appointment of a majority of the Continuing Directors or by election of shareholders, if the nomination of such Person elected by shareholders was approved, prior to such election, by a majority of the Continuing Directors. For the avoidance of doubt, a Continuing Director shall include Persons theretofore appointed or elected as directors as contemplated by the first sentence in this definition.

"*Debtor Relief Law*" means the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States, Canada or other applicable jurisdictions from time to time in effect.

"*Default*" means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

"*Default Rate*" means an interest rate equal to fifteen percent (15%) per annum.

"*Distribution(s)*" shall mean (a) any dividend, distribution or payment on or on account of Equity Interests, (b) any acquisition or redemption of any Equity Interests and (c) any redemption, retirement or prepayment of Subordinated Debt before its regularly scheduled maturity date; provided that a Distribution shall not include a split or subdivision of Subordinate Voting Shares of Guarantor or a pro rata stock dividend on Subordinate Voting Shares of Guarantor payable solely in Subordinate Voting Shares of Guarantor.

"*EBITDA*" means, for any period, for the Loan Parties and their Subsidiaries, on a consolidated basis in accordance with IFRS, and without duplication, the sum of the following for such period: (a) Net Income plus (b) Interest Expense, plus (c) income taxes, plus (d) depreciation, plus (e) non-cash impairment charges, plus (f) extraordinary or non-recurring expenses if and to the extent agreed by the Required Purchasers, plus (g) to the extent not capitalized, the amount of third party expenses, fees and costs incurred in connection with any Permitted Acquisition, plus (h) non-cash share-based compensation expense, and excluding (i) the amount of any foreign currency translation gains or losses and any gains or losses on dispositions of depreciable property or capital assets, in each case to the extent included in determining Net Income for such period.

"*Environmental Laws*" means any and all international, foreign, federal, state or local environmental or health and safety-related laws, regulations, rules, ordinances, orders or directives.

"*Equity Holder*" means, with respect to Equity Interests, any Person who owns, beneficially or of record, any such Equity Interests.

"*Equity Interests*" means shares of capital stock, partnership interests, membership interests or other equity ownership interests in a Person (other than a natural person), or any warrants, options or other rights to acquire (with or without consideration) any such interests.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder.

"*ERISA Affiliate*" means any corporation, trade or business that is, along with Issuers, a member of a controlled group of corporations or a controlled group of trades or businesses, as described in Sections 414(b) and 414(c), respectively, of the Internal Revenue Code of 1986, as amended, or Section 4001 of ERISA.

"*Event of Default*" has the meaning set forth in Section 8.1.

"*Excluded Taxes*" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes; (b) in the case of a Purchaser, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Purchaser with respect to its Loan pursuant to a law in effect on the date on which such Purchaser makes its Loan, except to the extent that, pursuant to Section 3.1, amounts with respect to such Taxes were payable to such Purchaser's assignor immediately before such Purchaser became a party hereto; (c) Taxes attributable to such Recipient's failure to comply with Section 3.1(e) and (d) any withholding Taxes imposed under FATCA.

"*Extended Maturity Date*" has the meaning set forth in Section 2.6(b).

"*FATCA*" means Sections 1471 through 1474 of the Code, as of the Agreement Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Bodies entered into in connection with the implementation of the foregoing.

"*Financial Statements*" means the audited consolidated financial statements of the Guarantor as at and for the Fiscal Years ended December 31, 2018 and 2017, together with the notes thereto and the auditors' report thereon, being comprised of the statements of financial position, statements of income (loss) and comprehensive income (loss), statements of changes in equity (deficit) and statements of cash flows for the periods then ended.

"*Fiscal Year*" means each twelve-month period ending on December 31.

"*Foreign Purchaser*" means any Purchaser that is not a U.S. Person.

"*Funding Period*" means the period commencing on the Agreement Date and ending on the earliest to occur of (i) the 180th day after the Agreement Date and (ii) an Event of Default.

"*Governmental Body*" means any agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any administrative, judicial, legislative, executive, regulatory, police or taxing authority of any government, whether supranational, national, federal, state, regional, provincial, local, domestic or foreign.

"*Group*" means the Loan Party and each of their respective Subsidiaries and "Group Member" means any of them.

"*Guarantor*" has the meaning set forth in the Recitals.

"*Guarantor Public Documents*" means all documents filed by Guarantor with applicable Canadian securities regulatory authorities since June 12, 2018 that are available under the Guarantor's issuer profile on SEDAR at www.sedar.com.

"*Guaranty Agreement*" means that certain Guaranty Agreement, a copy of which is attached hereto as Exhibit B, delivered on the Agreement Date by the Guarantor to the Administrative Agent, for the benefit of the Agents and the Purchasers. For the avoidance of doubt, the Guaranty Agreement delivered by the Guarantor on the Agreement Date shall automatically, and without further action by the Guarantor, cover in all respects each of the Loans, whether such Loan is made on the Initial Closing Date or on a Subsequent Closing Date.

"*Hazardous Material*" means any hazardous substance or any pollutant or contaminant defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards on conduct concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect; asbestos or any substance or compound containing asbestos; polychlorinated biphenyls or any substance or compound containing any polychlorinated biphenyl; and any other hazardous, toxic or dangerous waste, substance or material.

"*Homestead Property*" means that certain real property located at 35701 SW 202nd Avenue., Homestead, Florida 33034.

"*IFRS*" means generally accepted accounting principles in the Canada and United States as in effect from time to time, consistently applied throughout the period to which reference is made.

"*Indebtedness*" means, with respect to any Person at any date and without duplication: (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), (b) any other indebtedness which is evidenced by a note, bond, debenture or similar instrument, (c) all Capitalized Lease Obligations of such Person, (d) all obligations of such Person in respect of outstanding letters of credit, acceptances and similar obligations created for the account of such Person, (e) all

liabilities secured by any security interest, lien or other encumbrance on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof, (f) net liabilities of such Person under interest rate cap agreements, interest rate swap agreements, foreign currency exchange agreements and other hedging agreements or arrangements, and (g) all guaranties, endorsements and other contingent obligations whether direct or indirect in respect of Indebtedness of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase Indebtedness, or to assure the owner of Indebtedness against loss, through an agreement to purchase goods, supplies, or services for the purpose of enabling the debtor to make payment of the Indebtedness held by such owner or otherwise (other than any guaranties of real estate leases).

"*Indemnified Taxes*" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"*Initial Closing Date*" means the date on which all of the conditions set forth in Section 4.1 are satisfied or otherwise waived by the Initial Purchasers.

"*Initial Issuer(s)*" has the meaning set forth in the Preamble.

"*Initial Purchaser(s)*" has the meaning set forth in the Preamble.

"*Intercompany Debt*" means any unsecured intercompany loan from any Loan Party or a wholly-owned Subsidiary of a Loan Party to any other Loan Party or a wholly-owned Subsidiary of a Loan Party.

"*Interest Coverage Ratio*" means, as of any date of determination, the ratio of (a) EBITDA for the four fiscal quarters ending on such date of determination (except as otherwise provided in Section 6.10(d)) minus income taxes taken into account in the computation of EBITDA for such period pursuant to clause (c) of the definition of "EBITDA" to (b) Interest Expense for the four fiscal quarters ending on such date of determination.

"*Interest Expense*" means, for any period, all interest expense, whether paid or accrued in accordance with IFRS in or for such period.

"*Interest Rate*" means an interest rate equal to 12.00% per annum.

"*Investment*" means (i) any direct or indirect purchase or other acquisition by any of the Loan Parties of a beneficial interest in, or securities of, any other Person; (ii) any direct or indirect redemption, retirement, purchase or other acquisition for value by any of the Loan Parties from any Person of any Equity Interest of any other Person; and (iii) any direct or indirect loan, advance (other than advances to employees for moving, entertainment and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contributions by any of the Loan Parties to any other Person, including all Indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any

adjustments for increases or decreases in value, or write ups, write downs or write offs with respect to such Investment.

"*Issuer(s)*" means each of the Initial Issuers and any and all Unrestricted Subsidiaries that become Issuers in accordance with Section 6.9 hereof.

"*Laws*" means, collectively, all international, foreign, federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Body charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Body.

"*Lien*" means any encumbrance, mortgage, pledge, hypothecation, charge, assignment, lien, restriction or other security interest of any kind securing any obligation of any Person.

"*Loan(s)*" has the meaning set forth in the Recitals.

"*Loan Documents*" means this Agreement, the Notes, the Guaranty Agreement, the Warrant Agreements, the Collateral Documents, and all other documents, instruments or agreements executed and delivered by the Issuers with Purchasers or with any Agent for the benefit of the Agents and the Purchasers.

"*Loan Parties*" means the Issuers (including any Unrestricted Subsidiaries that become Issuers in accordance with Section 6.9 hereof) and the Guarantor.

"*Margin Stock*" shall have the meaning set forth in Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"*Material Adverse Effect*" means a material adverse effect on (a) the business, assets, operations, prospects or condition (financial or otherwise) of the Loan Parties, taken as a whole, (b) the ability of the Loan Parties, taken as a whole, to pay and perform the Obligations under the Loan Documents, (c) the rights of or benefits available to Purchasers or the Agents under any Loan Document (including, without limitation, any of the liens or priority in favor of the Collateral Agent, for the benefit of the Agents and the Purchasers) or (d) the validity or enforceability of any of the Loan Documents.

"*Material Subsidiary*" means each subsidiary of Guarantor other than any such subsidiary that may be omitted from the disclosure requirements set out in Section 3.2 of Form 51-102F2 – Annual Information Form under applicable Canadian securities laws.

"*Maturity Date*" means the earliest of (i) the third (3rd) anniversary of the Agreement Date and (ii) the date the Loans shall become due and payable in full hereunder, whether by acceleration or otherwise; provided, however, that if the Issuers have elected to extend the Maturity Date in accordance with Section 2.6, then the Maturity Date shall be the earliest of (a) the Extended Maturity Date and (b) the date the Loans shall become due and payable in full hereunder, whether by acceleration or otherwise.

"*Mortgage*" means any mortgage, deed of trust or other agreement which conveys or establishes a Lien in favor of the Collateral Agent, for the benefit of the Agents and the Purchasers, on the Collateral.

"*Multiemployer Plan"* means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA.

"*Net Debt*" means, for the Loan Parties and their Subsidiaries, on a consolidated basis in accordance with IFRS, and without duplication, as of any date, (i) all Indebtedness for borrowed money as of such date, including, without limitation, the Loans hereunder, any Subordinated Debt and any Property Acquisition Debt less (ii) any unrestricted cash and cash equivalents as of such date. To qualify as "unrestricted cash and cash equivalents," such cash and cash equivalents must not be subject to restrictions or limitations, including but not limited to restrictions and limitations in agreements (other than in the Loan Documents) with lenders, joint venture partners or other Persons, on distributions of such cash or cash equivalents from any or the Loan Parties and their Subsidiaries to any of the Loan Parties and must be available by the Loan Parties to pay interest on, and principal of, the Loans.

"*Net Debt to EBITDA Ratio*" means, as of any date of determination, the ratio of (a) Net Debt as of such date to (b) EBITDA for the four fiscal quarters ending on such date of determination (except as otherwise provided in Section 6.10(b)).

"*Net Income*" means, for any period, the net income of the Loan Parties and their Subsidiaries for such period, as determined on a consolidated basis in accordance with IFRS, and without duplication.

"*Note*" means each promissory note delivered to a Purchaser to evidence such Purchaser's Loan.

"*Obligations*" means all Indebtedness, obligations and liabilities of the Loan Parties from time to time owed to the Agents, the Purchasers or any of them or their respective Affiliates, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any other Loan Document or in respect of any Loan, any Notes or any other instruments at any time evidencing any obligation under this Agreement or any other Loan Document, whether for principal, interest (including, without limitation, interest accruing after the filing of a petition initiating any insolvency proceedings, whether or not such interest accrues or is recoverable against the Loan Parties after the filing of such petition for purposes of the Bankruptcy Code or is an allowed claim in such proceeding), all applicable fees, charges, expenses, indemnification or otherwise.

"*OFAC*" shall mean the U.S. Department of Treasury's Office of Foreign Asset Control.

"*Oglesby Property*" means that certain real property located at 110 East 4th Street, Oglesby, Illinois 61348.

"*Other Connection Taxes*" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing

such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"*Other Taxes*" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

"*Participant*" has the meaning set forth in Section 11.5(d).

"*Participant Register*" has the meaning set forth in Section 11.5(d).

"*Patriot Act*" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56 (signed into law October 26, 2011)), as the same may be amended, supplemented, modified, replaced or otherwise in effect from time to time.

"*Permitted Acquisition*" means (i) any acquisition of assets or Equity Interests by a Loan Party from only one or more other Loan Parties; and (ii) any acquisition of assets or Equity Interests by a Loan Party from a Person or Persons who are not Affiliates of any of the Loan Parties if at the time of, and immediately after giving effect to, the acquisition, there is no Default or Event of Default hereunder.

"*Permitted Liens*" has the meaning set forth in Section 7.4.

"*Person*" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, other legal entities and governmental bodies.

"*Personally Identifiable Information*" means any information that alone or in combination with other information held a Person can be used to specifically identify a Person including but not limited to a natural person's name, street address, telephone number, e-mail address, photograph, social insurance number, driver's license number, passport number, credit or debit card number or customer or financial account number or any similar information that is treated as "Personally Identifiable Information" under any applicable Laws.

"*Plan*" means a "pension plan", as such term is defined in ERISA, which is subject to Title IV of ERISA (other than a multi-employer plan) and to which Issuers or any ERISA Affiliate may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"*Pro Rata Share*" means, in respect of a Purchaser, the percentage obtained by dividing (i) the outstanding principal amount of the Loan(s) held by such Purchaser by (ii) the aggregate outstanding principal amount of the Loans held by all Purchasers.

"*Properties*" means the Rock Island Property, the Oglesby Property and the Homestead Property.

"*Property Acquisition Debt*" means any Indebtedness incurred to finance the acquisition by a Loan Party or a Subsidiary of real property from a Person who is not an Affiliate of a Loan Party or Subsidiary of a Loan Party; provided that: (i) such Property Acquisition Debt shall not exceed 80% of the fair market value of the financed real property at the time of acquisition; (ii) under the terms of such Property Acquisition Debt, the recourse and remedies of the lender upon the occurrence of an event of default thereunder are limited to such financed real property; and (iii) if an Affiliate of a Loan Party or a Subsidiary of a Loan Party provides the financing for the acquisition, such financing is incurred in compliance with Section 7.11 hereof.

"*Purchaser(s)*" has the meaning set forth in the Recitals.

"*Purchaser Request*" has the meaning set forth in Section 10.5(b).

"*Recipient*" means any Agent or any Purchaser, as applicable.

"*Related Parties*" means, with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates and "Related Party" means any one of them.

"*Register*" has the meaning set forth in Section 11.6(c).

"*Reportable Event*" has the meaning given to such term in ERISA.

"*Required Purchasers*" means, as of any date of determination, one or more Purchasers holding Loans representing, in aggregate, at least a majority of the then outstanding principal amounts of the Loans held by all Purchasers.

"*Rock Island Property*" means that certain real property located at 8221 51st Street West, Rock Island, Illinois 61201.

"*Sanctions*" means economic or financial sanctions, requirements or trade embargoes imposed, administered or enforced from time to time by Governmental Bodies (including, but not limited to, OFAC, the U.S. Department of State and the U.S. Department of Commerce).

"*Stockholders' Equity*" means, as of any date of determination, the total assets of the Loan Parties and their Subsidiaries minus the total liabilities of the Loan Parties and their Subsidiaries, in each case on a consolidated basis in accordance with IFRS.

"*Subordinated*" means terms ensuring that the Subordinated obligation does not provide for (i) financial covenants more restrictive than financial covenants contained this Agreement; (ii) repayment of principal, interest or other amounts under the Subordinated Indebtedness if there is a Default or Event of Default under this Agreement or there would be a Default or Event of Default after giving effect to any such payment of Subordinated Indebtedness; and (iii) the right to accelerate, the Subordinated Indebtedness coupled with a perpetual standstill. In addition, in

the event of a Default or Event of Default under this Agreement, the Loans must be indefeasibly repaid in full before any payments made be made under any Subordinated Indebtedness.

"*Subordinated Debt*" has the meaning set forth in Section 7.1.

"*Subsequent Closing Date*" means the date on which all of the conditions set forth in Section 4.2 in respect of a Loan by a Subsequent Purchaser are satisfied or otherwise waived by the Subsequent Purchaser. For clarity, there may be more than one Subsequent Closing Date but any and all Subsequent Closing Date must be held prior to the expiration of the Funding Period.

"*Subsequent Purchaser(s)*" has the meaning set forth in the Recitals.

"*Subsidiary*" of a person or entity means a corporation, partnership, limited liability company, or other entity in which that person or entity directly or indirectly owns or controls 50% or more of the Equity Interests.

"*Taxes*" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Body, including any interest, additions to tax or penalties applicable thereto.

"*Title Policies*" means the each of the ALTA Lender's Policy of Title Insurance on each of the Properties as issued by Stewart Title Guaranty Company in connection with the Loans.

"*UCC*" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect from time to time in the State of Illinois or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction. All references in this Agreement to the provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

"*United States*" and "*U.S.*" mean the United States of America.

"*U.S. Person*" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"*Unrestricted Subsidiary*" means any Material Subsidiary of any of the Loan Parties that is not the holder of a license from a Governmental Body under a Cannabis Act and the Equity Interests in which are owned directly or indirectly by one or more Loan Parties and/or Affiliates of such Loan Parties, excluding the following entities that might otherwise qualify as Unrestricted Subsidiaries: KSGNF, LLC, a Florida limited liability company, GTI Rock Island Partners, LLC, an Illinois limited liability company, and GTI Oglesby Partners, LLC, an Illinois limited liability company.

"*Warrant Agreement*" means an agreement in the form of Exhibit C attached hereto that has been executed by the Guarantor and delivered to a Purchaser pursuant to this Agreement.

"*Warrant Holder*" means, in respect of any Warrants, the Person in whose name such Warrants are held, together with its permitted successors and assigns.

"*Warrants*" means the warrants exercisable for Subordinate Voting Shares of the Guarantor in accordance with the applicable Warrant Agreement. For the avoidance of doubt, the Exercise Price specified in each Warrant Agreement will equal the higher of: (i) 1.15 multiplied by the volume weighted average price per share of the Subordinate Voting Shares for the five (5)-day period during which trading occurred immediately preceding the applicable Closing Date (i.e., the date on which the applicable Warrants are issued to a Purchaser) and (ii) 1.00 multiplied by closing price of the Subordinate Voting Shares on the trading date immediately preceding the applicable Closing Date.

"*Welfare Plan*" has the meaning given to such term in ERISA.

"*Withholding Agent*" means any Loan Party or any Agent, as applicable.

[***] means [***].

Section 1.2 *Accounting Terms*. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with IFRS. Financial statements of the Loan Parties and other information required to be delivered to the Purchasers pursuant to Section 6.1 shall be prepared in accordance with IFRS as in effect at the time of such preparation.

Section 1.3 *Currency*. All references herein to "Dollars," "dollars" and "$" refer to lawful currency of the United States of America, except as expressly provided for in the Warrants.

Section 1.4 *Joint and Several Liability*. Each of the Issuers is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Purchasers under this Agreement, for the mutual benefit, directly and indirectly, of each of the Issuers and in consideration of the undertakings of each of the Issuers to accept joint and several liability for the obligations of each of them. Each of the Issuers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety, but also as a co-debtor, joint and several liability with the other Issuers with respect to the payment and performance of all of the Obligations arising under this Agreement and the other Loan Documents, it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the Issuers without preferences or distinction among them. If and to the extent that any of the Issuers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other Issuers will make such payment with respect to, or perform, such Obligation. Each of the Issuers further agrees that it shall have no right of subrogation, indemnity, reimbursement or contribution against the other Issuers for amounts so paid under this Agreement until such time as the Purchasers have been indefeasibly paid in full and all Obligations under this Agreement have been terminated. The obligations of each Issuer under the provisions of this Section 1.4 constitute full recourse obligations of such Issuer, enforceable against it to the full extent of its properties and assets. The provisions of this Section 1.4 are made for the benefit of the Purchasers and their successors and assigns, and may be enforced by them from time to time against any of the Issuers as often as occasion therefor may arise and without requirement on the part of any of the Purchasers first to marshal any of its claims or to exercise any of its rights

against the other Issuers or to exhaust any remedies available to it against the other Issuers or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 1.4 shall remain in effect until all the Obligations shall have been indefeasibly paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations is rescinded or must otherwise be restored or returned by the Purchasers upon the insolvency, bankruptcy or reorganization of any of the Issuers, or otherwise, the provisions of this Section 1.4 will forthwith be reinstated and in effect as though such payment had not been made. Notwithstanding any provision to the contrary contained herein or in any of the other Loan Documents, to the extent the Obligations of any of the Issuers shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable Laws relating to fraudulent conveyances or transfers) then the Obligations of such Issuer hereunder shall be limited to the maximum amount that is permissible under applicable Law.

## ARTICLE II

### LOANS

Section 2.1 *Loans*. The aggregate principal amount of the Loans, whether made on the Initial Closing Date or on any Subsequent Closing Date, shall not exceed $150,000,000 and no Loans shall be made after expiration of the Funding Period. Any principal amount of Loans repaid or prepaid may not be re-borrowed. Each Purchaser shall be responsible solely for its own obligation to fund its Loan in the amount set forth beside its name on Schedule 2 and shall have no obligation for the funding (or failure of funding) by any other Purchaser of such other Purchaser's obligation to make its Loan. The Issuers shall notify in writing each of the then existing Purchasers and the Agents at least five Business Days in advance of each Subsequent Closing Date of the identity of any Subsequent Purchaser and the amount of the Loan to be made by any Subsequent Purchaser. Upon expiration of the Funding Period, the Issuers shall provide each Purchaser with a copy of Schedule 2, updated to reflect: (i) the names and addresses of each of the Purchasers, (ii) the principal amount of the Loans made by each of the Purchasers and (iii) the per share exercise price in the Warrants, as adjusted from time to time in accordance with the Warrant Agreement, and the number of Subordinate Voting Shares covered by each Purchaser's Warrant Agreement, as adjusted from time to time in accordance with the Warrant Agreement. Any Loans funded on a Subsequent Closing Date, and the Notes issued to evidence such Loans, shall have identical terms to the Loans and Notes issued on the Initial Closing Date, subject to modification to reflect the names of the applicable Subsequent Purchasers, the principal amounts of their respective Loans and the accrual of interest on such Loans from the applicable Subsequent Closing Date(s).

Section 2.2 *Loan Closings*. Closings of each of the Loans may be consummated by exchange of electronic documents and signatures and the payment of monies in accordance with, and subject to the terms and conditions contained in, this Agreement. At each Closing, the Issuers will deliver to the applicable Purchasers a Note in a principal amount equal to such Purchaser's Loan, together with the such other instruments and documents provided for in this Agreement, and each Purchaser will fund its Loan by check payable to any Issuer, on behalf of all of the Issuers, or by wire transfer to a bank account designated by the Issuers.

Section 2.3 *Federal income tax treatment of Loans and Warrants*. The Purchasers and the Loan Parties acknowledge that, for federal income tax purposes, the Loans and the Warrants constitute an "investment unit" under Code Section 1273 and that the following shall apply with respect to the federal income tax treatment of the investment unit:

(a) The issue price of the investment unit shall be allocated between the debt instrument (Loans) and the property rights (Warrants) that comprise the unit based on their relative fair market values.

(b) For United States federal income tax purposes (i) the issue price (within the meaning of Section 1273(b) of the Code) of the Loans made on the Initial Closing Date will be determined pursuant to Sections 1272 through 1275 of the Code and the Treasury Regulations thereunder and (ii) the issue price (within the meaning of Section 1273(b) of the Code) of the Warrants issued on the Initial Closing Date will be determined pursuant to Section 1.1273-2(h)(1) of the Treasury Regulations. The Issuers will disclose all determinations of issue price of the Loans and Warrants to the Initial Purchasers within three (3) business days of making such determination by written, electronic correspondence to the authorized representatives of the Initial Purchasers.

(c) The fair market value of the Warrants issued on the Initial Closing Date may constitute original issue discount under Code Section 1273, in which case, such original issue discount is includable in gross income of the Initial Purchasers over the term of the investment unit pursuant to the applicable provisions of the Code, and deductible by the Issuers, to the extent otherwise permitted by the Code. If required, Issuers shall furnish the Initial Purchasers with IRS Form 1099-OID, when and as required by applicable law, and shall schedule the Notes as required by Treasury Regulation 1.1275-3(b).

(d) Determinations, allocations and reporting comparable to that set forth above shall be made in respect of Loans made, and Warrants issued, on each Subsequent Closing Date.

Section 2.4 *Interest*. Except as provided in the last sentence of this Section 2.4, each Loan shall bear interest on the unpaid principal amount thereof from the date such Loan is made through the date of repayment of such Loan (whether at maturity, by acceleration or otherwise) at a rate per annum equal to the Interest Rate. The interest shall be payable in cash by the Issuers on (i) the last day of each fiscal quarter, (ii) the date of termination of the Loans pursuant to this Agreement, and (iii) on the applicable Maturity Date, without duplication. If a payment date is not a Business Day, then payment shall be made on the next succeeding Business Day. Interest hereunder shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Upon the occurrence and during the continuance of an Event of Default, the principal amount of all Loans and, to the extent permitted by applicable law, any accrued but unpaid interest payments on the Loans and any fees or other amounts owed hereunder and not paid when due, in each case whether at stated maturity, by notice of prepayment, by acceleration or otherwise, shall bear interest at the Default Rate.

Section 2.5 *Fees and Expenses*.

*(a) Transaction Expenses*. At the Initial Closing, the Issuers will pay (i) to the Agents or, at the direction of the Agents, to an Affiliate thereof and (ii) to, or at the direction of, [***], the amount of legal and out-of-pocket expenses incurred by each of them in connection with the transactions contemplated under this Agreement which amounts shall be payable directly from the proceeds of Initial Loans.

*(b) Other Expenses*. In addition to the payments pursuant to Section 2.5(a), the Issuers agree to pay promptly:

(i) all of the actual and reasonable costs and expenses of preparation of any consents, amendments, waivers or other modifications to the Loan Documents;

(ii) to the Agents, all fees, costs and expenses due to Agents pursuant to the Agent Fee Letter and all costs and expenses (including, without limitation, reasonable attorney's fees and expenses) incurred by the Agents in connection with any consent, waiver, amendment or enforcement of this Agreement or any other Loan Document;

(iii) all fees, actual costs and reasonable expenses (including, without limitation, the reasonable fees, expenses and disbursements of any appraisers, consultants, advisors, counsels, and agents employed or retained by the Required Purchasers (or by an Agent at the direction of the Required Purchasers) in connection with the inspection, verification, custody, perfection, protection or preservation of any of the Collateral, which, so long as no Event of Default has occurred and is continuing, shall not exceed $10,000 in the aggregate, per calendar year during the term of this Agreement;

(iv) all costs and expenses (including, without limitation, reasonable attorney's fees and expenses) incurred by [***] in connection with any consent, waiver or amendment of this Agreement or any other Loan Document requested by the Loan Parties (and for the avoidance of doubt, the costs and expenses covered by this clause (iv) do not cover costs and expenses incurred by any other Purchaser in connection with any such requested consent, waiver or amendment of this Agreement or any other Loan Document requested by the Loan Parties);

(v) after the occurrence of a Default or an Event of Default, all fees, costs and expenses, including documented and reasonable attorneys' fees and costs of settlement, incurred by the Agents and the Purchasers in enforcing any Obligations of or in collecting any payments due from Issuers hereunder or under any other Loan Document by reason of such Default or Event of Default (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of any guaranty, including under the Guaranty Agreement) or in connection with any negotiations, reviews, refinancing or restructuring of the credit arrangements provided hereunder,

including, without limitation, in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings; and the foregoing shall be in addition to, and shall not be construed to limit, any other provisions of the Loan Documents regarding fees, costs and expenses to be paid by the Issuers.

*(c) Lending Fee*. In consideration for various lending services rendered by [***] in connection herewith, at the Initial Closing, the Issuers will arrange for that number of Subordinated Voting Shares of Guarantor to be issued to, or at the direction of, [***] equal to [***] divided by the higher of (i) the volume weighted average price per share of the Subordinate Voting Shares for the five (5)-day period immediately preceding the Initial Closing Date during which trading occurred, and (ii) the closing price of the Subordinate Voting Shares on the trading date immediately preceding the Initial Closing Date.

Section 2.6 *Repayment of the Loans; Extension of Maturity Date.*

*(a) Repayment of the Loans*. The outstanding principal balance of all outstanding Loans shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date. All other amounts outstanding under the Loans and all other Obligations under the Loans shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date.

*(b) Extension of the Maturity Date*. Issuers shall have the option upon written notice to the Agents and Purchasers to extend the term of the Loans beyond the initial Maturity Date for one (1) year to the fourth anniversary of the Agreement Date (the "*Extended Maturity Date*"); provided that, as of the date of the election of the extension, the representations and warranties of the Issuers and Guarantor contained in this Agreement and other Loan Documents shall be true and correct in all material respects; since the Closing Date, there shall not have occurred any Material Adverse Effect; and no Default or an Event of Default shall have occurred and be continuing.

Section 2.7 *Optional Prepayment*.

(a) After the first anniversary of the Agreement Date, at option of the Issuers, the Issuers may prepay all or any part of the unpaid principal balance of the Notes at any time, together with all accrued interest thereon. In such event or upon the occurrence of any mandatory prepayment event specified in Section 2.8 hereof, Issuers shall pay to the Administrative Agent for the ratable benefit of the Purchasers a prepayment fee of (a) 2.50% of the principal amount of the Notes to be prepaid if such prepayment occurs after the first anniversary of the Agreement Date and prior to the second anniversary of the Agreement Date and (b) 1.50% of the principal amount of the Notes to be prepaid if such prepayment occurs after the second anniversary of the Agreement Date and prior to the third anniversary of the Agreement Date. Issuers shall not be required to pay a prepayment fee in connection with optional prepayments thereafter. Except as set forth above in this Section, Issuers have no optional prepayment rights under this Agreement or the Notes. Amounts repaid or prepaid in respect of the Notes may not be re-borrowed. Upon the election of the Issuers, any prepayment notice is revocable, prior to repayment, upon written notice of Issuers to the Agents and each Purchaser.

(b) All prepayments pursuant to this Section 2.7 shall be made on a Business Day and upon not less than two (2) Business Day's prior written notice, in each case given to the Administrative Agent and each of the Purchasers no later than 12:00 p.m. (New York City time) on the date required for such notice. Each Purchaser shall receive its Pro Rata Share of any prepayments pursuant to this Section 2.7.

Section 2.8 *Mandatory Prepayment.*

(a) Issuers shall be required to repay in full the outstanding principal amount of the Loans, and all accrued interest thereon and the applicable prepayment fee (as specified below) upon the occurrence of any of the following events:

(i) Concurrently with any Change of Control, together with payment of the prepayment fee (as specified in Section 2.7(a) above); provided that if the Change of Control occurs prior to the first anniversary of the Agreement Date, then the prepayment fee shall equal 4.0% of the principal amount of the Notes. No less than five (5) Business Days prior to any proposed Change of Control, Issuers will deliver a written notice to the Administrative Agent and each of the Purchasers describing the transaction that constitutes the proposed Change of Control and stating the date on which the Change of Control shall occur.

(ii) Upon the effective date of the expiration, termination or repeal of a Cannabis Act, if such expiration, termination or repeal has a Material Adverse Effect, together with payment of the prepayment fee (as specified in Section 2.7(a) above). If known, then no less than five (5) Business Days prior to and if unknown, then promptly after any expiration, termination or repeal of a Cannabis Act that has a Material Adverse Effect, Issuers will deliver a written notice to the Administrative Agent and each of the Purchasers describing the applicable expiration, termination or repeal and stating the date on which the mandatory prepayment shall occur. For the avoidance of doubt, there shall be no prepayment fee in the event that the expiration, termination or repeal of a Cannabis Act that has a Material Adverse Effect occurs prior to the first anniversary of the Agreement Date.

(iii) Upon the occurrence of any Event of Default which results in the acceleration of amounts due under the Notes, together with payment of the prepayment fee (as specified in Section 2.7(a) above); provided that if the Event of Default occurs prior to the first anniversary of the Agreement Date, then the prepayment fee shall equal 4.0% of the principal amount of the Notes.

(b) Any prepayment required under this Section 2.8 shall be accompanied by the prepayment fee, if any, set forth in Section 2.7(a) and/or Section 2.8(a) hereof. Any Purchaser shall receive its Pro Rata Share of any such prepayment.

Section 2.9 *Ratable Sharing.* Each payment or prepayment of principal of, and interest on, any Loan, and any prepayment fees and other amounts due and owing to the Purchasers under the Loan Documents (other than amounts payable pursuant to Section 2.5 or

Section 3.1(c)), shall be allocated among the Purchasers in accordance with their respective Pro Rata Shares. Each Purchaser hereby agrees with each of the other Purchasers that if any of them shall, whether by voluntary prepayment, through the exercise of any right or remedies or otherwise, receive payments of principal or interest or other amounts due and owing to such Purchaser under the Loan Documents which is greater than its Pro Rata Share, then the Purchaser(s) receiving such excess amounts shall, upon learning of such excess, notify the Administrative Agent and the other Purchasers of such excess and promptly pay in cash and make such other adjustments from time to time as shall be equitable to the end that all Purchasers share in payments and recoveries from the Loan Parties in accordance with their respective Pro Rata Shares. The Issuers shall take such actions as may be necessary or appropriate to assure that any such payments to and recoveries by Purchasers under the Loan Documents (other than amounts payable to pursuant to Section 2.5 or Section 3.1(c)) are in accordance with their respective Pro Rata Shares.

Section 2.10 *Use of Proceeds*. The Issuers shall use the proceeds of the Loans solely: (i) for general corporate purposes, including to fund growth capital expenditures and other working capital requirements of Issuers and their respective Subsidiaries; (ii) to acquire licenses to own and operate adult use and/or medical cultivation and processing facilities, and dispensaries and adjacent or ancillary business lines; (iii) to repay an existing term loan with a principal balance of up to $18,500,000; (iv) to pay fees and expenses associated with the Loans; and (v) to pay interest on the Loans.

## ARTICLE III

### TAXES

Section 3.1 *Taxes, Etc*.

*(a) Payments Free of Taxes*. Any and all payments by or on account of any obligation of any Loan Party under any other Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Body in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made. For purposes of this Section, the term “applicable Law” includes FATCA.

*(b) Payment of Other Taxes by the Loan Parties*. The Loan Parties shall pay to the relevant Governmental Body in accordance with applicable law, or at the option of the applicable Agent or a Purchaser, as applicable, timely reimburse it for the payment of, any Other Taxes.

*(c) Indemnification by the Loan Parties*. The Loan Parties shall indemnify and hold harmless each Recipient, within 10 days after demand therefor, for the full amount of any and all Indemnified Taxes (including any Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.1) paid or payable by such Recipient or required to be withheld or deducted from a payment to such Recipient and any expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Body. A certificate as to the amount of such payment or liability delivered to the Issuer by a Purchaser (with a copy to the Administrative Agent), or by an Agent on its own behalf or on behalf of a Purchaser, shall be conclusive absent manifest error.

*(d) Evidence of Payments*. Any Loan Party shall furnish to the Administrative Agent (and the applicable Purchaser) the original or a certified copy of a receipt issued by a Governmental Body evidencing payment by the Issuer of Taxes to such Governmental Body pursuant to this Section, as soon as practicable after the date of any such payment by the Issuer.

*(e) Status of Purchasers*. Any Purchaser that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Issuer and the Administrative Agent, at the time or times reasonably requested by the Issuer or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Issuer or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Purchaser, if reasonably requested by the Issuer or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law as will enable the Issuer or the Administrative Agent to determine whether or not such Purchaser is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation shall not be required if in the Purchaser's reasonable judgment such completion, execution or submission would subject such Purchaser to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Purchaser. Without limiting the generality of the foregoing, in the event that the Issuer is a U.S. Person,

(i) any Purchaser that is a U.S. Person shall deliver to the Issuer and the Administrative Agent on or about the date on which such Purchaser becomes a Purchaser under this Agreement (and from time to time thereafter upon the reasonable request of the Issuer or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Purchaser is exempt from U.S. federal backup withholding tax;

(ii) any Foreign Purchaser shall, to the extent it is legally entitled to do so, deliver to the Issuer and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Purchaser becomes a Purchaser under this Agreement (and from time to time thereafter upon the reasonable request of the Issuer or the Administrative Agent), whichever of the following is applicable:

(A) in the case of a Foreign Purchaser claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(B) executed copies of IRS Form W-8ECI;

(C) in the case of a Foreign Purchaser claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Purchaser is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Issuer within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" related to the Issuer as described in Section 881(c)(3)(C) of the Code (a "*U.S. Tax Compliance Certificate*") and (y) executed copies of IRS Form W-8BEN or IRS Form W 8BEN-E; or

(D) to the extent a Foreign Purchaser is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W 8BEN-E, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Purchaser is a partnership and one or more direct or indirect partners of such Foreign Purchaser are claiming the portfolio interest exemption, such Foreign Purchaser may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(iii) if a payment made to a Purchaser under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Purchaser were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Purchaser shall deliver to the Issuer and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Issuer or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Issuer or the Administrative Agent as may be necessary for the Issuer and the Administrative Agent to comply with their obligations under FATCA and to determine that such Purchaser has complied with its obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment.

Solely for purposes of this clause 3.1(e)(iii), "FATCA" shall include any amendments made to FATCA after the Agreement Date.

Each Purchaser agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Issuer and the Administrative Agent in writing of its legal inability to do so.

(f) If any party, in its reasonable judgment, receives a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.1, it shall promptly pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 3.1 with respect to the Taxes giving rise to such refund) net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Body with respect to such refund) Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (f) (plus any penalties, interest or other charges imposed by the relevant Governmental Body) in the event that such indemnified party is required to repay such refund to such Governmental Body. Notwithstanding anything to the contrary in this paragraph (f), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (f) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

*(g) Survival*. The agreements and obligations of the Issuer in this Section 3.1 shall survive the resignation or replacement of an Agent or any assignment of rights by, or the replacement of, a Purchaser, the termination or repayment of the Loans and the repayment, satisfaction or discharge of all obligations under any Loan Document.

## ARTICLE IV

## CONDITIONS PRECEDENT

Section 4.1 *Conditions Precedent; Initial Closing Date*. The obligation of each Initial Purchaser to make its Loan on the Initial Closing Date is subject to the satisfaction prior to, or concurrently, with the making of such Loan of each of the conditions precedent set forth in this Section 4.1, all in form and substance satisfactory to the Initial Purchasers:

*(a) Notice*. To be delivered to the Agents and the Issuers, an executed IRS Form W-9 or appropriate IRS Form W-8 for each Initial Purchaser.

*(b) Execution*. This Agreement, which shall have been executed and delivered by a duly authorized officer of each of the parties hereto, together with all other Loan Documents (other than any Note), which shall have been executed and delivered by a duly authorized officer of the Loan Parties.

*(c) Organizational Documents*. The Loan Parties shall have delivered to the Initial Purchasers and the Agents: (i) signature and incumbency certificates of an officer of the Loan Parties; (ii) resolutions of the Board of Directors of Guarantor and resolutions of the members, managers or other governing body, as applicable, of the other Loan Parties approving and authorizing the execution, delivery and performance of this Agreement and each of the Loan Documents to which it is a party, certified as of the Closing Date by an officer of each of the Loan Parties as being in full force and effect without modification or amendment; (iii) a good standing certificate from the applicable Governmental Body of the Loan Parties' applicable jurisdiction of formation or organization and in each jurisdiction in which it is qualified as a foreign corporation or other entity to do business, each dated a recent date prior to the Closing Date; (iv) the certificate of formation and limited liability company agreement, or other comparable charter documents, of the Loan Parties, each as amended to date.

*(d) Consents and Approvals*. The Loan Parties shall have obtained all consents of Governmental Bodies, if applicable, and of other persons, in each case that are necessary and advisable in connection with this Agreement, the other Loan Documents and the transactions contemplated hereby, and all such consents shall be in full force and effect and in form and substance satisfactory to the Initial Purchasers.

*(e) Collateral*. The Initial Purchasers shall have approved the Collateral Documents, evidence of which shall have been provided to the Agents. The Agents and the Initial Purchasers shall have received evidence that the Issuers have taken or caused to be taken any other action, executed and delivered or caused to be executed and delivered any other agreement, document and instrument, and made or caused to be made any other filing and recording (other than as set forth herein) reasonably required by the Initial Purchasers to perfect or protect the liens and security interests in the Collateral in favor of the Collateral Agent, for the benefit of the Agents and the Purchasers.

*(f) Title Insurance*. The Collateral Agent shall have received the Title Policies insuring the validity and priority of the Lien of the Mortgages in favor of the Collateral Agent (for the benefit of the Agents and the Initial Purchasers), subject only to Permitted Liens.

*(g) Officer's Certificate*. The Issuers shall have delivered to the Initial Purchasers and the Agents an executed officer's certificate stating that to the best of the certifying officer's knowledge and belief after due inquiry (a) the representations and warranties contained in this Agreement are true and correct in all respects on and as of the Closing Date; and (b) no event shall have occurred and be continuing that would constitute a Default or an Event of Default.

*(h) No Litigation*. There shall not exist any action, suit, investigation, litigation or proceeding or other legal or regulatory developments, pending or, to Issuers' knowledge, threatened in any court or before any arbitrator or Governmental Body that involves the Loan Documents or impairs or challenges any of the transactions contemplated by the Loan Documents, or that could reasonably be expected to have a Material Adverse Effect.

*(i) No Material Adverse Effect*. No Material Adverse Effect shall have occurred since December 31, 2018 and no Material Adverse Effect shall have occurred after giving effect to the issuance of the Loans made on the Closing Date.

*(j) Note and Warrants*. Each of the Initial Purchasers shall have received: (i) an originally executed Note in the form attached hereto as Exhibit A (a copy of which shall have been delivered to the Administrative Agent), (ii) a copy of the originally executed Guaranty Agreement in the form attached hereto as Exhibit B and (iii) an originally executed Warrant Agreement in the form attached hereto as Exhibit C covering the number of Subordinate Voting Shares of the Guarantor specified beside such Initial Purchaser's name on Schedule 2.

*(k) Legal Opinion*. Each of the Initial Purchasers shall have received an originally executed copy of the written opinion of Dentons US LLP, counsel for the Issuers, dated as of the Initial Closing Date, and in form and substance reasonably satisfactory to the Initial Purchasers (a copy of which shall have been delivered to the Administrative Agent).

*(l) Agent Fee Letter*. An executed copy of the Agent Fee Letter, which shall have been executed and delivered by a duly authorized officer of the Agents and the Issuers.

*(m) West Payoff Documentation*. The Agents shall have received, on behalf of the Purchasers, copies of executed payoff letters and related documents effecting and evidencing the termination and release of Liens granted in connection with (i) that certain Loan and Security Agreement dated October 2, 2017 among West CRT Heavy, LLC as lender and GTI-Clinic Illinois Holdings, LLC and certain subsidiaries, as borrowers, and (ii) that certain Lending Agreement dated October 2, 2017 among Demeter Capital Group, LP and other senior lenders and GTI-Clinic Illinois Holdings, LLC and certain subsidiaries, as borrowers.

Section 4.2 *Conditions Precedent to Additional Closings*. The obligation of a Subsequent Purchaser to make its Loan on the applicable Subsequent Closing Date is subject to the satisfaction prior to, or concurrently with, the making of such Loan of the conditions precedent set forth in this Section 4.2, all in form and substance satisfactory to the Subsequent Purchaser:

*(a) Notice*. The Loan Parties shall have delivered to the Administrative Agent at least 5 Business Days prior to the Subsequent Closing Date: (i) a written notice which specifies the Subsequent Closing Date, the aggregate amount of the Loans to be funded on the Subsequent Closing Date, the amount of each Loan to be funded by each Subsequent Purchaser on the Subsequent Closing Date and customary administrative information and (ii) an executed IRS Form W-9 or appropriate IRS Form W-8 for each Subsequent Purchaser.

*(b) Joinder, Notes and Warrants*. The Subsequent Purchaser shall have executed and delivered a joinder to this Agreement and the Subsequent Purchaser shall have received: (i) an originally executed Note in the form attached hereto as Exhibit A and in the principal amount of its Loan and dated the Subsequent Closing Date (a copy of which shall have been delivered to the Administrative Agent), (ii) an originally executed Guaranty Agreement in the form attached hereto as Exhibit B and (iii) and an originally executed Warrant Agreement in the form attached hereto as Exhibit C covering the number of Subordinate Voting Shares of the

Guarantor determined in accordance with the same methodology used to compute the number of Subordinate Voting Shares of the Guarantor covered by the Warrants issued to the Initial Purchasers.

(c) *Additional Deliveries and Confirmations*. The Subsequent Purchaser shall have received: (i) confirmation from the Loan Parties that there has been no material change to the organizational documents of the Loan Parties since the Initial Closing Date and no Material Adverse Effect since the Initial Closing Date, (ii) an originally executed copy of the written opinion of Dentons US LLP, counsel for the Issuers, dated as of the Subsequent Closing Date, in substantially the form delivered to the Initial Purchasers on the Initial Closing Date; (iii) an executed officer's certificate dated as of the Subsequent Closing Date, in substantially the form of the officer's certificate delivered to the Initial Purchasers on the Initial Closing Date; and (iv) customary confirmation that the deliveries at the Initial Closing in respect of Collateral shall inure pro rata for the benefit of the Subsequent Purchasers as well as the Initial Purchasers.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

In order to induce each of the Purchasers to enter into this Agreement, each of the Issuers hereby jointly and severally represents and warrants to each of the Purchasers as of the Agreement Date and as of each Closing Date as follows:

Section 5.1 *Organization*. Each of the Issuers and each of their respective Material Subsidiaries is a corporation or a limited liability company duly existing and in good standing under the laws of its state of incorporation or formation, as applicable and as shown on Schedule 5.1, and is duly qualified and in good standing as a foreign corporation or a limited liability company authorized to do business in each jurisdiction where such qualification is required because of the nature of its activities or properties and when a failure to so qualify would have a Material Adverse Effect.

Section 5.2 *Authorization; No Conflict*. Each of the Issuer's execution, delivery and performance of this Agreement and each of the Loan Documents to which it is a party and the consummation of the transactions contemplated by this Agreement and each of the Loan Documents are within such Issuer's corporate or limited liability company powers, have been duly authorized by all necessary corporate or limited liability company action, require no governmental, regulatory or other approval which has not been obtained, and do not and will not contravene or conflict with any (a) applicable Laws, (b) judgments, decrees or orders binding on any of the Issuers or any of their respective properties or (c) any of the certificates of incorporation, certificates of formations of organization, limited liability company agreements or other charter documents of the Issuers and do not and will not contravene, breach or conflict with, or cause any Lien (other than Liens in favor of the Collateral Agent, for the benefit of the Agents and the Purchasers) to arise under, any provision of any material agreement or instrument binding upon any of the Issuers, Guarantor or any of their respective Subsidiaries or upon any property of any of the Issuers, Guarantor or any of their respective Subsidiaries.

Section 5.3 *Validity and Binding Nature*. This Agreement and each of the Loan Documents to which any Issuer is a party is (or, when duly executed and delivered, will be) the legal, valid and binding obligation of such Issuer, enforceable against such Issuer, as applicable, in accordance with its terms subject to general principles of equity, bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforceability of agreements and rights granted thereunder generally.

Section 5.4 *Capitalization and Subsidiaries*.

(a) A complete and correct organization chart that lists all of the direct and indirect Material Subsidiaries of the Loan Parties and all other Persons in which any of the Loan Parties owns, directly or indirectly, an Equity Interest is disclosed in the Guarantor Public Documents. All issued and outstanding Equity Interests of each of the Loan Parties and their respective Subsidiaries have been duly authorized and are validly issued, fully paid and non-assessable, and are owned free and clear of all Liens, and such Equity Interests were issued in compliance with all applicable securities and other Laws.

(b) Schedule 5.4(b) sets forth, as of the Agreement Date, (i) the authorized Equity Interests of the Guarantor, (ii) the number of shares of each class of Equity Interests outstanding and (iii) the number of shares of each such class of Equity Interests issuable upon exercise or conversion of all outstanding options, warrants and other securities or instruments exercisable for or convertible into any such class, and the per share consideration payable upon any such exercise or conversion.

(c) The Subordinate Voting Shares of Guarantor are listed on the Canadian Securities Exchange; the Guarantor is a “reporting issuer” under the laws of the Provinces of British Columbia, Alberta and Ontario; and the Guarantor is not in default in any material respect of any requirements of applicable securities Laws related thereto, or rules or regulations of the Canadian Securities Exchange.

Section 5.5 *Assets and Collateral*.

(a) The Loan Parties and their respective Subsidiaries have good, valid and marketable title all of the properties and assets reflected as owned in the Financial Statements. Schedule 5.5 correctly shows the legal owners of the Properties. None of the properties and assets of any of the Loan Parties or any of their respective Subsidiaries is subject to any Liens other than Permitted Liens, and there are no facts, circumstances or conditions known to the Issuers that are reasonably likely to result in any Liens other than Permitted Liens against any such properties or assets. No financing statement or other public notice with respect to its assets is on file or of record in any public office, except filings evidencing Permitted Liens and filings for which termination statements have been delivered to the Collateral Agent with authorization for Issuers, Purchasers and the Collateral Agent to file from the secured party. All of the Equity Interests owned by each Issuer are free and clear of any and all Liens or claims of others. Notwithstanding anything in the Loan Documents to the contrary, the Collateral Agent shall have no responsibility for the preparation, filing or recording of any instrument, document or financing statement or for the perfection or maintenance of any security interest created hereunder.

Section 5.6 *Financial Statements; Accounting Systems*.

(a) The Financial Statements: (i) are, in all material respects, consistent with the books and records of the Guarantor for the periods covered thereby; (ii) contain and reflect all material adjustments for the fair presentation of the results of operations and the financial condition of the business of the Guarantor for the periods covered thereby; (iii) present fully, fairly and correctly, the assets and financial condition and position of the Guarantor as at the dates thereof and the results of operations and the changes in financial position for the periods then ended; (iv) have been prepared in accordance with applicable Laws and IFRS, applied on a consistent basis throughout the periods referred to therein; and (v) have been audited by independent public accountants and the rules of the Chartered Professional Accountants of Canada.

(b) There has not been any "disagreement" or "reportable event" (within the respective meanings of NI 51-102) with the current auditors or any former auditors of the Guarantor during the past three Fiscal Years.

(c) The Guarantor and each of the Issuers and their respective Subsidiaries have established and maintain accurate books and records reflecting their assets and liabilities and maintain proper and adequate internal accounting controls which provide assurance that (i) transactions are executed in accordance with management's authorization; and (ii) transactions are recorded as necessary to permit the preparation of consolidated financial statements of the Guarantor and to permit the financial statements of the Guarantor to be fairly presented in accordance with IFRS.

Section 5.7 *Absence of Liabilities; Indebtedness*.

(a) The Loan Parties and their respective Subsidiaries do not have any liabilities, fixed or contingent, not provided for or disclosed in the Financial Statements except for liabilities incurred in the ordinary course of business since December 31, 2018, none of which, individually or in the aggregate, is material to the financial condition of the Loan Parties and their respective Subsidiaries taken as a whole.

(b) None of the Loan Parties or their respective Subsidiaries is in default, and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness, and no event or condition exists with respect to any material Indebtedness of any Loan Party or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

Section 5.8 *Related Party Transactions*. Except as disclosed in the Guarantor Public Documents, no relationship, direct or indirect, exists between or among any of the Loan Parties or any Affiliate of any of the Loan Parties, on the one hand, and any director, officer, member, stockholder, customer or supplier of any of the Loan Parties or any Affiliate of any of the Loan Parties, on the other hand.

Section 5.9 *Litigation*. There is no pending litigation (including, without limitation, derivative actions), arbitration proceedings, governmental proceedings or known

investigations or regulatory proceedings which could reasonably be expected to have a Material Adverse Effect or, to the best of knowledge of the Issuers, threatened against any of the Loan Parties or their respective Subsidiaries. In addition, to the best knowledge of the Issuers, there are no inquiries, formal or informal, which would give rise to such material actions, proceedings or investigations.

Section 5.10 *Employee Benefit Plans*. Each Plan of the Loan Parties complies in all material respects with all applicable Laws and has so complied during the 12-consecutive-month period ending on the Agreement Date; and (a) no Reportable Event has occurred and is continuing with respect to any Plan, (b) none of the Loan Parties nor any ERISA Affiliate has withdrawn from any Plan or instituted steps to do so, (c) no steps have been instituted to terminate any Plan, (d) every employee benefit plan within the meaning of Section 3(3) of ERISA which is sponsored, or to which contributions are made by any of the Loan Parties or any ERISA Affiliate has been maintained in compliance with all applicable Laws, including, without limitation ERISA and the Internal Revenue Code of 1986, as amended, and (e) no contribution failure has occurred with respect to any Plan sufficient to give rise to a lien under Section 302(f) of ERISA. No condition exists or event or transaction has occurred in connection with any Plan which could result in the incurrence by any of the Loan Parties or any ERISA Affiliate of any material liability, fine or penalty. None of the Loan Parties nor any ERISA Affiliate is a member of or contributes to any Multiemployer Plan. None of the Loan Parties nor any ERISA Affiliate has any contingent liability with respect to any post-retirement benefit under a Welfare Plan other than liability for continuation coverage described in Part 6 of Title I of ERISA.

Section 5.11 *Investment Company Act*. None of the Loan Parties or any of their respective Subsidiaries is an “investment company” or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

Section 5.12 *Regulation U*. None of the Loan Parties or any of their respective Subsidiaries are engaged principally in, and none has as one of its important activities, the business of extending credit for the purpose of purchasing or carrying Margin Stock.

Section 5.13 *Hazardous Material*. None of the Loan Parties or any of their respective Subsidiaries or, to the best knowledge of the Issuers, any Affiliate of any of the Loan Parties, is or has ever used, generated, processed, stored, disposed of, released or discharged any Hazardous Material in, on, under, or about any of their respective real property or transported any such Hazardous Material to or from any of their respective real property other than in material compliance with Environmental Laws. All Hazardous Materials at the facilities of the Loan Parties or any of their respective are handled in material compliance with Environmental Laws. All Hazardous Material is disposed of in material compliance with Environmental Laws. The Issuers have no knowledge, and none of the Loan Parties has received, any notification, administrative order, or other notice of enforcement, cleanup, removal or other governmental or regulatory actions completed, instituted or threatened under any Environmental Laws, or of claims made or threatened by any Person against any of the Loan Parties or their respective Subsidiaries or their respective real property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any presence, release, discharge or migration of any Hazardous Material.

Section 5.14 *Environmental Compliance*. The Loan Parties and their respective Subsidiaries have obtained all material permits required by any of them under all applicable Environmental Laws. The Loan Parties and their respective Subsidiaries and their respective properties and assets are in compliance in all material respects with all applicable Environmental Laws. None of the Loan Parties or their respective Subsidiaries have any reason to believe that any one of them will be unable to obtain all required permits or maintain compliance in all material respects with all Environmental Laws, or that inability to obtain all required permits or maintain compliance with all Environmental Laws would materially impair any such entity's ability, as applicable, to meet its obligations under this Agreement.

Section 5.15 *Accuracy of Information*. All information heretofore or contemporaneously furnished by or on behalf of the Loan Parties to Purchasers for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all other information hereafter furnished by or on behalf of the Loan Parties to Purchasers will be, true and accurate in every material respect on the date as of which such information is dated or certified, and Issuers have not omitted nor will they omit or permit to be omitted any material fact necessary to prevent such information from being false or misleading.

Section 5.16 *Fair Consideration*. The Loan Parties and their respective Subsidiaries, taken as a whole (for purposes of this Section 5.16, the "Group"), are not "insolvent" nor will their incurrence of obligations, direct or contingent, to repay the Loan render them "insolvent." For purposes of this Section, the Group, taken as a whole, would be "insolvent" if (a) the "present fair salable value" (as defined below) of the consolidated assets of the Group is less than the amount that will be required to pay the Group's probable liability on the existing debts and other liabilities (including contingent liabilities) of members of the Group as they become absolute and matured; (b) the property of the Group, taken as a whole, constitutes unreasonably small capital for the members of the Group to carry out each member's business as now conducted and as proposed to be conducted including the capital needs of such member; (c) the Group, taken as a whole, intends to, or believes that it will, incur debts beyond the ability of the members to pay such debts as they mature (taking into account the timing and amounts of cash to be received by the members and amounts to be payable on or in respect of debt of the members), or the cash available to the Group, after taking into account all anticipated uses of the cash, is anticipated to be insufficient to pay all such amounts on or in respect of debt of the members of the Group when such amounts are required to be paid; or (d) Issuers believe that final judgments against any member of the Group in actions for money damages will be rendered at a time when, or in an amount such that, the applicable member(s) of the Group will be unable to satisfy any such judgments promptly in accordance with their terms (taking into account the maximum reasonable amount of such judgments in any such actions and the earliest reasonable time at which such judgments might be rendered), or the cash available to the Group, after taking into account all anticipated uses of the cash, is anticipated to be insufficient to pay all such judgments promptly in accordance with their terms. For purposes of this Section, the following terms have the following meanings: (x) the term "debts" includes any legal liability, whether matured or unmatured, liquidated, absolute, fixed or contingent, (y) the term "present fair salable value" of assets means the amount which may be realized, within a reasonable time, either through collection or sale of such assets at their regular market value and (z) the term "regular market value" means the amount which a capable and diligent businessman could obtain for the

property in question within a reasonable time from an interested buyer who is willing to purchase under ordinary selling conditions.

Section 5.17 *Labor Controversies*. There are no labor controversies pending or, to the best knowledge of Issuers, threatened against any of the Loan Parties or any of their respective Subsidiaries.

Section 5.18 *Taxes and Tax Status*. The Loan Parties and their respective Subsidiaries have made or filed all federal, state and other Tax returns, reports and declarations required to be filed, and have paid all Taxes, assessments and other charges shown or determined to be due on such returns, reports and declarations (other than those being diligently contested in good faith by appropriate proceedings), and has set aside adequate reserves against liability for Taxes applicable to periods subsequent to those covered by such returns, reports and declarations. No Loan Party is aware of any material proposed Tax assessments against any of the Loan Parties or any of their respective Subsidiaries. There is no proposed Tax assessment against any of the Loan Parties or any of their respective Subsidiaries that would, if made, have a Material Adverse Effect. None of the Loan Parties or any of their respective Subsidiaries is party to any Tax sharing agreement with any Person that is not a Loan Party. So long as a Purchaser deals at arm's length with the Loan Parties and is not a specified non-resident shareholder of the Loan Parties within the meaning of the *Income Tax Act* (Canada), no payment under any Loan Document will be subject to withholding or deduction under the *Income Tax* Act (Canada). A Purchaser should not be a specified non-resident shareholder unless that Purchaser is not a resident of Canada and, alone or together with other Persons with whom that Purchaser deals but does not deal at arm's length, owns shares of any Loan Party that represent at least 25% of the votes or fair market value of all outstanding shares of such Loan Party. For this purpose, any options or other rights in favor of a Purchaser, or a Person with which such Purchaser deals but does not deal at arm's length, to acquire shares of Guarantor will be treated as having been exercised.

Section 5.19 *No Defaults*. No event has occurred and no condition exists which, upon the execution and delivery of, or consummation of any transaction contemplated by, this Agreement or any Loan Document, or upon the funding of any Loan, or the purchase of any Note, will constitute an Event of Default or Default or will cause a Material Adverse Effect.

Section 5.20 *Licenses and Permits*. The Loan Parties and their respective Subsidiaries have obtained all licenses, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties and assets or to the conduct of their businesses, a failure to obtain or violation of which might cause a Material Adverse Effect.

Section 5.21 *Compliance with Applicable Laws*.

(a) The Loan Parties and their respective Subsidiaries are in compliance in all materials respects with the requirements of all applicable Laws (other than U.S. federal Cannabis Laws).

(b) The Loan Parties and their respective Subsidiaries have complied in all material respects with all applicable privacy and consumer protection laws and none of them have collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws, whether collected directly or from third parties, in an unlawful manner. The Loan Parties and their respective Subsidiaries have taken reasonable steps to protect Personally Identifiable Information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse.

Section 5.22 *Chief Executive Office*. The chief executive office and principal place of business of Issuers is at 325 W. Huron Street, Suite 412, Chicago, Illinois 60654. The originals of the records of the Loan Parties and their respective Subsidiaries are located at such chief executive offices and principal places of business.

Section 5.23 *Intellectual Property*. The Loan Parties and their respective Subsidiaries possess adequate assets, licenses, permits, patents, patent applications, copyrights, service marks, trademarks, trademark applications, trade styles and trade names, governmental approvals or other authorizations and other rights that are material for the conducts of their businesses as heretofore conducted by them and as will be conducted by them in the future.

Section 5.24 *Securities Laws*. Assuming the accuracy of the representations made by the Purchasers herein, the offer and sale of the Notes to the Purchasers are exempt from the registration requirements under the Securities Act of 1933, as amended (the "*Securities Act*") and applicable state securities laws. The first date on which a trade of any Subordinate Voting Shares acquired upon the due exercise of any Warrants will be free from resale restrictions under applicable Canadian securities laws is four months after the date of issuance of such Warrants, provided that the conditions set out in Section 2.5(2) of National Instrument 45-102 – Resale of Securities are met.

## ARTICLE VI

### AFFIRMATIVE COVENANTS

Each of the Issuers covenants and agrees, jointly and severally, that from and after the Agreement Date and so long as the Loans or any other Obligations shall remain unpaid or unsatisfied, the Issuers shall perform and shall cause all of their respective Subsidiaries to perform all the covenants in this Article VI:

Section 6.1 *Reports, Certificates and Other Information to be Furnished to Purchasers*. The following documents and notices shall be delivered to the Purchasers, or otherwise publicly posted on SEDAR, on or before the periods specified below:

(a) Annual Report. As soon as available, and in any event, within one hundred and twenty (120) days after the end of each Fiscal Year: (i) consolidated financial statements of Guarantor, prepared in accordance with IFRS and (ii) an audit report with respect to the consolidated financial statements of Guarantor from a firm of Certified Public Accountants selected by Guarantor, which report shall contain an unqualified opinion, stating that such financial statements present fairly in all material respects the financial position and results of

operations as of the dates and for the periods indicated therein in conformity with IFRS applied on a basis consistent with prior years.

(b) Quarterly Reports. As soon as available, and in any event within sixty (60) days after the close of each calendar quarter, compiled internally prepared consolidated financial statements of Guarantor, prepared in accordance with IFRS.

(c) Notice of Default, Litigation and ERISA Matters. Forthwith upon learning of the occurrence of any of the following, written notice which describes the same and the steps being taken by the Loan Parties with respect thereto: (i) the occurrence of a Default or Event of Default, (ii) the institution of, or any adverse determination in, any litigation, arbitration proceeding or governmental proceeding in which any injunctive relief is sought or in which money damages in excess of $10,000,000, which is not otherwise covered by Issuers' insurance are sought, (iii) the occurrence of a Reportable Event with respect to any Plan, (iv) the institution of any steps by Issuers, the PBGC or any other Person to terminate any Plan, (v) the institution of any steps by Issuers or any ERISA Affiliate to withdraw from any Plan or Multiemployer Plan which could result in material liability to Issuers, (vi) the failure to make a required contribution to any Plan if such failure is sufficient to give rise to a lien under Section 302(f) of ERISA, (vii) the taking of any action with respect to a Plan which could reasonably be expected to result in the requirement that Issuers furnish a bond or other security to the PBGC or such Plan or Multiemployer Plan (to the extent that a bond or other security is not already in place), (viii) the occurrence of any event with respect to any Plan or Multiemployer Plan which could result in the incurrence by Issuers of any material liability, fine or penalty; and, promptly after the incurrence thereof, notice of any material increase in the contingent liability of Issuers with respect to any post-retirement Welfare Plan benefits, or (ix) the occurrence of any event which alone or together with other events could reasonably be expected to have a Material Adverse Effect.

(d) Officer's Certificate. At the time of delivery of the financial statements provided for in Section 6.1(a) and Section 6.1(b), a certificate of the chief executive officer, president or chief financial officer of Guarantor, substantially in the form attached hereto as Exhibit D (i) demonstrating whether there has been compliance with the financial covenants contained in Section 6.10 by calculation thereof as of the end of each applicable fiscal period, including customary detail and supporting documentation and (ii) stating that no Default or Event of Default exists, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action the Loan Parties propose to take with respect thereto.

(e) Other Information. Such other information concerning the Loan Parties as the Administrative Agent or any Purchaser may reasonably request from time to time.

Section 6.2 *Entity Existence and Franchises*. Except as otherwise expressly permitted in this Agreement, maintain and cause each Subsidiary to maintain in full force and effect its separate existence and all rights, licenses, leases and franchises necessary to the conduct of its business.

Section 6.3 *Books, Records and Inspections*. Maintain, and cause each Subsidiary to maintain, complete and accurate books and records.

Section 6.4 *Compliance with Laws*. Comply, and cause each Subsidiary to comply, in all material respects, with the requirements of all applicable Laws (other than federal cannabis Laws) and except where the Loan Parties or their applicable Subsidiaries are contesting an alleged breach in good faith and by proper proceedings and for which the Loan Parties are maintaining adequate reserves in accordance with IFRS.

Section 6.5 *Environmental Matters*.

(a) Without limiting the generality of Section 6.4, comply and cause each Subsidiary to comply in all material respects with all Environmental Laws.

(b) Obtain and maintain all permits required to comply in all material respects with all Environmental Laws.

(c) Keep and maintain any Property and each portion thereof in compliance in all material respects with, and not cause or permit any Property or any portion thereof to be in material violation of any Environmental Law.

(d) Promptly notify the Administrative Agent in writing of:

(i) any and all enforcement, cleanup, removal or other governmental or regulatory actions completed, instituted or threatened, or notifications of potential liability issued, pursuant to the application of any Environmental Laws;

(ii) any and all claims made or overtly threatened in writing by any Person against any of the Loan Parties or any of their respective Subsidiaries or any properties relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any presence, release, discharge or migration of any Hazardous Material (the matters set forth in this clause (ii) and the foregoing clause (i) being hereinafter referred to as “Environmental Claims”);

(iii) any and all settlement agreements, consent decrees or other compromises which any of the Loan Parties or any of their respective Subsidiaries shall enter into with respect to any Environmental Claims; and

(iv) discovery of any occurrence or condition on any real property adjoining or in the vicinity of any property owned or leased by a Loan Party or a Subsidiary that could cause any such owned or leased property or any part thereof to be subject to any material restrictions on the ownership, occupancy, transferability or use thereof under any Environmental Law.

Section 6.6 *Insurance*. Maintain, and cause each Subsidiary to maintain, in addition to insurance required to be maintained under any other section of this Agreement, such insurance (a) as may be required by law, by the Collateral Documents or otherwise reasonably required by the Collateral Agent or the Required Purchasers and (b) as may be customarily maintained by similarly situated companies.

Section 6.7 *Taxes and Liabilities*. Promptly pay, and cause each Subsidiary to pay, when due all Taxes, duties, assessments and other liabilities, except such Taxes, duties, assessments and other liabilities as the Loan Parties are diligently contesting in good faith and by appropriate proceedings; provided that any such contest is permitted by and is conducted strictly in accordance with the terms and conditions of the Collateral Documents and that the applicable Loan Party or applicable Subsidiary has provided for and is maintaining adequate reserves with respect thereto in accordance with IFRS.

Section 6.8 *Conduct of Business*. Carry on and conduct its business in the same line of business as described on Schedule 6.8 or ancillary or adjacent thereto. Issuers shall not conduct any business or acquire any material assets other than as permitted by this Agreement.

Section 6.9 *Joinder of Additional Unrestricted Subsidiaries*. Promptly upon the formation or acquisition of any Unrestricted Subsidiary, the Issuers shall cause such Unrestricted Subsidiary to execute a joinder to this Agreement pursuant to which such Unrestricted Subsidiary shall become an Issuer hereunder and, without limiting the obligations of such Unrestricted Subsidiary, all of the provisions of Section 1.4 of this Agreement shall apply to such Unrestricted Subsidiary as if it were a named Issuer as of the Agreement Date.

Section 6.10 *Financial Covenants*.

*(a) Minimum Liquidity*. Commencing June 30, 2019 and on each day thereafter, the Loan Parties shall maintain, on a consolidated basis in accordance with IFRS, and without duplication, unrestricted cash and cash equivalents in an amount equal to or greater than the aggregate amount of interest that is scheduled to become due and payable during the 365-day period following each such day on Indebtedness for borrowed money, including, without limitation, on the Loans, any Subordinated Debt and any Property Acquisition Debt. To qualify as "unrestricted cash and cash equivalents," such cash and cash equivalents must not be subject to restrictions or limitations, including but not limited to restrictions and limitations in agreements (other than in the Loan Documents) with lenders, joint venture partners or other Persons, on distributions of such cash or cash equivalents from any or the Loan Parties and their Subsidiaries to any of the Loan Parties and must be available by the Loan Parties to pay interest on, and principal of, the Loans.

*(b) Net Debt to EBITDA Ratio*. The Loan Parties shall not permit the Net Debt to EBITDA Ratio to be greater than [***] as of the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2020; provided that for purposes of this subsection (b): (i) for the fiscal quarter ending June 30, 2020, the EBITDA shall be an amount equal to [***] times the EBITDA for the fiscal quarter ending June 30, 2020; (ii) for the fiscal quarter ending September 30, 2020, the EBITDA shall be an amount equal to [***] times the sum of the EBITDA for the fiscal quarters ending June 30, 2020 and September 30, 2020; and (iii) for the fiscal quarter ending December 31, 2020, the EBITDA shall be an amount equal to [***] times the average EBITDA for the fiscal quarters ending June 30, 2020, September 30, 2020 and December 31, 2020.

*(c) Net Debt to Stockholders Equity*. The Loan Parties shall not permit the ratio of Net Debt to Stockholders' Equity be greater than [***] as of the last day of any fiscal quarter.

*(d) Interest Coverage Ratio*. The Loan Parties shall not permit the Interest Coverage Ratio to be less than [***] as of the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2020; provided that for purposes of this subsection (d): (i) for the fiscal quarter ending June 30, 2020, the EBITDA shall be an amount equal to [***] times the EBITDA of the fiscal quarter ending June 30, 2020; (ii) for the fiscal quarter ending September 30, 2020, the EBITDA shall be an amount equal to [***] times the sum of the EBITDA of the fiscal quarters ending June 30, 2020 and September 30, 2020; and (iii) for the fiscal quarter ending December 31, 2020, the EBITDA shall be an amount equal to [***] times the average EBITDA of the fiscal quarters ending June 30, 2020, September 30, 2020 and December 31, 2020.

Section 6.11 *Further Assurances*. At their own cost and expense, cause to be promptly and duly taken, executed, acknowledged and delivered all such further acts, documents and assurances as may from time to time be necessary or as the Required Purchasers may from time to time request in order to carry out the intent and purposes of this Agreement and the transactions contemplated thereby, including all such actions to establish, create, preserve, continue, protect and perfect a first-priority Lien in favor of the Collateral Agent for the benefit of the Agents and Purchasers on the Collateral.

## ARTICLE VII

### NEGATIVE COVENANTS

Each of the Issuers covenants and agrees, jointly and severally, that from and after the Agreement Date and so long as the Loans or any other Obligations shall remain unpaid or unsatisfied:

Section 7.1 *Indebtedness*. (a) None of the Loan Parties or any of their respective Subsidiaries shall incur, create, assume, become or be liable in any manner, with respect to, or permit to exist, or permit any Subsidiary to incur, create, assume, become or be liable in any manner, with respect to, or permit to exist, any Indebtedness, except: (i) the Obligations, (ii) Intercompany Debt, (iii) Indebtedness which is Subordinated to the Notes (the "*Subordinated Debt*"), (iv) Property Acquisition Debt, (v) trade debt incurred in the ordinary course of business and (vi) incurrences of up to $25,000,000 in any given Fiscal Year; provided that the proceeds of any Indebtedness so incurred under this clause (vi) are used solely to fund all or a portion of the purchase price of Permitted Acquisitions and immediately before and after the incurrence of such Indebtedness the Issuers are in compliance with all of the terms and conditions of this Agreement, and provided further that any Lien that secures any Indebtedness so incurred under this clause (vi) is limited solely to the assets acquired with proceeds of such Indebtedness and that any obligations of the Guarantor under any related guarantee or other support document, are Subordinated to the Obligations hereunder.

Section 7.2 *Payments on Subordinated Debt*. None of the Loan Parties or any of their respective Subsidiaries shall make any payments on account of Subordinated Debt except if: (i) any such payments are permitted under the subordination agreement with respect to such Subordinated Debt (and, for the avoidance of doubt, any such subordination agreement shall not include any provisions inconsistent with the term "Subordinated" as defined herein) and (ii) immediately before and after making such payment the Issuers are in compliance with all of the terms and conditions of this Agreement.

Section 7.3 *Distributions*. None of the Loan Parties or any of their respective Subsidiaries shall declare or pay any Distribution whether in cash or in kind except that any Subsidiary of the Guarantor may declare or pay any Distribution to its Equity Holders on account of Equity Interests, provided that none of such Equity Holders is an Affiliate of a Loan Party unless such Affiliate is itself a Loan Party. In no event shall the Guarantor be permitted to declare or pay any Distribution, whether in cash or in kind, except if: (i) no Default or Event of Default has occurred and is continuing and immediately before and after giving effect to such Distribution the Loan Parties shall be in compliance with the Loan Documents and (ii) the aggregate amount of Distributions declared by the Board of Directors during a Fiscal Year does not exceed the lesser of the consolidated earnings from operations of the Loan Parties or the amount permitted to be declared or paid under applicable Laws. For purposes of this Section 7.3 consolidated earnings from operations shall be computed without taking into gains or losses on sales of capital assets.

Section 7.4 *Liens*. None of the Loan Parties or any of their respective Subsidiaries shall create or permit to exist any Lien with respect to any assets now owned or hereafter acquired by any of them, except the following Liens (herein collectively called the "*Permitted Liens*"): (a) Liens securing Property Acquisition Debt, (b) Liens securing Indebtedness incurred in compliance with clause (vi) of Section 7.1, (c) Liens for current taxes and duties not delinquent or for taxes being contested in good faith, by appropriate proceedings which do not involve any material risk of the sale or loss of any of the Collateral and with respect to which the Loan Parties have provided for and are maintaining adequate reserves in accordance with IFRS, (d) Liens imposed by law, such as mechanics', workers', materialmen's, carriers' or other like liens which arise in the ordinary course of business for sums not due or sums which the Loan Parties are contesting in good faith, by appropriate proceedings which do not involve any material risk of the sale or loss of any of the Collateral and with respect to which the Loan Parties have provided for and are maintaining adequate reserves in accordance with IFRS, (e) Liens in the Collateral Agent's favor, for the benefit of the Agents and the Purchasers, with respect to the Obligations, (f) Liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other statutory obligations, (g) easements, rights of way, restrictions and other similar charges or encumbrances with respect to real property (including the Property) not interfering in any material respect with the ordinary conduct of the business of the Loan Parties, (h) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds, and other obligations of like nature arising in the ordinary course of business, (i) Liens that do not secure Indebtedness and are incurred solely to the extent required for compliance by a Loan Party or Subsidiary with any Cannabis Act, (j) those referred to in Schedule 7.4 and (j) non-consensual Liens so long as such Liens are terminated and released within ten (10) Business Days of the first to occur of (i) any of the Loan Parties becoming aware

of such Lien and (ii) the filing of a financing statement, or similar document or instrument with a public recording office related to such Lien. For the avoidance of doubt, each of the Issuers hereby covenants and agrees not to pledge the Equity Interests of any of the Issuers or any Subsidiary that is not a Loan Party to any Person that is not a Loan Party.

Section 7.5 *Investments*. None of the Loan Parties or any of their respective Subsidiaries shall make or permit to exist any Investments in any other Person, except for: (a) Investments by any Loan Party in any other Loan Party and in any wholly-owned Subsidiary of any Loan Party and Investments by any wholly-owned Subsidiary of any Loan Party in a Loan Party or other wholly-owned Subsidiary of a Loan Party; (b) the endorsement, in the ordinary course of collection, of instruments payable to them or to their order; (c) cash management investments consisting of (i) obligations of the United States of America and agencies thereof and obligations guaranteed by the United States of America maturing within one year from the date of acquisition; (ii) certificates of deposit, time deposits or repurchase agreements issued by commercial banks organized under the laws of the United States of America or any state thereof and having a combined capital, surplus, and undivided profits of not less than $250,000,000, or by any other domestic depository institution if such certificates of deposit are fully insured by the Federal Deposit Insurance Corporation; (iii) commercial paper, maturing not more than nine months from the date of issue, provided that, at the time of purchase, such commercial paper is rated not lower than "P-1" or the then-equivalent rating by Moody's Investors Service or "A-1" or the then-equivalent rating by Standard & Poor's Corporation or, if both such rating services are discontinued, by such other nationally recognized rating service or services, as the case may be, as Issuers shall select; (iv) bonds the interest on which is excludable from federal gross income under Section 103(a) of the Internal Revenue Code having a long term rating of not less than "A" by Moody's or S&P or a short term rating of not less than "MIG 1" or "P-1" by Moody's or "A-1" by S&P; and (v) investments in regulated money market funds invested in United States securities in amounts in the aggregate not exceeding $500,000; (d) Permitted Acquisitions; (e) joint ventures engaged solely in any business permitted by Section 7.6 hereof with Persons who are not Affiliates of any of the Loan Parties or their respective Subsidiaries and (f) Investments not otherwise permitted by one of the foregoing clauses if (i) at the time of, and immediately after giving effect to, the Investment, there is no Default or Event of Default hereunder and (ii) if the Investment is with an Affiliate of a Loan Party or a Subsidiary of a Loan Party, then the Investment is completed in compliance with Section 7.11 hereof.

Section 7.6 *Change in Nature of Business*. None of the Loan Parties or any of their respective Subsidiaries shall carry on any business other than a business which is the same in all material respects as, or adjacent or ancillary to, the business carried on by the Loan Parties and their respective Subsidiaries as of the Agreement Date.

Section 7.7 *Asset Dispositions*. None of the Loan Parties or any of their respective Subsidiaries shall directly or indirectly (including by way of merger) convey, sell, lease, sublease, transfer or otherwise dispose of, or grant any Person an option to acquire, in one transaction or a series of related transactions, any of their properties or assets, whether now owned or hereafter acquired, except for: (a) sales of inventory to customers in the ordinary course of business and dispositions of obsolete equipment not used or useful in their operations or business; (b) dispositions of properties or assets as a consequence of any loss, damage, destruction or other casualty or any condemnation or taking of such assets by eminent domain

proceedings; (c) sales or dispositions of cash equivalents for not less than fair market value thereof and in return for cash or cash equivalents; (d) sales or other dispositions of properties or assets by any Loan Party to any other Loan Party; (e) sales or other dispositions of properties or assets to a Person that is not an Affiliate of any of the Loan Parties to the extent required to comply with Laws; and (f) sales or other dispositions of properties or assets not otherwise permitted by one of the foregoing clauses if each of the following conditions is met: (i) at the time of, and immediately after giving effect to, the sale or other disposition, there is no Default or Event of Default hereunder and (ii) the sale or other disposition is completed on arms-length terms with a Person or Persons who are not Affiliates of any of the Loan Parties. For the avoidance of doubt, any Loan Party may sell Equity Interests in a Subsidiary of such Loan Party if such Sale meets the conditions in any of clauses (d), (e) or (f) of the preceding sentence. Notwithstanding the foregoing, if any of the Collateral is sold, then the net proceeds of any such sale shall be held in escrow and subject to a lien in favor of Collateral Agent, for the benefit of the Agents and the Purchasers, under terms and conditions reasonably acceptable to the Required Purchasers unless and until such proceeds are applied to acquire properties or assets that, if material in relation to the initial amount of Collateral, are in turn mortgaged or encumbered to in favor of Collateral Agent, for the benefit of the Agents and the Purchasers.

Section 7.8 *Leases*. None of the Loan Parties or any of their respective Subsidiaries shall enter into or permit to exist any arrangement under which any of them leases as lessee any real or personal property outside the ordinary course of business.

Section 7.9 *Employee Benefit Plans*. None of the Loan Parties or any of their respective Subsidiaries shall: (i) permit any ERISA Affiliate to permit any condition to exist in connection with any Plan which might constitute grounds for the PBGC to institute proceedings to have such Plan terminated or a trustee appointed to administer such Plan or (ii) engage in, or permit to exist or occur, or permit any ERISA Affiliate to engage in, or permit to exist or occur, any other condition, event or transaction with respect to any Plan or Multiemployer Plan which could result in the incurrence by any of the Loan Parties or any ERISA Affiliate of any material liability, fine or penalty.

Section 7.10 *Use of Proceeds*. None of the Loan Parties or any of their respective Subsidiaries shall use or permit the direct or indirect use of any proceeds of or with respect to the Loans for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying" (within the meaning of Regulation U) Margin Stock.

Section 7.11 *Transactions with Affiliates*. None of the Loan Parties or any of their respective Subsidiaries shall enter into any transaction with any Affiliate that is not a Subsidiary of a Loan Party, including, without limitation, the purchase, sale or exchange of property or the rendering of any service to any Affiliate that is not a Subsidiary of a Loan Party, except if the transaction meets each of the following conditions: (i) it occurs in the ordinary course of and pursuant to the reasonable requirements of the business of the applicable Loan Party or Subsidiary and upon fair and reasonable terms no less favorable to None of the Loan Parties or any of their respective Subsidiaries shall than would obtain in a comparable arms-length transaction with an unaffiliated Person and (ii) such transaction has been approved by a majority vote of the Board of Directors as well as (if applicable) the board of directors of the relevant

Loan Party (following full disclosure of the material facts) and with any director that has an interest in such transaction recusing himself or herself from the vote.

Section 7.12 *Other Agreements*. None of the Loan Parties or any of their respective Subsidiaries shall enter into any agreement containing any provision which would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered hereunder or in connection herewith or which would violate or breach any provision hereof or of any such instrument or document.

Section 7.13 *Fiscal Year*. None of the Loan Parties or any of their respective Subsidiaries shall change its Fiscal Year to a fiscal year other than a fiscal year ending December 31st.

## ARTICLE VIII

### EVENTS OF DEFAULT

Section 8.1 *Events of Default*. Any one or more of the following events which shall occur and be continuing shall constitute an "Event of Default":

*(a) Failure to Make Payments When Due*. The Issuers fail to pay any of the Obligations, including failure by the Issuers to pay when due any payment of principal of, or interest on, the Loans, whether at stated maturity, by acceleration, by notice of voluntary prepayment, by mandatory prepayment or otherwise, or any fee or any other amount due hereunder, and, solely in the case of a failure to make payments other than payments of principal and interest, such failure remains unremedied or waived for a period of fifteen (15) days after an Issuer receives written notice from the Administrative Agent or from any Purchaser entitled to such payment.

*(b) Other Defaults under Loan Documents*. Other than in respect of a failure to pay any of the Obligations, Issuers shall Default in the performance of or compliance with any other term contained in any of the Loan Documents in any material respect, and such Default shall not have been remedied or waived within thirty (30) days after receipt by an Issuer of written notice from the Administrative Agent or any Purchaser of such failure or default.

*(c) Breach of Representations, Etc*. Any representation, warranty, certification or other statement made by any Loan Party in any Loan Document or in any statement or certificate at any time given by any Loan Party in writing, pursuant hereto or thereto or in connection herewith or therewith shall be false in any material respect as of the date made or deemed made.

*(d) Default in Other Agreements*. (i) Failure of any Loan Party to pay when due any principal of or interest on or any other amount payable in respect of Indebtedness in an aggregate principal amount of $10,000,000 or more beyond the grace period, if any, and (ii) breach or default by any Loan Party with respect to any other material term of Indebtedness in an aggregate principal amount of $10,000,000 or more beyond the grace period, if any, if the effect of such breach or default is to cause, or to permit the holder or holders of such Indebtedness (or a

trustee on behalf of such holder or holders) to cause, such Indebtedness to become or be declared due and payable (or redeemable) prior to its stated maturity, unless in the case of each of clauses

(i) and (ii) above, such failure to pay or breach or default is contested in good faith. Notwithstanding the foregoing, a breach of default, including on account of failure to make payments, on Indebtedness that is fully non-recourse to any of the Loan Parties and incurred in compliance with this Agreement shall not constitute an Event of Default hereunder and, for the avoidance of doubt, the rights and remedies of the lender(s) of any such under such non-recourse Indebtedness shall be limited to the specific assets pledged or mortgaged as security for such Indebtedness.

*(e) Disposition of Equity Interests*. Guarantor ceases to own, directly or indirectly, one hundred percent of the Equity Interests in any Issuer except for any Issuer the Equity Interests in which are sold after the Agreement Date in an arms-length transaction to a Person who is not an Affiliate of any of the Loan Parties.

*(f) Involuntary Bankruptcy, Appointment of Receiver, Etc*. (i) A court of competent jurisdiction shall enter a decree or order for relief in respect of any Loan Party in an involuntary case under Debtor Relief Law, which decree or order is not stayed, or any other similar relief shall be granted under any applicable federal or state law, or (ii) an involuntary case shall be commenced against any Loan Party under any Debtor Relief Law, or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, interim receiver, receiver manager, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Issuer, or over all or a substantial part of the any Loan Party's property, shall have been entered; or there shall have occurred the involuntary appointment of an interim receiver, trustee or other custodian of any Loan Party for all or a substantial part of its property or a warrant of attachment, execution or similar process shall have been issued against any substantial part of the property of any Loan Party, and any such event described in this clause (ii) shall continue for 60 days without having been dismissed, bonded or discharged.

*(g) Voluntary Bankruptcy, Appointment of Receiver, Etc*. (i) Any Loan Party shall have an order for relief entered with respect to it or shall commence a voluntary case under any Debtor Relief Law, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, interim receiver, receiver manager, trustee or other custodian for all or a substantial part of its property; or Issuer shall make any assignment for the benefit of creditors, or (ii) any Loan Party shall be unable, or shall fail generally, or shall admit in writing its inability, to pay its debts as such debts become due; or the Board of Directors shall adopt any resolution or otherwise authorize any action to approve any of the actions referred to herein or in Section 8.1(g).

*(h) Judgments and Attachments*. Any money judgment, writ or warrant of attachment or similar process involving in any individual case an amount in excess of $10,000,000 (to the extent not adequately covered by insurance as to which a solvent and unaffiliated insurance company has acknowledged coverage) shall be entered or filed against any Loan Party or any of their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days; or

*(i) Dissolution*. Any order, judgment or decree shall be entered against any Loan Party decreeing the dissolution or split up of such Loan Party and such order shall remain undischarged or unstayed for a period in excess of thirty (30) days.

*(j) Invalidity of Loan Documents*. Any of the Loan Documents ceases to be in full force and effect or any Loan Party contest in writing the validity or enforceability of any of the Loan Documents.

Section 8.2 *Remedies*. Upon and after the occurrence of an Event of Default:

*(a) Non Bankruptcy Related Defaults*. In the case of any Event of Default specified in any subsection of Section 8.1, other than an Event of Default specified in Section 8.1(f) or 8.1(g), the Administrative Agent shall, upon the written request of the Required Purchasers and by notice to the Issuers, declare the unpaid principal amount of the Loans, interest accrued thereon and all other Obligations to be immediately due and payable, which shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuers.

*(b) Bankruptcy Events of Default*. In the case of an Event of Default specified in Section 8.1(f) or 8.1(g), automatically, without any notice to the Issuers or any other act by the Agents or any Purchaser, the unpaid principal amount of the Loans, interest accrued thereon and all other Obligations shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuers.

*(c) Remedies in All Events of Default*. The Agents shall, at the written request of or with the written consent of the Required Purchasers, (i) exercise all rights and remedies provided in the Loan Documents, (ii) exercise any right of counterclaim, setoff or otherwise which it may have with respect to money or property of the Issuers, (iii) bring any action or other proceeding permitted by this Agreement for the specific performance of, or injunction against any violation of, any of the Loan Documents and may exercise any power granted under or to recover judgment under any of the Loan Documents, (iv) enforce any and all Liens created pursuant to Loan Documents, and (v) exercise any other right or remedy permitted by applicable Laws; provided that the foregoing shall not prohibit an Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Agent) hereunder and under the other Loan Documents.

*(d) Purchasers' Remedies*. Unless otherwise directed by the Required Purchasers, in case any one or more of the Events of Default shall have occurred and be continuing, and whether or not the maturity of the Loans has been accelerated pursuant to this Section 8.2, the Required Purchasers may proceed (for the benefit of the Purchasers) to protect and enforce their rights by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement or the other Loan Documents, including as permitted by applicable Law the obtaining of the ex parte appointment of a receiver, and, if Obligations have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of the Purchasers.

(e) *Remedies Cumulative*. No remedy herein conferred upon any Purchaser or Agent is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or any other provision of law.

Section 8.3 *Application of Payments*. Any payments and proceeds of Collateral received by any Agent pursuant to this Agreement and the other Loan Documents, including, without limitation, any prepayments made pursuant to Article II, whether made before or after the occurrence and continuation of an Event of Default shall be applied to the Obligations in the following order: (i) *first*, to the fees, indemnitees, costs and expenses (including fees and disbursements of counsel payable under Section 2.5) of each Agent (ratably) in its capacity as such, (ii) *second*, to the fees, costs and expenses of the Purchasers required to be paid by the Issuers under this Agreement and in connection with the enforcement of their rights and remedies under the Loan Documents which have not been paid (and, if there is a shortfall in the amount available pursuant to this clause to pay all amounts due under this clause, on a pro rata basis taking into account all amounts due under this clause); (ii) *third*, to the Purchasers (ratably as provided in Section 2.9), an amount equal to the accrued and unpaid interest outstanding and any applicable prepayment premium; (iii) *fourth*, to the Purchasers (ratably as provided in Section 2.9), an amount equal to the principal balance of the Loans; and (iv) *fifth*, to the Purchasers (ratably as provided in Section 2.9), an amount equal to any other Obligations then due and owing; and (v) *sixth*, to the extent that any amounts remain after the indefeasible payment in full of the Obligations, to the Issuers or as otherwise required by applicable Law.

## ARTICLE IX

### PURCHASER REPRESENTATIONS.

Section 9.1 *General*. Each Purchaser, for itself only, hereby represents and warrants to, and covenants with, the Issuers that:

(a) Such Purchaser has all requisite authority (and in the case of an individual, the capacity) to purchase its Note and Warrants and to perform its obligations hereunder, and such purchase will not contravene any Laws or investment guidelines applicable to such Purchaser.

(b) Such Purchaser is a resident of the state noted in the forms on file with the Agents, and not otherwise a resident of Canada, and is acquiring its Note and Warrants as principal for its own account and without a view to distribution.

(c) Such Purchaser and its representatives (if any) have such knowledge, skill and experience in business, financial and investment matters that such Purchaser and its representatives (if any) are capable of evaluating the merits and risks of an investment in the Notes and Warrants. With the assistance of such Purchaser's own professional advisors, to the extent that such Purchaser has deemed appropriate, such Purchaser has made its own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Notes and the Warrants. Such Purchaser and its representatives (if any) have considered the suitability of the Notes and Warrants as an investment in light of Purchaser's own circumstances and financial

condition and such Purchaser is able to bear the risks associated with an investment in the Notes and Warrants and its authority to invest in the Notes and Warrants.

(d) Such Purchaser is an "accredited investor" as defined in Rule 501 under the Securities Act who is acquiring its Note and Warrants without having been offered or sold the Notes and Warrants by any form of "general solicitation" or "general advertising", in each case within the meaning of Rule 502 of Regulation D under the Securities Act, and such Purchaser has truthfully completed the Accredited Investor Questionnaire set forth herein as Exhibit F and delivered an executed copy to the Issuers in accordance with the instructions therein.

(e) Such Purchaser is not a Benefit Plan Investor within the meaning Section 3(42) of ERISA.

(f) Such Purchaser agrees to furnish any additional information requested by the Loan Parties or an Agent for compliance by the Loan Parties or an Agent with applicable Laws in connection with the offer and sale of the Notes and Warrants or general administration of the Loans. Such Purchaser expressly acknowledges that Guarantor may be required to make certain filings with the applicable Canadian securities commissions and Canadian Securities Exchange and consents to the making of such filings.

(g) To the best of such Purchaser's knowledge, neither such Purchaser, nor any person having a direct or indirect beneficial interest in the Note or Warrants to be acquired by it, appears on the Specially Designated Nationals and Blocked Persons List of OFAC, nor is such Purchaser or such other person a party with which the Loan Parties are prohibited from dealing under the laws of the United States.

(h) To the best of such Purchaser's knowledge, the monies used to fund the investment in its Note and Warrants are not derived from, invested for the benefit of, or related in any way to, the governments of, or persons within, (A) any country under a U.S. embargo enforced by OFAC, (B) that has been designated as a "non-cooperative country or territory" by the Financial Action Task Force on Money Laundering or (C) that has been designated by the U.S. Secretary of the Treasury as a "primary money laundering concern."

(i) Such Purchaser: (A) has conducted thorough due diligence with respect to all of its beneficial owners (if any), (B) has established the identities of all beneficial owners (if any) and the source of each of the beneficial owner's funds and (C) will retain evidence of any such identities, any such source of funds and any such due diligence. Such Purchaser does not know or have any reason to suspect that (A) the monies used to fund such Purchaser's investment in its Note and Warrants have been or will be derived from or related to any illegal activities, including but not limited to, money laundering activities, and (B) the proceeds from such Purchaser's investment in its Note and Warrants will be used to finance any illegal activities.

(j) If such Purchaser is, receives deposits from, makes payments to or conducts transactions relating to a non-U.S. banking institution (a "*Non-U.S. Bank*") in connection with such Purchaser's investment in its Note and Warrants, such Non-U.S. Bank: (A)

has a fixed address, other than an electronic address or a post office box, in a country in which it is authorized to conduct banking activities; (B) employs one or more individuals on a full-time basis; (C) maintains operating records related to its banking activities; (D) is subject to inspection by the banking authority that licensed it to conduct banking activities; and (E) does not provide banking services to any other Non-U.S. Bank that does not have a physical presence in any country and that is not a registered affiliate.

(k) Such Purchaser has reviewed and understands the risk factors set forth at Exhibit E attached hereto.

(l) Such Purchaser understands that its Note and Warrants have not been registered under the Securities Act or any state securities laws by reason of specific exemptions under the provisions thereof which depend in part upon the investment intent of such Purchaser and of the other representations and warranties made by such Purchaser in this Agreement. Such Purchaser understands that the Loan Parties are relying upon the representations, warranties and agreements of such Purchaser contained in this Agreement for the purpose of determining whether the offer and sale of the Notes and Warrants meet the requirements for such exemptions. Such Purchaser understands that the Subordinated Voting Shares of Guarantor as of the date hereof are listed and traded on the Canadian Securities Exchange.

(m) Such Purchaser understands that an investment in the Notes and Warrants is an illiquid investment, and the Notes and Warrants are "restricted securities" within the meaning of Rule 144 under the Securities Act and that the Securities Act and the rules of the U.S. Securities and Exchange Commission provide in substance that such Purchaser may dispose of its Note and Warrants in the United States only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements under the Securities Act.

(n) Such Purchaser agrees: (A) that the certificates representing its Note and Warrants will bear a legend making reference to the foregoing restrictions; and (B) that the Loan Parties and their Affiliates shall not be required to give effect to any purported transfer of such Note or Warrants except upon compliance with the foregoing restrictions.

(o) Such Purchaser understands that all certificates representing the Warrants and any Subordinate Voting Shares to be issued upon the due exercise of the Warrants prior to the date that is four months and a day after the issue date of the Warrant will be subject to resale restrictions and will bear the following legends under applicable Canadian securities laws:

> "Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after May 22, 2019."

(p) Such Purchaser acknowledges that it is solely responsible (and the Guarantor is not responsible) for the Purchaser's compliance with securities laws, including Canadian securities laws, applicable to such Purchaser.

(q) Such Purchaser acknowledges that no securities commission, agency, governmental authority, regulatory body, stock exchange or other regulatory body has reviewed or passed on the investment merits of the Warrants or the Subordinate Voting Shares.

## ARTICLE X

## AGENT

Section 10.1 *Appointment and Authority*. Each of the Purchasers hereby appoints GLAS AMERICAS LLC to act on its behalf as the Collateral Agent hereunder and under the other Loan Documents and authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Each of the Purchasers hereby appoints GLAS USA LLC to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Purchasers, and no Issuer shall have rights as a third party beneficiary of any of such provisions (other than pursuant to Section 11.5(c)). It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties. The Agents and their Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, any Loan Party or any Subsidiary or other Affiliate thereof without any duty to account therefor to the Purchasers.

Section 10.2 *Exculpatory Provisions*.

(a) The Agents shall have no duties or obligations except those expressly set forth herein and in the other Loan Documents to which it is a party, and its duties hereunder shall solely be administrative in nature. Without limiting the generality of the foregoing, the Agents shall not:

(i) be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(ii) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents to which it is a party that such Agent is required to exercise as directed in writing by the Required Purchasers (or such other number or percentage of the Purchasers as shall be expressly provided for in such Loan Documents); provided that the Agents shall not be required to take any action that, in its opinion or the opinion of its counsel, (i) may expose the Agents to liability, (ii) is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law, (iii) would require such Agent to become registered to do business in any jurisdiction, or (iv) would subject such Agent to taxation;

(iii) except as expressly set forth herein and in the other Loan Documents to which such Agent is a party, have any duty to disclose, and such Agent shall not be liable for the failure to disclose, any information relating to the Issuers or any of its Affiliates that is communicated to or obtained by such Person serving as an Agent or any of its Affiliates in any capacity; and

(iv) be responsible in any manner for the validity, enforceability or sufficiency of this Agreement or the Loan Documents or any Collateral delivered, or for the value or collectability of any Obligations or other instrument, if any, so delivered, or for any representations made or obligations assumed by any party other than such Agent. The Agents shall not be bound to examine or inquire into or be liable for any defect or failure in the right or title of the grantors to all or any of the assets whether such defect or failure was known to any Agent.

(b) No Agent nor any of its Related Parties shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Purchasers (or such other number or percentage of the Purchasers as is necessary, or as such Agent believes in good faith is necessary, under the provisions of the Loan Documents) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable judgment. No Agent shall be deemed to have knowledge of any Default or Event of Default unless and until written notice describing the Default or Event of Default is given to such Agent by the Issuers or a Purchaser.

(c) The Agents shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to such Agent.

(d) No Agent is obliged to (i) take or refrain from taking any action or exercise or refrain from exercising any right or discretion under the Loan Documents, or (ii) incur or subject itself to any cost in connection with the Loan Documents, unless it is indemnified by the Loan Parties and/or by the Purchasers, in form and substance reasonably satisfactory to such Agent. An Agent may decline to act unless it receives indemnity and/or security reasonably satisfactory to it, including an advance of moneys necessary to take the action requested.

(e) In no event shall an Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God,

and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

(f) No Agent is obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

(g) Beyond the exercise of reasonable care in the custody thereof, the Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of the Collateral Agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Collateral Agent shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Collateral Agent shall not be responsible for any unsuitability, inadequacy, expiration or unfitness of any Lien created hereunder or pursuant to any other Loan Documents nor shall it be obligated to make any investigation into, and shall be entitled to assume, the adequacy and fitness of any Lien created hereunder or pursuant to any other Loan Documents pertaining to the Obligations. The Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords similar collateral and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee.

(h) No Agent nor any of its respective officers, directors, employees, attorneys, accountants, advisors or agents shall be liable to the Purchasers for any action taken or omitted by any of the under or in connection with any of the Loan Documents except to the extent caused by their gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment. An Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Loan Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until such Agent shall have received instructions satisfactory to it in respect thereof from Required Purchasers (or such other Purchasers as may be required to give such instructions) or in accordance with the Loan Documents.

(i) The Agents shall not have any liability with respect to or arising out of any assignment or participation of Loans or disclosure of confidential information to any prospective Purchaser.

Section 10.3 *Reliance by Agent*.

(a) The Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution)

believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agents also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making available of the Loans that by its terms must be fulfilled to the satisfaction of a Purchaser, the Agents may presume that such condition is satisfactory to such Purchaser unless the Agents shall have received written notice to the contrary from such Purchaser prior to making the Loans available. The Agents may consult with legal counsel (who may be counsel for the Issuers), independent accountants, advisors and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants, advisors or experts.

(b) The Administrative Agent and the Collateral Agent shall be entitled to request written instructions, or clarification of any instruction, from the Required Purchasers (or such other number or percentage of the Purchasers as shall be expressly provided for in the Loan Documents) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Administrative Agent and the Collateral Agent may refrain from acting unless and until it receives those written instructions or that clarification. In the absence of written instructions, the Administrative Agent or the Collateral Agent, as applicable, may act (or refrain from acting) as it considers to be in the best interests of the Purchasers.

Section 10.4 *Delegation of Duties*. Any Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by such Agent. The Agents and any such subagent of an Agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article X and other provisions of this Agreement for the benefit of the Agents shall apply to any such sub-agent and to the Related Parties of an Agent and any such sub-agents, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Agents.

Section 10.5 *Notices*.

(a) The Agents shall promptly deliver to each Purchaser any notices, reports or other communications contemplated in this Agreement delivered to the Agents by or on behalf of a Loan Party which are intended for the benefit of the Purchasers.

(b) Upon written request of any Purchaser to any Agent to give notice to any Loan Party or to any other Purchasers, to request any information from any Loan Party, or to request or direct an Agent to take or refrain from taking any action, or otherwise exercise any rights or remedies under any Loan Document (individually or collectively, as applicable, a "Purchaser Request"), such Agent shall promptly provide notice of such Purchaser Request to the other Purchasers requesting the Purchasers to confirm or reject in writing the subject matter of such Purchaser Request. Nothing in the foregoing or elsewhere in this Agreement limits rights of Purchasers to communicate directly with one another, and the Loan Parties shall provide or cause to be provided each Purchaser the contact information of each other Purchaser.

Section 10.6 *Replacement of Agent*.

(a) Any Agent may resign at any time by giving thirty (30) days prior notice of its resignation to the Purchasers and the Issuers (or such earlier day as shall be agreed by the Required Purchasers) (the *"Resignation Effective Date"*). Upon receipt of any such notice of resignation, the Required Purchasers shall have the right, acting unanimously, with the prior written consent of the Issuers, to appoint a successor Agent. Upon the occurrence of an Event of Default that is continuing, the Issuers' consent rights pursuant to this Section 10.6(a) shall cease.

(b) If no such successor shall have been so appointed upon consent of the Required Purchasers and shall have accepted such appointment by the Resignation Effective Date, then the retiring Agent may (but shall not be obligated to) on behalf of the Purchasers, appoint a successor Agent. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(c) The Required Purchasers, may, to the extent permitted by applicable Law, by giving thirty (30) days prior notice in writing to the Issuers and the Agents, remove either the Administrative Agent and/or the Collateral Agent and, with the consent of the Issuers (which consent shall not be required if an Event of Default is continuing), appoint a successor Administrative Agent and/or the Collateral Agent, as applicable. If no such successor shall have been so appointed by the Required Purchasers and shall have accepted such appointment within 30 days (the "*Removal Effective Date*"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date. Notwithstanding anything to the contrary herein, no later than the Removal Effective Date, (i) all fees, charges, expenses and other amounts owing to any removed Agent and (ii) all fees, charges and expenses of the removed Agent related to the transfer of agency or Collateral, in each case, must be paid in full in cash to the removed Agent by the Issuers.

(d) With effect from the Resignation Effective Date or the Removal Effective Date, as applicable, (i) the retiring or removed Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) except for any indemnity payments or other amounts due pursuant to Section 2.5(b) owed to the retiring or removed Agent, all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Purchaser directly, until such time, if any, as the Required Purchasers appoint a successor Agent as provided for above. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Agent (other than any rights to indemnity payments or other amounts due pursuant to Section 2.5(b) owed to the retiring or removed Agent), and the retiring or removed Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided in the preceding sentence). The fees payable by the Issuers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Issuer and such successor. After the retiring or removed Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article X and of Section 11.3, 11.4 and Section 11.5 shall continue in effect for the benefit of such retiring or removed Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Agent was acting as Agent.

Section 10.7 *Non-Reliance on the Agent and Other Purchasers*. Each Purchaser acknowledges that it has, independently and without reliance upon the Agents or any other Purchaser or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Purchaser also acknowledges that it will, independently and without reliance upon the Agents or any other Purchaser or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 10.8 *Collective Action of the Purchasers*. Each of the Purchasers hereby acknowledges that to the extent permitted by applicable law, any collateral security and the remedies in respect of the collateral security provided under the Loan Documents to the Purchasers are for the benefit of the Agents and the Purchasers collectively and acting together and not severally and further acknowledges that its rights hereunder in respect of the collateral security and under any collateral security are to be exercised not severally, but by the applicable Agent upon the direction of the Required Purchasers (or such other number or percentage of the Purchasers as shall be expressly provided for in the Loan Documents). Accordingly, notwithstanding any of the provisions contained herein or in any collateral security, each of the Purchasers hereby covenants and agrees that it shall not be entitled to take any action hereunder or thereunder in respect of the collateral security including, without limitation, any declaration of default hereunder or thereunder in respect of the collateral security, but that any such action in respect of the collateral security shall be taken only by the Agents with the prior written agreement of the Required Purchasers. Each of the Purchasers hereby further covenants and agrees that upon any such written agreement being given in respect of the collateral security, it shall cooperate fully with the Agents to the extent requested by an Agent. Notwithstanding the foregoing, in the absence of instructions from the Purchasers and where in the sole opinion of an Agent, acting reasonably and in good faith, the exigencies of the situation warrant such action, an Agent may without notice to or consent of the Purchasers take such action on behalf of the Purchasers as it deems appropriate or desirable in the interest of the Purchasers.

Section 10.9 *Obligations*. All Obligations shall rank pari passu with each other and any proceeds from any realization of the Collateral shall be applied to the Obligations ratably in accordance with Section 2.9 and 8.3. The provisions of this Section 10.9 shall survive the termination of this Agreement and the repayment of the Loans.

Section 10.10 *Holding of Collateral; Discharge*.

(a) The Collateral shall be held by the Collateral Agent for the ratable benefit of the Agents and the Purchasers in accordance with its terms and any proceeds from any realization of the Liens shall be applied to the Obligations of each Purchaser ratably in accordance with Section 2.9 and 8.3 (whether such Lien is held in the name of the Collateral Agent or in the name of any one or more of the Purchasers and without regard to any priority to which the Purchaser may otherwise be entitled under applicable law).

(b) Each Purchaser agrees with the other Purchasers that it will not, without the prior consent of the other Purchasers, take or obtain any Lien on any properties or assets of

the Issuers or any other Loan Party to secure the obligations of the Issuers under the Loan Documents, except for the benefit of all Purchasers or as may otherwise be required by applicable law.

(c) The Required Purchasers will irrevocably authorize the Collateral Agent in writing to, and the Collateral Agent will, release the Lien on any Collateral constituting assets subject to a Disposition to any Person (other than a Loan Party or a subsidiary of a Loan Party), if the Issuers have certified to the Purchasers (copied to the Collateral Agent) and the Required Purchasers are satisfied with such certificate, in their sole discretion, that the Disposition is in compliance with the terms of this Agreement. The Collateral Agent will, at the request and expense of the Issuers, after receiving written instructions from the Required Purchasers, execute and deliver to the relevant Loan Party such releases, discharges, documents or other instruments as the Loan Party may reasonably require to effect the release of discharge of the Lien over such Collateral, provided that the proceeds of any such Disposition shall continue to constitute part of the Collateral.

Section 10.11 *Liability of the Purchasers inter se*. Each of the Purchasers agrees with each of the other Purchasers that, except as otherwise expressly provided in this Agreement, none of the Purchasers has or shall have any duty or obligation, or shall in any way be liable, to any of the other Purchasers in respect of the Loan Documents or any action taken or omitted to be taken in connection with them.

Section 10.12 *Administrative Agent May File and Vote Proofs of Claim*. In case of the pendency of any proceeding under any Debtor Relief Law, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Issuer) shall be entitled and empowered (but not obligated unless requested by the Required Purchasers) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents, and take such other actions (including, without limitation, negotiation of and/ or objection to, actions taken or proposed to be taken pursuant to Bankruptcy Code sections 361, 362, 363 and 364), as may be necessary or advisable in order to have the claims of the Purchasers and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Purchasers and the Agents and their respective agents and counsel and all other amounts due the Purchasers and the Agents under the Loan Documents, including under Sections 2.5(b), 11.3 and 11.4) allowed, and the Collateral protected, in such judicial proceeding;

(b) to vote the claim described in subsection (a) in connection with any plan of reorganization or analog thereof pursuant to the applicable Debt Relief Law; and

(c) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Purchaser to make such payments to the Agents and, in the event that the Agents shall consent to the making of such payments directly to the Purchasers, to pay to each Agents any amount due for the reasonable compensation, expenses, disbursements and advances of such Agent and its agents and counsel, and any other amounts due such Agent under Sections 2.5(b), 11.3 and 11.4. In the event Administrative Agent does not intervene in any proceeding under any Debtor Relief Law, or if the Administrative Agent fails to take any of the actions described in subsections (a) through (c) above, then each Purchaser shall be entitled to intervene and take the actions contemplated by this Section 10.12 on account of their respective claims.

Section 10.13 *Survival*. The provisions of this Article shall survive the termination of this Agreement and the repayment of the Loans.

## ARTICLE XI
## MISCELLANEOUS

Section 11.1 *Amendments and Waivers*.

*(a) General*. Subject to Section 11.1(b) and Section 11.1(c) below, no amendment, modification, termination or waiver of any provision of the Loan Documents, or consent to any departure by Issuers therefrom, shall be effective without the written consent of the Required Purchasers.

*(b) Other Consent*. Notwithstanding the provisions of Section 11.1(a) above, no amendment, modification, termination or waiver of any provision of the Loan Documents, or consent to any departure by Issuers therefrom, shall amend, modify or otherwise affect the rights or duties hereunder or under any other Loan Document of any Agent, unless in writing executed by such Agent.

*(c) Prior Unanimous Written Consent*. Without the prior unanimous written consent of the affected Purchasers:

(i) no amendment, consent or waiver shall (A) affect the amount or extend the time of the obligation of any Purchaser to make the Loans or (B) extend or alter the scheduled time or times of payment of principal or interest on the Loans or of any fees payable for the account of the Purchasers or (C) alter the amount of the principal of the Loans or the rate of interest thereon (other than a waiver of the Default Rate in the event that the applicable Event of Default has been waived by the Required Purchasers) or the amount of any scheduled prepayment or (D) alter the amount of any fee payable hereunder to the account of the Purchasers or (E) permit any subordination of the principal of or interest on the Loans or (F) permit the subordination of the Lien created by the Collateral Documents in any of the Collateral or (G) consent to the assignment or transfer

by Issuers of any of its rights and obligations under any Loan Document or (H) affect the definition of "Required Purchasers" or "Pro Rata Share";

(ii) no Collateral, other than in connection with a sale specifically permitted in this Agreement or the Collateral Documents, shall be released from the Lien of the Collateral Documents;

(iii) none of the provisions of Section 2.9 shall be amended, modified or waived; and

(iv) none of the provisions of this Section 11.1(c) shall be amended.

(d) *Effect of Notices, Waivers or Consents*. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on Issuers in any case shall entitle Issuers to any other or further notice (except as otherwise specifically required hereunder or under any other Loan Document) or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 11.1 shall be binding upon each Purchaser at the time outstanding, each future Purchaser and, if signed by the Issuers, on the Issuers.

Section 11.2 *Notices*. All notices, requests, demands and other communications to any party or given under any Loan Document (collectively, the "Notices") will be in writing and delivered personally, by overnight courier or by registered mail to the parties at the following address or sent by facsimile, with confirmation received, to the facsimile number specified below (or at such other address or facsimile number as will be specified by a party by like notice given at least five calendar days prior thereto):

If to the Issuers, at:

VCP23, LLC
325 W. Huron Street, Suite 412
Chicago, IL 60654
Attn: General Counsel
[***]
With a copy to:

Dentons US LLP
233 S Wacker Drive
Chicago, IL 60606
Telephone: 312-876-6128
Attn: Elke Rehbock
[***]

If to Administrative Agent, at:

GLAS USA LLC, as Administrative Agent
3 Second Street, Suite 206
Jersey City, NJ 07311

Fax: 212-202-6246
Attn: Loan Administration
[***]
With a copy to: [***]

If to Collateral Agent, at:

GLAS Americas LLC, as Collateral Agent
3 Second Street, Suite 206
Jersey City, NJ 07311
Fax: 212-202-6246
Attn: [***]
[***]
With a copy to: [***]

If to the Purchasers, to the address for such Purchaser on file with the Agents and in any Assignment Agreement delivered by such Purchaser.

All Notices will be deemed delivered when actually received. Each of the parties will hereafter notify the other parties in accordance with this Section 11.2 of any change of address or telecopy number to which notice is required to be mailed.

Section 11.3 *Indemnification by Issuers*.

(a) *Indemnification by the Issuers*. The Issuers shall, jointly and severally, indemnify each Agent (and any sub agent thereof) and each Purchaser, their respective Affiliates, directors, officers, employees, attorneys, agents, advisors and controlling parties (each such Person being called an "*Indemnified Person*") against, and hold each Indemnified Person harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnified Person) (collectively "Losses"), incurred by any Indemnified Person or asserted against any Indemnified Person by any Person other than such Indemnified Person and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any environmental liability related in any way to the Issuers or any of their Affiliates, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or Issuers, and regardless of whether any Indemnified Person is a party thereto; provided that such indemnity shall not, as to any Indemnified Person, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person. In no event shall (i) Issuers be liable to any Indemnified Person and (ii) any Indemnified Person be liable to any Issuer for any punitive, incidental, consequential, expectation, special, or indirect damages, including loss of

future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, any other Loan Document, or any agreement or instrument contemplated hereby or thereby.

(b) *Contribution*. If the indemnification provided for in Section 11.3(a) is prohibited under applicable Laws to an Indemnified Person, then the Issuers, in lieu of indemnifying the Indemnified Person, will contribute to the amount paid or payable by the Indemnified Person as a result of the Losses in such proportion as is appropriate to reflect the relative fault of the Issuers, on the one hand, and of the Indemnified Person, on the other, in connection with the events or circumstances which resulted in the Losses as well as any other relevant equitable considerations.

Section 11.4 *Attorney Fees Upon Default*. The Issuers agree, jointly and severally, to pay promptly after the occurrence of a Default or an Event of Default, all fees, costs and expenses, including reasonable attorneys' fees (including, without limitation, allocated costs of internal counsel) and costs of settlement, incurred by the Agents and/or Purchasers in enforcing any Obligations of or in collecting any payments due from the Loan Parties hereunder or under the other Loan Documents by reason of such Default or Event of Default (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of any guaranty, including under the Guaranty Agreement) or in connection with any negotiations, reviews, refinancing or restructuring of the credit arrangements provided hereunder, including, without limitation, in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings.

Section 11.5 *Enforceability; Successors and Assigns*.

*(a) Enforceability*; Successors and Assigns. This Agreement will be binding upon and inure to the benefit of and is enforceable by the respective successors and permitted assigns of the parties hereto.

*(b) Assignments*. Each Purchaser may assign (each, an "*Assignment*") to one or more Persons (each, an "*Assignee*") all or a portion of its rights and obligations under this Agreement (including all or a portion of such Purchaser's Loan and Note) with the written consent of the Issuers, not to be unreasonably withheld. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment Agreement via an electronic settlement system acceptable to the Administrative Agent (or, if previously agreed with the Administrative Agent, manually), administrative details and an executed IRS Form W-9 or appropriate IRS Form W-8 for each Purchaser or by an entity to its equity holders, and, except in the case of an assignment by a Purchaser to one of its Affiliates, shall pay to the Administrative Agent a processing and recordation fee of $3,500 (which fee may be waived or reduced in the sole discretion of the Administrative Agent).

*(c) Register*. The Administrative Agent, acting solely for this purpose as an agent of the Issuers, shall maintain a copy of the Assignment Agreement delivered to it and a register for the recordation of the names and addresses of the Purchasers, and the principal amounts of the Loans owing to, each Purchaser pursuant to the terms hereof from time to time (the "*Register*"). The entries in the Register shall be conclusive absent manifest error, and the

Issuers, the Administrative Agent and the Purchasers shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Purchaser hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Issuers and any Purchaser, at any reasonable time and from time to time upon reasonable prior notice.

*(d)* *Participations*. Each Purchaser may sell participations to one or more Persons (each, a "*Participant*") in all or a portion of such Purchaser's rights and obligations under this Agreement (including all or a portion of such Purchaser's Loan and any Note); provided that: (i) such Purchaser's obligations under this Agreement shall remain unchanged, (ii) such Purchaser shall remain solely responsible to the Issuers for the performance of such obligations, and (iii) the Issuers and Agents shall continue to deal solely and directly with such Purchaser in connection with such Purchaser's rights and obligations under this Agreement and not any Participant. The Issuers agree that each Participant also shall be entitled to the benefits of Sections 3.1 and 11.3 to the same extent as if it were a Purchaser and had acquired its interest by assignment pursuant to clause (b) of this Section. The Issuers hereby consent to the disclosure of any information obtained by a Purchaser in connection with this Agreement and/or any other Loan Document to any Person to which such Purchaser participates, or proposes to participate, its Loan and Note. Each Purchaser that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Issuers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Purchaser shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Loan) to any Person except to the extent that such disclosure is necessary to establish that such Loan is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Purchaser shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent and the Collateral Agent shall have no responsibility for maintaining a Participant Register.

*(e)* Notwithstanding anything else to the contrary contained herein, any Purchaser may any time pledge its Loans and such Purchaser's rights under this Agreement and the other Loan Documents to a bank or financial institution or to a trustee for the benefit of its investors.

Section 11.6 *Purchasers' Obligations Several; Purchasers' Rights Independent*. The obligation of each Purchaser hereunder is several and not joint and no Agent nor any Purchaser shall be responsible for the obligation of any other Purchaser hereunder. Nothing contained in any Loan Document and no action taken by any Agent or Purchaser pursuant hereto or thereto shall be deemed to constitute Purchasers to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Purchaser shall be a separate and independent debt, and, provided Agents fail or refuse to exercise any remedies against the Issuers after receiving the direction of the Purchasers, each Purchaser shall be entitled to protect and enforce its rights arising out of this Agreement and it

shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

Section 11.7 *Integration*. This Agreement and the other Loan Documents contain and constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior negotiations, agreements and understandings, whether written or oral, of the parties hereto. It is understood and agreed that all agreements and understandings heretofore had between the parties hereto are merged into the Loan Documents, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation, neither party relying upon any statement or representation not embodied in the Loan Documents.

Section 11.8 *No Waiver; Remedies*. No failure or delay by any party in exercising any right, power or privilege under this Agreement or any of the other Loan Documents will operate as a waiver of such right, power or privilege. A single or partial exercise of any right, power or privilege will not preclude any other or further exercise of the right, power or privilege or the exercise of any other right, power or privilege. The rights and remedies provided in the Loan Documents will be cumulative and not exclusive of any rights or remedies provided by law.

Section 11.9 *Arbitration; Waiver Of Jury Trial*. Except as otherwise provided in this Agreement, any controversy between the parties arising out of or related to this Agreement or the parties' obligations hereunder (including, without limitation, disputes arising out of any public policy or any federal, state or local laws, regulations or statutes prohibiting employment discrimination or harassment) shall be resolved through binding arbitration before the Judicial Arbitration and Mediation Services, Inc. ("*JAMS*") in Chicago, Illinois pursuant to the terms of the Federal Arbitration Act. The costs of the arbitration, including any JAMS administration fee, the arbitrator's fee, and costs for the use of facilities during the hearings, shall be borne equally by the parties to the arbitration. THE PARTIES UNDERSTAND THAT BY AGREEING TO SUCH BINDING ARBITRATION THEY ARE HEREBY WAIVING THEIR RIGHT TO A JURY TRIAL AND THE PARTIES HERETO HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.9. The arbitrator shall not have any power to alter, amend, modify or change any of the terms of this Agreement nor to grant any remedy which is either prohibited by the terms of this Agreement, or not available in a court of law. The arbitration will be conducted in accordance with the rules of JAMS streamlined arbitration except that the arbitrator shall be mutually acceptable to both parties, both parties shall be entitled to conduct discovery pursuant to the Federal Rules of Civil Procedure, and the hearing on the arbitration must occur by no later than one hundred twenty (120) days after the demand for arbitration is filed, unless otherwise agreed by the parties or

ordered by the arbitrator. Each party will pay for the fees and expenses of its own attorneys, experts, witnesses, transcripts and other expenses related to such claims unless the party prevails on a claim for which attorneys' fees and costs are otherwise recoverable by statute. Except as otherwise required by law, rule, regulation or judicial authority, the parties agree to maintain the subject matter of any arbitration as confidential. Notwithstanding the foregoing, (i) the parties may seek emergency injunctive relief in a court of competent jurisdiction, and (ii) judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

Section 11.10 *Execution in Counterparts*. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile or a scanned copy by electronic mail shall be equally as effective as delivery of an original executed counterpart of this Agreement.

Section 11.11 *Governing Law*. This Agreement and the other Loan Documents, and all claims, disputes and matters arising hereunder or thereunder or related hereto or thereto, will be governed by, and construed in accordance with, the laws of the State of Illinois applicable to contracts executed in and to be performed entirely within that state, without reference to conflicts of laws provisions.

Section 11.12 *Severability*. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 11.13 *Survival*. All representations, warranties, covenants, agreements, and conditions contained in or made pursuant to this Agreement or the other Loan Documents shall survive (a) the making of the Loan(s) and the payment of the Obligations and (b) the performance, observance and compliance with the covenants, terms and conditions, express or implied, of all Loan Documents, until the due and punctual (i) indefeasible payment of the Obligations and (ii) performance, observance and compliance with the covenants, terms and conditions, express or implied, of this Agreement and all of the other Loan Documents.

Section 11.14 *Maximum Lawful Interest*. Notwithstanding anything to the contrary contained herein, in no event shall the amount of interest and other charges for the use of money payable under this Agreement or any other Loan Document exceed the maximum amounts permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. The Issuers and the Purchasers, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and other charges for the use of money and manner of payment stated within it; *provided*, *however*, that, anything contained herein to the contrary notwithstanding, if the amount of such interest and other charges for the use of

money or manner of payment exceeds the maximum amount allowable under applicable law, then, ipso facto as of the Closing Date, the Issuers are and shall be liable only for the payment of such maximum as allowed by law, and payment received from the Issuers in excess of such legal maximum, whenever received, shall be applied to reduce the principal balance of the Loans to the extent of such excess.

Section 11.15 *Interpretation*. As used in this Agreement, references to the singular will include the plural and vice versa and references to the masculine gender will include the feminine and neuter genders and vice versa, as appropriate. Unless otherwise expressly provided in this Agreement (a) the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement and (b) article, section, subsection, schedule and exhibit references are references with respect to this Agreement unless otherwise specified. Unless the context otherwise requires, the term "including" will mean "including, without limitation." The headings in this Agreement and in the Schedules are included for convenience of reference only and will not affect in any way the meaning or interpretation of this Agreement.

Section 11.16 *Ambiguities*. This Agreement and the other Loan Documents were negotiated between legal counsel for the parties and any ambiguity in this Agreement or the other Loan Documents shall not be construed against the party who drafted this Agreement or such other Loan Documents.

Section 11.17 *Relationship of the Parties*. Notwithstanding any provision of this Agreement or the Loan Documents, and notwithstanding any acts or omissions on the part of the Purchasers, the Issuers hereby stipulate and agree, for themselves and Guarantor, that: (a) the relationship between the Purchasers, on the one hand, and the Loan Parties, on the other hand, is and shall solely be that of creditors and debtors in commercial loan transactions; (b) the Purchasers are not and shall not be construed as partners, tenants in common, joint tenants, joint ventures, alter egos, aiders and abettors, managers, principals, actors in concert, co-owners, controlling persons or other business associates or participants of any kind in the business and affairs of the Loan Parties and neither the Purchasers nor any of the Loan Parties intends for the Purchasers to assume any such status; and (c) the Purchasers shall not be deemed responsible for or a participant in any acts, omissions, or decisions of any of the Loan Parties. The Purchasers shall not have any obligation to pay or withhold Taxes, assessments, insurance premiums, fees or charges arising from the ownership, operation, or occupancy of the properties or assets of any the Loan Parties.

Section 11.18 *Patriot Act*. The parties hereto acknowledge that in accordance with Section 326 of the Patriot, the Agents, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each Person that establishes a relationship or opens an account with any Agent. The parties to this Agreement agree that they will provide the Agents with such information as they may request in order for the Agents to satisfy the requirements of the Patriot Act.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

ISSUERS:

VCP23, LLC

By: *(signed)* “Benjamin Kovler”
Name: Benjamin Kovler
Title: Authorized Manager

VCP REAL ESTATE HOLDINGS, LLC

By: VCP23, LLC

By: *(signed)* “Benjamin Kovler”
Name: Benjamin Kovler
Title: Authorized Manager

VISION MANAGEMENT SERVICES, LLC

By: VCP23, LLC

By: *(signed)* “Benjamin Kovler”
Name: Benjamin Kovler
Title: Authorized Manager

GTI23, INC.

By: *(signed)* “Benjamin Kovler”
Name: Benjamin Kovler
Title: President

GTI CORE, LLC

By: *(signed)* “Benjamin Kovler”
Name: Benjamin Kovler
Title: Authorized Manager

VCP IP HOLDINGS, LLC

By: VCP23, LLC

By: *(signed)* “Benjamin Kovler”
Name: Benjamin Kovler
Title: Authorized Manager

TWD18, LLC

By: VCP23, LLC

By: *(signed)* “Benjamin Kovler”
Name: Benjamin Kovler
Title: Authorized Manager

FOR SUCCESS HOLDINGS COMPANY

By: *(signed)* “Benjamin Kovler”
Name: Benjamin Kovler
Title: President

Administrative Agent:

GLAS USA LLC, as Administrative Agent

By: *(signed)* "Yana Kislenko"
Name: Yana Kislenko
Title: Vice President

Collateral Agent:

GLAS AMERICAS LLC, as Collateral Agent

By: *(signed)* "Yana Kislenko"
Name: Yana Kislenko
Title: Vice President

**Exhibit A**
**FORM OF GUARANTEED NOTE**

**FOR THE PURPOSES OF SECTION 1272, 1273 AND 1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, THE NOTES WERE ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID"). BEGINNING NO LATER THAN 10 DAYS FROM THE DATE HEREOF, A PURCHASER MAY, UPON REQUEST, OBTAIN FROM ISSUERS ANY INFORMATION REQUIRED TO BE PROVIDED TO PURCHASER PURSUANT TO UNITED STATES TREASURY REGULATION SECTION 1.1275-3(B) BY CONTACTING THE CHIEF FINANCIAL OFFICER OF VCP23, LLC AT 325 W. HURON STREET, STE. 412, CHICAGO, IL 60654.**

**THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.**

PROMISSORY NOTE

$[ ] May [ ], 2019

FOR VALUE RECEIVED, each of the undersigned, VCP23, LLC, a Delaware limited liability company ("*VCP23*"), VCP Real Estate Holdings, LLC, a Delaware limited liability company ("*VCP Real Estate*"), Vision Management Services, LLC, a Delaware limited liability company ("*VMS*"), GTI23, Inc., a Delaware corporation ("*GTI23*"), GTI Core, LLC, a Delaware limited liability company ("*GTI Core*"), VCP IP Holdings, LLC, a Delaware limited liability company ("*VCP IP*"), TWD18, LLC, a Delaware limited liability company ("*TWD18*") and For Success Holdings Company, a Delaware corporation ("*FSH*" and, together with VCP23, VCP Real Estate, VMS, GTI23, GTI Core, VCP IP and TWD18, "*Issuers*"), hereby promises to pay to [ ] (together with its registered assigns, the "*Holder*"), the principal sum of [ ] ($[ ]) on the Maturity Date (as defined in the Note Purchase Agreement as defined below), and with interest thereon from time to time as provided herein.

1. Note Purchase Agreement. This Promissory Note (this "***Note***") is issued by Issuers, on the date hereof, pursuant to the Note Purchase Agreement dated as of even date herewith (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Note Purchase Agreement***"), by and among Issuers, Holder, as an initial Purchaser thereunder, and the other Persons from time to time party thereto, and is subject to the terms thereof. Holder is entitled to the benefits of this Note and the Note Purchase Agreement and may enforce the agreements of Issuers contained herein and therein and exercise the remedies provided for hereby and thereby or otherwise available in respect hereto and thereto. This Note is secured by, among other things, one or more Collateral Documents described in the Note Purchase Agreement. Capitalized terms used herein and not defined herein have the meanings ascribed to such terms in the Note Purchase Agreement.

2. Interest. Issuers promise to pay interest on the sum of the principal amount of this Note (including any default interest added thereto) at the aggregate rate and in the manner and times set forth in the Note Purchase Agreement.

3. Repayment; Prepayment. Issuers shall repay the outstanding principal amount of this Note as set forth in the Note Purchase Agreement. Prepayments made by Issuers, if any, will be made in accordance and subject to the terms of the Note Purchase Agreement.

4. Amendment. Amendments and modifications of this Note may be made only in the manner provided in the Note Purchase Agreement.

5. Suits for Enforcement.

(a) Upon the occurrence of any one or more Events of Default, the Holder of this Note may, during the continuation thereof, proceed to protect and enforce its rights hereunder by suit in equity, action at law, or by other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in the Note Purchase Agreement, this Note or any other Loan Document or in aid of the exercise of any power granted in the Note Purchase Agreement, this Note or any other Loan Document, or may proceed to enforce the payment of this Note, or to enforce any other legal or equitable right of Holder of this Note.

(b) Issuers shall pay all costs of enforcement of this Note to the extent and in the manner set forth in the Note Purchase Agreement.

6. Remedies Cumulative. No remedy conferred upon Holder herein or in the Note Purchase Agreement or any other Loan Document is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, under the Note Purchase Agreement or under any other Loan Document or now or hereafter existing at law or in equity or by statute or otherwise.

7. Transfer. This Note may be transferred or assigned, in whole or in part, by Holder at any time subject to the limitations set forth in the Note Purchase Agreement and herein. Each transferee of this Note acknowledges that this Note has not been registered under the Securities Act, and may be transferred only pursuant to an effective registration under the Securities Act or pursuant to an applicable exemption from the registration requirements of the Securities Act.

8. Replacement of Note. On receipt by Issuers of an affidavit of an authorized representative of Holder, in form and substance reasonably satisfactory to Issuers, stating the circumstances of the loss, theft, destruction, or mutilation of this Note (and (a) in the case of any such mutilation, on surrender and cancellation of such Note, and (b) in the case of any such loss, theft or destruction, on delivery of a bond of indemnity reasonably satisfactory to Issuers or, at the option of Holder, an indemnity agreement in form and substance reasonably satisfactory to Issuers), Issuers, at their own expense, will promptly execute and deliver, in lieu thereof, a replacement Note.

9. Covenants Bind Successors and Assigns. All the covenants, stipulations, promises, and agreements in this Note by or on behalf of Issuers shall bind their successors and assigns, whether so expressed or not.

10. Obligations Joint and Several. The obligations of the Issuers hereunder shall be joint and several.

11. Miscellaneous. The provisions of Article 11 of the Note Purchase Agreement apply to this Note as if they were set forth herein *mutatis mutandis*.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

**IN WITNESS WHEREOF**, Issuers have caused this Note to be executed as of the date first written above.

ISSUERS:

VCP23, LLC

By: _____
Name: _____
Title: _____

VCP REAL ESTATE HOLDINGS, LLC

By: _____
Name: _____
Title: _____

VISION MANAGEMENT SERVICES, LLC

By: _____
Name: _____
Title: _____

GTI23, INC.

By: _____
Name: _____
Title: _____

GTI CORE, LLC

By: _____
Name: _____
Title: _____

VCP IP HOLDINGS, LLC

By: _____
Name: _____
Title: _____

TWD18, LLC

By: _____
Name: _____
Title: _____

FOR SUCCESS HOLDINGS COMPANY

By: _____
Name: _____
Title: _____

**SIGNATURE PAGE TO PROMISSORY NOTE**

**Guaranty Agreement**

This Guaranty Agreement (this "*Guaranty*") is made and entered into as of the ____ day of ____, 2019 by Green Thumb Industries Inc., a British Columbia corporation (hereinafter, "*Guarantor*") in favor of the Administrative Agent (as defined below) for the sole benefit of the Collateral Agent (as defined below), the Administrative Agent and the Purchasers (as defined below), and the respective successors and assigns of the Collateral Agent, Administrative Agent and Purchasers.

For value received and in consideration of loans made or to be made, credit given or to be given, and other financial accommodation afforded or to be afforded to certain subsidiaries of Guarantor by the Purchasers under that certain Note Purchase Agreement dated as of the date hereof (the "*Note Purchase Agreement*") by and among VCP23, LLC, a Delaware limited liability company ("*VCP23*"), VCP Real Estate Holdings, LLC, a Delaware limited liability company ("*VCP Real Estate*"), Vision Management Services, LLC, a Delaware limited liability company ("*VMS*"), GTI23, Inc., a Delaware corporation ("*GTI23*"), GTI Core, LLC, a Delaware limited liability company ("*GTI Core*"), VCP IP Holdings, LLC, a Delaware limited liability company ("*VCP IP*"), TWD18, LLC, a Delaware limited liability company ("*TWD18*") and For Success Holding Company, a Delaware corporation ("*FSH*" and, together with VCP23, VCP Real Estate, VMS, GTI23, GTI Core, VCP IP and TWD18, the "*Initial Issuers*" and each, individually, an "*Initial Issuer*"), each purchaser party listed on the signature page of the Note Purchase Agreement (together with their successors and assigns, each an "*Initial Purchaser*" and collectively, the "*Initial Purchasers*", and together with any additional Purchasers under the Note Purchase Agreement, the "*Purchasers*"), GLAS Americas LLC, a New York limited liability company, as collateral agent for the sole benefit of itself, the Administrative Agent and the Purchasers (in such capacity, together with its successors and assigns, the "*Collateral Agent*") and GLAS USA LLC, a New Jersey limited liability company, as administrative agent for the sole benefit of itself, the Collateral Agent and the Purchasers (in such capacity, together with its successors and assigns, the "*Administrative Agent*" and together with the Collateral Agent, each an "*Agent*" and collectively, the "*Agents*"), from time to time, Guarantor hereby fully, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to each Purchaser and to the Agents the full and punctual payment when due, whether at maturity, by acceleration, by prepayment or otherwise, of the principal of (and premium, if any) and interest on the Loans and all other Obligations of the Issuers. Guarantor further agrees (to the full extent permitted by law) that the Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it shall remain bound under this Guaranty Agreement notwithstanding any extension or renewal of any Obligation.

Guarantor further acknowledges and agrees that:

1. Guarantor waives presentation to, demand of payment from and protest to any of the Loan Parties of any of the Obligations and also waives notice of protest for nonpayment.

Guarantor waives notice of any default under the Loans or the Obligations. The obligations of Guarantor hereunder shall not be affected by (a) the failure of any Purchaser or Agent (collectively, the "*Beneficiaries*" and each a "*Beneficiary*") to assert any claim or demand or to enforce any right or remedy against any of the Issuers or any other Person under this Guaranty Agreement, the Loans or any other agreement or otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Guaranty Agreement, the Loans or any other agreement or otherwise; (d) the release of any security for the Obligations granted in favor of the Collateral Agent for the Beneficiaries; or (e) any change in the ownership of any of the Issuers.

2. Guarantor further agrees that the guaranty herein constitutes a guaranty of payment when due (and not a guaranty of collection) and waives any right to require that any resort be had by any Beneficiary to any Collateral or security held for payment of the Obligations.

3. The obligations of Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than indefeasible payment of the Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any of the Beneficiaries to assert any claim or demand or to enforce any remedy under this Guaranty Agreement, the Loans or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of Guarantor or would otherwise operate as a discharge of the Guarantor as a matter of law or equity.

4. Guarantor further agrees that the guaranty herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of (and premium, if any) or interest, if any, on any of the Obligations is rescinded or must otherwise be restored by any Beneficiary upon the bankruptcy or reorganization of any of the Issuers or otherwise.

5. In furtherance of the foregoing and not in limitation of any other right which any Beneficiary has at law or in equity against Guarantor by virtue hereof, upon the failure of any of the Issuers to pay any of the Obligations when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, Guarantor hereby promises to and shall, upon receipt of written demand by any of the Beneficiaries forthwith pay, or cause to be paid, in cash, to the Beneficiaries, in accordance with the Note Purchase Agreement, an amount equal to the sum of (i) the unpaid amount of such Obligations then due and owing and (ii) accrued

and unpaid interest on such Obligations then due and owing (but only to the extent not prohibited by law).

6. Guarantor further agrees that (x) the maturity of the Obligations may be accelerated as provided in the Note Purchase Agreement for the purposes of the guaranty herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby and (y) in the event of any such declaration of acceleration of such Obligations, such Obligations (whether or not due and payable) shall forthwith become due and payable by Guarantor for the purposes of this Guaranty Agreement.

7. Guarantor also agrees to pay any and all reasonable costs and expenses (including reasonable attorneys' fees) as provided in the Note Purchase Agreement.

8. Notwithstanding any payment or payments made by Guarantor hereunder, Guarantor shall not be entitled to be subrogated to any of the rights of any Beneficiary against any of the Issuers or any Collateral or guaranty or right of offset held by any of the Beneficiaries for the payment of the Obligations, nor shall Guarantor seek or be entitled to seek any contribution or reimbursement from any of the Issuers in respect of payments made by Guarantor hereunder, until all amounts owing to all of the Beneficiaries under the Note Purchase Agreement and on account of the Obligations are indefeasibly paid in full. If any amount shall be paid to Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by Guarantor in trust for the Beneficiaries, segregated from other funds of Guarantor, and shall, forthwith upon receipt by Guarantor, be turned over to the Agent for the sole benefit of the Beneficiaries in the exact form received by Guarantor, to be applied against the Obligations.

9. Guarantor has received direct and indirect benefits from the execution of this Guaranty Agreement.

10. Notwithstanding anything in this Guaranty Agreement to the contrary, the right of recovery against Guarantor under this Guaranty Agreement shall not exceed $1.00 less than the lowest amount which would render Guarantor's obligations under this Guaranty Agreement void or voidable under applicable law, including fraudulent conveyance law

11. This guaranty and every part thereof shall be effective upon delivery to the Collateral Agent, without further act, condition or acceptance by any of the Beneficiaries, shall be binding upon Guarantor, and upon the heirs, legal representatives, successors and assigns of Guarantor, and shall inure to the sole benefit of the Beneficiaries and their respective successors, assigns and legal representatives. Guarantor waives notice of the Beneficiaries' acceptance hereof.

12. Terms used herein as defined terms and not otherwise defined herein have the meanings assigned to them in the Note Purchase Agreement. The provisions of Section 11 of the Note Purchase Agreement are incorporated herein *mutatis mutandis*.

**IN WITNESS WHEREOF**, the undersigned Guarantor has executed this Guaranty Agreement as of the date first set forth above.

GREEN THUMB INDUSTRIES INC.

By: _____
Name: Benjamin Kovler
Title: CEO

**Acknowledged and Accepted** for sole benefit of itself, the Collateral Agent and the Purchasers:

GLAS USA LLC

By: _____
Name:
Title:

**UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE ●, 2019.**

**THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE CORPORATION, MUST FIRST BE PROVIDED TO THE CORPORATION TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.**

**THE WARRANTS EVIDENCED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OR U.S. STATE SECURITIES LAWS. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THE SUBORDINATE VOTING SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE.**

**WARRANTS TO PURCHASE SUBORDINATE VOTING SHARES**

**GREEN THUMB INDUSTRIES INC.**

**Issue Date:** ●, 2019

Warrant Certificate No. **201903–WA●**

**● Warrants to Purchase Subordinate Voting Shares**

**THIS CERTIFIES THAT,** for value received, ● (the "**Holder**"), being the registered holder of ● Warrants (as defined herein), is entitled at any time following the date hereof and prior to 4:30 p.m. (Vancouver time) on the Expiry Date (as defined herein) to subscribe for and purchase one Subordinate Voting Share (as defined herein) at the Exercise Price (as defined herein) for each Warrant exercised, subject to adjustment as set out herein, by surrendering to the Corporation (as defined herein) at its registered and records office at c/o Dentons Canada LLP, 20th Floor, 250 Howe Street Vancouver, BC V6C 3R8 Canada, a completed and executed subscription form, attached hereto as Exhibit "I", and payment in full for the Subordinate Voting Shares being purchased, which payment shall be made by certified cheque, bank draft or such other means acceptable to the Corporation in same day freely transferable funds in Vancouver, British Columbia.

This Warrant certificate (the "**Warrant Certificate**") is issued pursuant to, and is subject to, the terms of that certain note purchase agreement dated ●, 2019 (the "**Note Purchase Agreement**") among, inter alios, VCP23, LLC and the Holder. Nothing herein shall limit the rights and obligations of any of the parties to the Note Purchase Agreement.

The Corporation shall cause a register (the "**Register**") to be kept and maintained in which shall be entered the names and addresses of all holders of Warrants and the number of Warrants held by each of them.

The Corporation shall treat the Holder as the absolute owner of this Warrant for all purposes and the Corporation shall not be affected by any notice or knowledge to the contrary. The Holder shall be entitled to the rights evidenced by this Warrant Certificate free from all equities and rights of set-off or counterclaim between the Corporation and the original or any intermediate holder and all persons may act accordingly and the receipt by the Holder of the Subordinate Voting Shares issuable upon exercise hereof shall be a good discharge to the Corporation and the Corporation shall not be bound to inquire into the title of any such Holder.

1. **Definitions:** In this Warrant Certificate, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the following meanings namely:

   (a) "**Business Day**" means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions are closed in Vancouver, British Columbia;

   (b) "**Corporation**" means Green Thumb Industries Inc., a corporation incorporated under the laws of the Province of British Columbia and its successors and assigns;

   (c) "**Exercise Price**" shall equal $● per Subordinate Voting Share;

   (d) "**Expiry Date**" means the date that is 60 months after the Issue Date;

   (e) "**Expiry Time**" means 4:30 p.m., Vancouver, British Columbia time, on the Expiry Date;

   (f) "**Holder**" means the holder set forth on the first page hereof;

   (g) "**Issue Date**" means the issue date set forth on the first page of this Warrant Certificate;

   (h) "**person**" means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof or any other entity whatsoever;

   (i) "**Register**" has the meaning ascribed to such term on the first page hereof;

   (j) "**Subordinate Voting Shares**" means the subordinate voting shares in the capital of the Corporation; and

   (k) "**Warrant**" shall mean a share purchase warrant of the Corporation, entitling the holder thereof to purchase one (1) Subordinate Voting Share for a purchase price equal to the Exercise Price.

**2.** **Expiry Time:** At the Expiry Time, all rights under the Warrants evidenced hereby, in respect of which the right of subscription and purchase herein provided for shall not theretofore have been exercised, shall expire and be of no further force and effect.

**3.** **Exercise Procedure**:

   (a) The Holder may exercise the right to subscribe and purchase the number of Subordinate Voting Shares herein provided for by delivering to the Corporation prior to the Expiry Time at its office set forth herein the subscription form, attached hereto as Exhibit "I", duly completed and executed by the Holder or its legal representative or attorney, duly appointed by an instrument in writing in form and manner satisfactory to the Corporation, together with a certified cheque, bank draft or other means acceptable to the Corporation

in same day freely transferable funds, payable to or to the order of the Corporation in an amount equal to the aggregate Exercise Price in respect of the Warrants so exercised. Any subscription form so surrendered shall be deemed to be surrendered only upon delivery thereof to the Corporation at its office set forth herein (or to such other address as the Corporation may notify the Holder).

(b) Upon such delivery as aforesaid, the Corporation shall cause to be issued to the Holder hereof the Subordinate Voting Shares subscribed for not exceeding those which such Holder is entitled to purchase pursuant to this Warrant Certificate and the Holder hereof shall become a shareholder of the Corporation in respect of the Subordinate Voting Shares subscribed for with effect from the date of such delivery and shall be entitled to delivery of a certificate or direct registration transaction advice evidencing the Subordinate Voting Shares and the Corporation shall cause such certificate or direct registration transaction advice to be delivered to the Holder hereof at the address or addresses specified in such subscription as soon as practicable, and in any event within five Business Days of such delivery.

(c) Where required by applicable securities laws, certificates representing Subordinate Voting Shares issued upon the exercise of this Warrant Certificate prior to the date that is four months and one day after the Issue Date shall bear or be deemed to bear the following legend:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE ● 2019."

provided that, if at any time, in the opinion of counsel to the Corporation, such legend is no longer necessary or advisable under any such securities laws, or at any time after such above-specified date, or if the holder of any such legended certificate provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such legends are not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend.

(d) Where required by applicable securities laws, certificates representing Subordinate Voting Shares issued upon exercise of this Warrant Certificate shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE CORPORATION, MUST FIRST BE PROVIDED TO THE CORPORATION AND THE CORPORATION'S TRANSFER AGENT TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF

THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

**4.** **Partial Exercise:** The Holder may subscribe for and purchase a number of Subordinate Voting Shares less than the number the Holder is entitled to purchase pursuant to this Warrant Certificate. In the event of any such subscription prior to the Expiry Time, the Holder shall in addition be entitled to receive, without charge, a new Warrant Certificate in respect of the balance of the Subordinate Voting Shares which the Holder was entitled to subscribe for pursuant to this Warrant Certificate and which were then not purchased.

**5.** **No Fractional Shares:** Notwithstanding any adjustments provided for in Section 11 hereof or otherwise, the Corporation shall not be required upon the exercise of any Warrants to issue fractional Subordinate Voting Shares in satisfaction of its obligations hereunder and, in any such case, the number of Subordinate Voting Shares issuable upon the exercise of any Warrants shall be rounded down to the nearest whole number without additional compensation to the Holder therefor.

**6.** **Exchange of Warrant Certificates:** This Warrant Certificate may be exchanged for Warrant Certificates representing in the aggregate the same number of Warrants and entitling the Holder thereof to subscribe for and purchase an equal aggregate number of Subordinate Voting Shares at the same Exercise Price and on the same terms as this Warrant Certificate (with or without legends as may be appropriate).

**7.** **Transfer of Warrants:** This Warrant Certificate and the Warrants are non-transferable. This Warrant Certificate and the Warrants may not be assigned, except for any assignment to a person controlled (within the meaning of the *Income Tax Act* (Canada)) by the Holder.

**8.** **Not a Shareholder:** Nothing in this Warrant Certificate or in the holding of a Warrant evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Corporation.

**9.** **No Obligation to Purchase:** Nothing herein contained or done pursuant hereto shall obligate the Holder to subscribe for or the Corporation to issue any Subordinate Voting Shares except those Subordinate Voting Shares in respect of which the Holder shall have exercised its right to purchase hereunder in the manner provided herein.

**10.** **Covenants:**

The Corporation covenants and agrees that so long as any Warrants evidenced hereby remain outstanding:

(a) until the Expiry Time, it will reserve and there will remain unissued out of its authorized capital a sufficient number of Subordinate Voting Shares to satisfy the right of purchase herein provided, as such right of purchase may be adjusted as contemplated herein;

(b) the Corporation will cause the Subordinate Voting Shares from time to time subscribed for pursuant to the Warrants issued by the Corporation hereunder, in the manner herein provided, to be duly issued in accordance with the Warrants and the terms hereof;

(c) all Subordinate Voting Shares that shall be issued by the Corporation upon exercise of the rights provided for herein shall be issued as fully paid and non-assessable;

(d) until the Expiry Time, it will use commercially reasonable efforts to: (i) maintain the listing of the Subordinate Voting Shares on the Canadian Securities Exchange or such other Canadian stock exchange; and (ii) maintain its status as a reporting issuer in a jurisdiction in Canada, provided in each case that this covenant shall not prevent the

Corporation from completing any transaction which would result in the Subordinate Voting Shares ceasing to be listed so long as the holders of such shares receive equivalent value in the form of securities of an entity which is listed on a stock exchange in Canada or cash, or the holders of such shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the rules and policies of the applicable stock exchange. All Subordinate Voting Shares will be issued upon the exercise of the right to purchase herein provided for, upon payment therefor of the amount at which such Subordinate Voting Shares may at the time be purchased pursuant to the provisions hereof, as fully paid and non-assessable shares; and

(e) the Corporation will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as may be reasonably required for the better accomplishing and effecting of the intentions and provisions of this Warrant Certificate.

11. **Adjustments:**

(a) Adjustment: The rights of the Holder, including the Exercise Price and number of Subordinate Voting Shares issuable upon the exercise of such Warrants represented by this Warrant Certificate, will be adjusted from time to time in the events and in the manner provided in, and in accordance with the provisions of, this Section 11.

(b) Share Reorganization; Distributions:

(i) If and whenever at any time prior to the Expiry Date, the Corporation shall (i) subdivide, redivide or change the outstanding Subordinate Voting Shares into a greater number of Subordinate Voting Shares; (ii) consolidate, combine or reduce the outstanding Subordinate Voting Shares into a lesser number of Subordinate Voting Shares; or (iii) fix a record date for the issue of Subordinate Voting Shares or securities convertible into or exchangeable for Subordinate Voting Shares to all or substantially all of the holders of Subordinate Voting Shares by way of a stock dividend or other distribution (other than a Rights Offering), then, in each such event, the Exercise Price shall, on the record date for such event or, if no record date is fixed, the effective date of such event, be adjusted so that it will equal the rate determined by multiplying the Exercise Price in effect immediately prior to such date by a fraction, of which the numerator shall be the total number of Subordinate Voting Shares outstanding on such date before giving effect to such event, and of which the denominator shall be the total number of Subordinate Voting Shares outstanding on such date after giving effect to such event (including, in the case where securities exchangeable for or convertible into Subordinate Voting Shares are distributed, the number of Subordinate Voting Shares that would have been outstanding Subordinate Voting Shares on such record date or effective date, as the case may be). Such adjustment shall be made successively whenever any such event shall occur. Any such issue of Subordinate Voting Shares by way of a stock dividend shall be deemed to have been made on the record date for such stock dividend for the purpose of calculating the number of outstanding Subordinate Voting Shares under this subsection 11(b).

(ii) If and whenever at any time prior to the Expiry Date, the Corporation shall fix a record date for the distribution to holders of Subordinate Voting Shares and/or to holders of any other class of the Corporation’s share capital, including the classes designated as “Multiple Voting Shares” and “Super Voting Shares,” of any property (including cash) or other assets, then the Exercise Price shall, on the record date for such event, be adjusted so that it will equal the rate

determined by multiplying the (x) Exercise Price in effect immediately prior to such date by (y) a fraction:

(A) the numerator of which shall be equal to the (i) volume weighted average price per share of the Subordinate Voting Shares for the 5-day period immediately preceding the record date during which trading occured (the "**Market Price**") minus (ii) the sum of the aggregate amount of cash and the aggregate fair market value (as determined in good faith by the Board of Directors of the Corporation, whose determination shall be conclusive) of the cash and other property or assets subject to the distribution (computed on a per share basis); and

(B) the denominator of which shall be equal to the Market Price.

(c) Reclassifications: If and whenever at any time prior to the Expiry Date, there is (i) any reclassification of or amendment to the outstanding Subordinate Voting Shares, any change of the Subordinate Voting Shares into other shares or any other reorganization of the Corporation (other than as described in subsection 11(b) hereof); (ii) any consolidation, amalgamation, arrangement, merger or other form of business combination of the Corporation with or into any other corporation resulting in any reclassification of the outstanding Subordinate Voting Shares, any change of the Subordinate Voting Shares into other shares or any other reorganization of the Corporation; or (iii) any sale, lease, exchange or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or entity (any of such events being herein called a "**Capital Reorganization**"), then, in each such Capital Reorganization, the Holder upon the exercise of each Warrant shall be entitled to receive, and shall accept, in lieu of the number of Subordinate Voting Shares to which such Holder was theretofore entitled upon such exercise, the kind and number or amount of shares or other securities or property which such Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, such Holder had been the registered holder of the number of Subordinate Voting Shares to which such Holder was theretofore entitled upon such exercise; provided however, that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken to so entitle the holder. If necessary as a result of any such Capital Reorganization, appropriate adjustments will be made in the application of the provisions set forth in this subsection with respect to the rights and interests thereafter of the Holder of this Warrant Certificate to the end that the provisions set forth in this subsection will thereafter correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares or other securities or property thereafter deliverable upon the exercise of this Warrant. Any such adjustments will be made by and set forth in an instrument supplemental hereto approved by the directors of the Corporation, acting reasonably, and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(d) Rights Offerings: If, prior to the Expiry Time, the Corporation issues rights, options or warrants to all or substantially all the holders of the Subordinate Voting Shares pursuant to which those holders are entitled to subscribe for, purchase or otherwise acquire Subordinate Voting Shares or Convertible Securities within the applicable period from the date of issue thereof at a price, or at a conversion price, of less than 95% of the Market Price at the record date for such distribution (any such issuance being herein referred to as a "**Rights Offering**" and Subordinate Voting Shares that may be acquired pursuant to the Rights Offering or upon conversion of the Convertible Securities offered pursuant to the Rights Offering being herein referred to as the "**Offered Shares**"), the Exercise Price shall be adjusted effective immediately after the record date at which holders of Subordinate Voting Shares are determined for the purposes of the Rights Offering to an

Exercise Price that is the product of: (1) the Exercise Price in effect on such record date: and (2) a fraction:

(i) the numerator of which shall be the sum of:

(A) the number of Subordinate Voting Shares outstanding on the record date for the Rights Offering, *plus*

(B) a number determined by dividing either

(I) the product of (x) the number of Offered Shares under the Rights Offering multiplied by (y) the price at which such Offered Shares are offered,

or, as the case may be,

(II) the product of (x) the exchange or conversion price per Subordinate Voting Share of such securities offered multiplied by (y) the maximum number of Subordinate Voting Shares for or into which the securities so offered pursuant to the Rights Offering may be exchanged or converted,

by the Market Price of the Subordinate Voting Shares on the record date for the Rights Offering; and

(ii) the denominator of which shall be the sum of (x) the number of Subordinate Voting Shares outstanding on such record date plus (y) the number of Offered Shares under the Rights Offering.

Any Offered Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; and if any of the rights, options or warrants that were taken into account in any such computation are not so issued or are not exercised prior to the expiration thereof, then the Exercise Price shall be readjusted to the Exercise Price that would have been in effect if any such computation had not taken into account the rights, options or warrants that were not in fact issued or that expired unexercised, but subject to any other adjustment required hereunder by reason of any event arising after that record date.

(e) If and whenever at any time prior to the Expiry Date, there is any adjustment or readjustment in the Exercise Price pursuant to the provisions of subsection 11(b)(i), 11(c) or 11(c) of this Warrant Certificate, then the number of Subordinate Voting Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Subordinate Voting Shares and Warrants purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.

12. **Rules Regarding Calculation of Adjustment of Exercise Price:**

(a) The adjustments provided for in Section 11 are cumulative and will, in the case of adjustments to the Exercise Price, be computed to the nearest one-hundredth of one cent and will be made successively whenever an event referred to therein occurs, subject to the following subsections of this Section 12.

(b) No adjustment in the Exercise Price is required to be made unless such adjustment would result in a change of at least 1% in the prevailing Exercise Price provided,

however, that any adjustments which, except for the provisions of this subsection, would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustments.

(c) No adjustment in the Exercise Price will be made in respect of any event described in Section 11(c), other than the events referred to in subsection 11(c), if the Holder is entitled to participate in such event on the same terms, *mutatis mutandis*, as if the Holder had exercised this Warrant prior to or on the effective date or record date of such event.

(d) If at any time a question or dispute arises with respect to adjustments provided for in Section 11, such question or dispute will be conclusively determined by the independent auditor of the Corporation or, if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action of the directors of the Corporation and any such determination, subject to regulatory approval and absent manifest error, will be binding upon the Corporation and the Holder. The Corporation will provide such auditor or chartered accountant with access to all necessary records of the Corporation.

(e) In case the Corporation after the date of issuance of this Warrant takes any action affecting the Subordinate Voting Shares, other than action described in Section 11, which in the opinion of the board of directors of the Corporation would materially affect the rights of the Holder, the Exercise Price will be adjusted in such manner, if any, and at such time, by action of the directors of the Corporation in their sole discretion, acting reasonably and in good faith, but subject in all cases to any necessary regulatory approval. Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment on or prior to the effective date of any action by the Corporation affecting the Subordinate Voting Shares will be conclusive evidence that the board of directors of the Corporation has determined that it is equitable to make no adjustment in the circumstances.

(f) If the Corporation sets a record date to determine the holders of the Subordinate Voting Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and, thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, decides not to implement its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment in the Exercise Price will be required by reason of the setting of such record date.

(g) In the absence of a resolution of the directors of the Corporation fixing a record date for any event which would require any adjustment to this Warrant, the Corporation will be deemed to have fixed as the record date therefor the date on which the event is effected.

(h) As a condition precedent to the taking of any action which would require any adjustment to this Warrant, including the Exercise Price, the Corporation shall take any corporate action which may be necessary in order that the Corporation or any successor to the Corporation or successor to the undertaking or assets of the Corporation have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof.

(i) The Corporation will from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 11, forthwith give notice to the Holder specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Exercise Price.

(j) The Corporation covenants to and in favour of the Holder that so long as this Warrant remains outstanding, it will give notice to the Holder of the effective date or of its intention to fix a record date for any event referred to in Sections 11 or 12 whether or not such event gives rise to an adjustment in the Exercise Price or the number and type of securities issuable upon the exercise of the Warrants and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date, unless giving such notice is not reasonably practicable, in which case the Corporation will give as much notice as is reasonably practicable.

(k) In any case in which Section 11 shall require that an adjustment shall become effective immediately after a record date for or an effective date of an event referred to herein, the Corporation may defer, until the occurrence and consummation of such event, issuing to the Holder of this Warrant, if exercised after such record date or effective date and before the occurrence and consummation of such event, the additional Subordinate Voting Shares or other securities or property issuable upon such exercise by reason of the adjustment required by such event, provided, however, that the Corporation will deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Subordinate Voting Shares or other securities or property upon the occurrence and consummation of such event and the right to receive any dividend or other distribution in respect of such additional Subordinate Voting Shares or other securities or property declared in favour of the holders of record of Subordinate Voting Shares or of such other securities or property on or after the Exercise Date or such later date as the Holder would, but for the provisions of this subsection, have become the holder of record of such additional Subordinate Voting Shares or of such other securities or property.

13 .**Consolidation and Amalgamation:**

(a) The Corporation shall not enter into any transaction whereby all or substantially all or its undertaking, property and assets would become the property of any other corporation (herein called a "**successor corporation**") whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale, disposition or otherwise, unless prior to or contemporaneously with the consummation of such transaction the Corporation and the successor corporation shall have executed such instruments and done such things as the Corporation, acting reasonably, considers necessary or advisable to establish that upon the consummation of such transaction:

(i) the successor corporation will have assumed all the covenants and obligations of the Corporation under this Warrant Certificate, and

(ii) the Warrant and the terms set forth in this Warrant Certificate will be a valid and binding obligation of the successor corporation entitling the Holder, as against the successor corporation, to all the rights of the Holder under this Warrant Certificate.

(b) Whenever the conditions of subsection 13(a) shall have been duly observed and performed the successor corporation shall possess, and from time to time may exercise, each and every right and power of the Corporation under this Warrant in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any director or officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the successor corporation.

**14.** **Representation and Warranty:** The Corporation hereby represents and warrants with and to the Holder that the Corporation is duly authorized and has the corporate and lawful power and authority to create and issue this Warrant and the Subordinate Voting Shares issuable upon the exercise hereof and perform its obligations hereunder and that this Warrant represents a valid, legal and binding obligation of the Corporation enforceable in accordance with its terms.

**15.** **Lost Certificate:** If the Warrant Certificate evidencing the Warrants issued hereby becomes stolen, lost, mutilated or destroyed the Corporation may, on such terms as it may in its discretion, acting reasonably, impose, issue and countersign a new Warrant Certificate of like denomination, tenor and date as the Warrant Certificate so stolen, lost mutilated or destroyed.

**16.** **Governing Law:** This Warrant shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein and will be treated in all respects as a British Columbia contract. Each of the parties hereto, irrevocably attorns to the exclusive jurisdiction of the courts of the province of British Columbia with respect to all matters arising out of this Warrant Certificate.

**17.** **Severability:** If any one or more of the provisions or parts thereof contained in this Warrant Certificate should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom.

**18.** **Headings:** The headings of the articles, sections, subsections and clauses of this Warrant Certificate have been inserted for convenience and reference only and do not define, limit, alter or enlarge the meaning of any provision of this Warrant Certificate.

**19.** **Numbering of Articles, etc.:** Unless otherwise stated, a reference herein to a numbered or lettered article, section, subsection, clause, subclause or schedule refers to the article, section, subsection, clause, subclause or schedule bearing that number or letter in this Warrant Certificate.

**20.** **Gender:** Whenever used in this Warrant Certificate, words importing the singular number only shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender.

**21.** **Day not a Business Day:** In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

**22.** **Binding Effect:** This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder, its successors, assigns and legal personal representatives and shall be binding upon the Corporation and its successors.

**23.** **Further Assurances:** The Corporation hereby covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such other act, deed and assurance as the Holder shall reasonably require for the better accomplishing and effectuating of the intentions and provisions of this Warrant Certificate.

**24.** **Notice:** Unless herein otherwise expressly provided, a notice to be given hereunder will be deemed to be validly given if the notice is sent by courier or registered mail addressed as follows:

(a) If to the Holder at the latest address of the Holder as recorded on the Register; and

(b) If to the Corporation at:

c/o Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC V6C 3R8 Canada

Attention: Matt Miller

Any notice given as aforesaid shall conclusively be deemed to have been received by the addressee, if sent by courier, on the next following Business Day and, if sent by mail, on the fifth day following the posting thereof.

**25.** **Currency:** Unless otherwise specified herein, all references to "$" or "dollars" shall reference the lawful currency of Canada.

**26.** **Time of Essence:** Time shall be of the essence hereof.

[***Signature Page to Follow***]

**IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be signed by its duly authorized officer as of _____, 2019.**

**GREEN THUMB INDUSTRIES INC.**

**Per:** _____
**Authorized Signatory**

Exhibit C

**EXHIBIT "I"**

**SUBSCRIPTION FORM**

**ANY EXERCISE OF WARRANTS WILL REQUIRE COMPLIANCE WITH APPLICABLE SECURITIES LEGISLATION. WARRANTHOLDERS ARE URGED TO CONTACT LEGAL COUNSEL BEFORE EFFECTING ANY SUCH EXERCISE.**

**TO:** Green Thumb Industries Inc. (the "**Corporation**")
c/o Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC V6C 3R8 Canada

The undersigned holder of the Warrants evidenced by this Warrant Certificate hereby exercises the right to acquire _____ (A) subordinate voting shares of the Corporation ("**Subordinate Voting Shares**").

Exercise Price Payable:

((A) multiplied by ●, subject to adjustment)

The undersigned hereby exercises the right of such holder to be issued, and hereby subscribes for, Subordinate Voting Shares that are issuable pursuant to the exercise of such Warrants on the terms specified in such Warrant Certificate.

The undersigned hereby represents, warrants and certifies as follows (one (only) of the following must be checked):

A. The undersigned holder at the time of exercise of the Warrants (a) is not in the United States; (b) is not a U.S. Person and is not exercising the Warrants on behalf of a U.S. Person or a person in the United States; (c) did not acquire the Warrants in the United States or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (d) did not receive an offer to exercise the Warrants in the United States; and (e) represents and warrants that the exercise of the Warrants and the acquisition of the Subordinate Voting Shares occurred in an "offshore transaction" (as defined under Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")); OR

B. The undersigned holder is the original holder of the Warrants (or a person who acquired the Warrants upon a distribution by the original holder of the Warrants to its then equity holders) and (a) is exercising the Warrants solely for its own account for investment purposes only and not on behalf of any other person; and (b) was and is a U.S. Accredited Investor within the meaning of Rule 501(a) under the U.S. Securities Act both on the Issue Date and on the date of exercise of the Warrants; OR

C. The undersigned holder has delivered to the Corporation an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the exercise of the Warrants and the issuance of the Subordinate Voting Shares does not require registration under the U.S. Securities Act or any applicable state securities laws.

The undersigned holder understands that unless Box A above is checked, the certificate representing the Subordinate Voting Shares will be issued in definitive physical certificated form and bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available. If Box C above is checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with the exercise

will be satisfactory in form and substance to the Corporation. "**U.S. Person**" and "**United States**" are as defined under Regulation S under the U.S. Securities Act.

The undersigned hereby acknowledges that the undersigned is aware that the Subordinate Voting Shares received on exercise may be subject to restrictions on resale under applicable securities legislation. The undersigned hereby further acknowledges that the Corporation will rely upon our confirmations, acknowledgements and agreements set forth herein, and agrees to notify the Corporation promptly in writing if any of the representations or warranties herein ceases to be accurate or complete.

The undersigned hereby irrevocably directs that the said Subordinate Voting Shares be issued, registered and delivered as follows:

| Deliver the Subordinate Voting Shares as set forth below: | Register the Subordinate Voting Shares as set forth below: |
|---|---|
| | ☐ Same as Delivery Address (otherwise complete below) |
| (Name) | (Name) |
| (Account reference, if applicable) | (Account reference, if applicable) |
| (Contact Name) | (Contact Name) |
| (Address) | (Address) |

Once completed and executed, this Subscription Form must be mailed or delivered to Green Thumb Industries Inc., c/o Dentons Canada LLP, 20th Floor, 250 Howe Street Vancouver, BC V6C 3R8 Canada (original copy).

**DATED** this __day of ____, 20__.

| | | |
|---|---|---|
| | ) | (Signature of Warrantholder, to be the same |
| | ) | as it appears on the face of this Warrant |
| Witness | ) | Certificate. If an entity, the signatory |
| | ) | represents that he or she has authority to bind |
| | ) | such entity and duly execute this form.) |
| | ) | |
| | ) | |
| | ) | Name of Warrantholder |

☐ Please check if the certificates representing the Subordinate Voting Shares are to be delivered at the office where this Warrant Certificate is surrendered, failing which such certificates will be mailed to the address set out above. Certificates will be delivered or mailed as soon as practicable after the surrender of this Warrant Certificate to the Corporation.

**Exhibit D**
**FORM OF COMPLIANCE CERTIFICATE**

**COMPLIANCE CERTIFICATE**

GREEN THUMB INDUSTRIES INC., a British Columbia corporation

Date:_____, 20__

This Compliance Certificate (this "**Certificate**") is given by Green Thumb Industries Inc., a British Columbia corporation ("**GTI**"), as Guarantor, pursuant to Section 6.1(d) of that certain Note Purchase Agreement, dated as of May , 2019, to which this Certificate is an Exhibit (as such agreement may have been and hereafter is amended, restated, supplemented or otherwise modified from time to time, the "**NPA**"). Capitalized terms used herein without definition shall have the meanings set forth in the NPA.

The officer executing this Certificate is duly authorized to execute and deliver this Certificate on behalf of GTI. By executing this Certificate, such officer hereby certifies to the Administrative Agent and the Purchasers that:

(a) except if and as set forth in Schedule 5 hereto, no Default or Event of Default exists, which schedule includes a description of the nature and period of existence of such Default or Event of Default, if any, and what action the Loan Parties have taken, are taking and propose to take with respect thereto; and

(b) the Loan Parties are in compliance with the financial covenants contained in Section 6.10 of the NPA, as demonstrated by the calculation of such covenants attached hereto, except as set forth below.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the undersigned Authorized Officer has executed and delivered this Certificate on behalf of the Guarantor as of the date first set forth above.

**GREEN THUMB INDUSTRIES INC.**

By: _____
Name: _____
Title: _____

Unless otherwise indicated, all calculations are without duplication and made with respect to GTI and its Subsidiaries on a consolidated basis and are as of [Date].

Exhibit D

Schedule 1 to Compliance Certificate

**CALCULATION OF LIQUIDITY**
**(Section 6.10(a))**

| | |
|---|---|
| Unrestricted cash and cash equivalents | |
| Less: Aggregate amount of interest scheduled to become due and payable during the 365-day period following the date hereof on Indebtedness for borrowed money Net unrestricted cash and cash equivalents | |
| In Compliance | [Yes/No] |

Exhibit D

Schedule 2 to Compliance Certificate

**NET DEBT TO EBITDA RATIO**
**(Section 6.26(b))**

| | |
|---|---|
| Net Debt to EBITDA Ratio: | |
| Net Debt as of the last day of the applicable measurement period (the "**Measurement Period**") | $ |
| Divided by: EBITDA for the Measurement Period | $ |
| Ratio | |
| In Compliance | [Yes/No] |

Exhibit D

Schedule 3 to Compliance Certificate

**NET DEBT TO STOCKHOLDER EQUITY RATIO**
**(Section 6.26(c))**

| | |
|---|---|
| Net Debt to Stockholder Equity Ratio: | |
| Net Debt as of the last day of the applicable measurement period (the **"Measurement Period"**) | $ |
| Divided by: Stockholder Equity as of the last day of the Measurement Period | $ |
| Ratio | |
| In Compliance | [Yes/No] |

Exhibit D

Schedule 4 to Compliance Certificate

**INTEREST COVERAGE RATIO**
**(Section 6.26(d))**

| | |
|---|---|
| Interest Coverage Ratio: | |
| EBITDA for the last four fiscal quarters, less income taxes taken into account in the computation of EBITDA for such period pursuant to clause (c) of the definition of EBITDA | $ |
| Divided by: Interest Expense for the last four fiscal quarters | $ |
| Ratio | |
| In Compliance | [Yes/No] |

**Exhibit D**

**Schedule 5 to Compliance Certificate**

Exhibit E

**RISK FACTORS**

**Cannabis remains illegal under U.S. federal law**

Cannabis is a Schedule 1 controlled substance and is illegal under federal U.S. law. Even in those states in which the use of cannabis has been legalized, its use remains a violation of U.S. federal law. Since U.S. federal law criminalizing the use of cannabis remains in effect, strict enforcement of U.S. federal law regarding cannabis would harm the Corporation's business, prospects, results of operation, and financial condition.

**Federal regulation of cannabis in the United States**

Unlike in Canada which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Cannabis Act (Canada), investors are cautioned that in the United States, cannabis is largely regulated at the state level. To date, a total of 33 states, in addition to Washington D.C., have legalized some form of whole-plant cannabis cultivation, sales, and use for certain medical and/or adult use purposes. Thirteen additional states have legalized low-THC/high-CBD extracts for select medical conditions.

Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a Schedule 1 controlled substance under the Controlled Substances Act (the "**CSA**") in the United States and as such, remains illegal under U.S. federal law.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "**Cole Memorandum**") addressed to all United States district attorneys acknowledging that, notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several states had enacted laws relating to cannabis for medical purposes.

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

In 2017, then newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit. However, in 2018, Mr. Sessions issued a new memorandum that rescinded and superseded the Cole Memorandum (the "**Sessions Memorandum**")[1]. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities as set out in chapter 927.000 of the U.S. Attorneys' Manual. The inconsistency between federal and state laws and regulations is a major risk to the Corporation's business.

As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-

1 U.S. Dept. of Justice. (2018). *Memorandum for all United States Attorneys re: Marijuana Enforcement*. Washington, DC: US Government Printing Office. Retrieved from https://www.justice.gov/opa/press-release/file/1022196/download.

level laws that may be inconsistent with federal prohibitions. However, the Cole Memorandum's principles remain well respected, and the federal government under Sessions' tenure prosecuted no state law compliant entities. Sessions resigned in late 2018. The new Attorney General William Barr testified in his confirmation hearing that he will not upset "settled expectations", "investments", or other "reliance interest[s]" arising as a result of the Cole Memo, and that he does not intend to use federal resources to enforce federal cannabis laws in states that have legalized cannabis "to the extent people are complying with the state laws."[2]

Medical cannabis is currently further protected against enforcement by enacted legislation from United States Congress in the form of the Joyce Amendment (previously the Rohrabacher Amendment), Consolidated Appropriations Act, 2019, Pub. L. No. 116-6, § 537 (the "**Joyce Amendment**"), which similarly prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding. If such funding were ever restored, actions which were previously protected could be subject to prosecution if they are within the statute of limitations.

Due to the dual sovereign nature of American government, the federal government can assert criminal violations of U.S. federal law despite state law. There have not been publicized instances of any state-legal cannabis operations being prosecuted absent claims that the operation is also violating state law. Nonetheless, the level of prosecutions of state-legal cannabis operations is entirely unknown, and the current administration is hostile to legal cannabis. If the Department of Justice policy under Attorney General William Barr were to change course and aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Corporation could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis; and/or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life.

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

The Joyce Amendment was most recently extended through a continuing resolution until September 30, 2019. Should the Joyce Amendment not be renewed upon expiration in subsequent spending bills there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Such potential proceedings could involve significant restrictions being imposed upon the Corporation or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition as well as the Corporation's reputation, even if such proceedings were concluded successfully in favour of the Corporation.

Additionally, there can be no assurance as to the position any new administration may take on cannabis and a new administration could decide to enforce the U.S. federal laws strongly. Any enforcement of current U.S. federal laws could cause significant financial damage to the Corporation and

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2 *See Attorney General William Barr Confirmation Hearing, available at* https://www.c-span.org/video/?456626-1/attorney-general-nominee-william-barr-confirmation-hearing.

its shareholders. Further, future presidential administrations may want to treat cannabis differently and potentially enforce the U.S. federal laws more aggressively.

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 or divestiture. This could have a material adverse effect on the Corporation, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult 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.

On June 7, 2018, the STATES Act was introduced in the Senate. A companion bill was introduced in the House of Representatives. The bill provides in relevant part that the provisions of the CSA, as applied to cannabis, “shall not apply to any person acting in compliance with state law relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marihuana.” Even though cannabis will remain on Schedule I under the STATES Act, it makes the CSA unenforceable to the extent it conflicts with state law. In essence, the bill extends the limitations afforded by the Joyce Amendment within the federal budget to both adult-use and medical-use cannabis activity in all states where it has been legalized. By allowing continued prohibition to be a choice by the individual states, the STATES Act does not fully legalize cannabis on a national level.

**Joyce Amendment**

The Joyce Amendment, as discussed above, prohibits the Department of Justice from spending funds appropriated by Congress to enforce the tenets of the CSA against the medical cannabis industry in states which have legalized such activity. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. The Joyce Amendment will expire with the Fiscal Year 2019 on September 30, 2019. At such time, it is expected to be included in the Fiscal Year 2020 omnibus appropriations package or a continuing budget resolution, but its inclusion or non-inclusion, as applicable, is subject to political changes.

**U.S. state regulatory uncertainty**

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

In addition, local laws and ordinances could restrict the Corporation’s business activity. Although legal under the laws of the states in which the Corporation’s business will operate, local governments have the ability to limit, restrict, and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances, and similar laws could be adopted or changed, and have a material adverse effect on the Corporation’s business.

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

**Restricted access to banking**

In February 2014, the Financial Crimes Enforcement Network ('**FinCEN**") bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements.[3] This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Corporation may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. The inability or limitation in the Corporation's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Corporation to operate and conduct its business as planned or to operate efficiently.

**Heightened scrutiny by Canadian regulatory authorities**

The Corporation's existing operations in the United States, and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Corporation may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Corporation's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

It had been reported in Canada that the Canadian Depository for Securities Limited was considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ('**CDS**"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ('**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSXV.[4] The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the securities of the Corporation are listed on an applicable stock exchange, it would have a material adverse effect on the ability of holders of such securities to make and settle trades. In particular, the such securities would become highly illiquid until an alternative

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3 Department of the Treasury Financial Crimes Enforcement Network. (2014). *Guidance re: BSA Expectations Regarding Marijuana-Related Businesses* (FIN-2014-G001). Retrieved from https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-related-businesses.

4 Memorandum from The Canadian Depository for Securities, Aequitas NEO Exchange Inc., CNSX Markets Inc., TSX Inc., and TSX Venture Exchange Inc. (8 February 2018). Retrieved from https://www.cds.ca/resource/en/249/.

was implemented, investors would have no ability to effect a trade of such securities through the facilities of the applicable stock exchange.

**Regulatory scrutiny of the Corporation's interests in the United States**

For the reasons set forth above, the Corporation's interests in the United States cannabis market, and future licensing arrangements, may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. As a result, the Corporation may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Corporation's ability to carry on its business in the United States.

**Constraints on marketing products**

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

**Unfavorable tax treatment of cannabis businesses**

Under Section 280E ("**Section 280E**") of the United States Internal Revenue Code of 1986 as amended (the "**U.S. Tax Code**"), "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any state in which such trade or business is conducted." This provision has been applied by the U.S. Internal Revenue Service to cannabis operations, prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E therefore has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing operations. A result of Section 280E is that an otherwise profitable business may, in fact, operate at a loss, after taking into account its U.S. income tax expenses.

**Risk of civil asset forfeiture**

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

**Proceeds of crime statutes**

The Corporation will be subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the 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), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In the event that any of the Corporation's license agreements, or any proceeds thereof, in the United States were found to be in violation of money laundering legislation or otherwise, such

transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could be materially adverse to the Corporation and, among other things, could restrict or otherwise jeopardize the ability of the Corporation to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

**United States tax classification of the Corporation**

The Corporation, which is and will continue to be a Canadian corporation as of the date hereof, generally would be classified as a non-United States corporation under general rules of United States federal income taxation. Section 7874 of the U.S. Tax Code, however, contains rules that can cause a non- United States corporation to be taxed as a United States corporation for United States federal income tax purposes. Under section 7874 of the U.S. Tax Code, a corporation created or organized outside the United States. (i.e., a non-United States corporation) will nevertheless be treated as a United States corporation for United States federal income tax purposes (such treatment is referred to as an "Inversion") if each of the following three conditions are met (i) the non-United States corporation acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States corporation, (ii) after the acquisition, the former stockholders of the acquired United States corporation hold at least 80% (by vote or value) of the shares of the non-United States corporation by reason of holding shares of the United States acquired corporation, and (iii) after the acquisition, the non-United States corporation's expanded affiliated group does not have substantial business activities in the non- United States corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities (clauses (i) – (iii), collectively, the "**Inversion Conditions**").

For this purpose, "expanded affiliated group" means a group of corporations where (i) the non-United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an "expanded affiliated group" includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

The Corporation intends to be treated as a United States corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Corporation is expected, regardless of any application of section 7874 of the U.S. Tax Code, to be treated as a Canadian resident company (as defined in the Income Tax Act (Canada) (the "**ITA**") for Canadian income tax purposes. As a result, the Corporation will be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Corporation will pay any dividends on the Subordinate Voting Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the ITA will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

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

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

Because the Subordinate Voting Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of the Corporation.

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

**The production or sale of hemp and hemp-based products could harm the Corporation's business, prospects, results of operation, and financial condition**

Until recently, hemp (defined by the U.S. government as cannabis sativa L. with a THC concentration of not more than 0.3 percent on a dry weight basis) and hemp's extracts were illegal Schedule I controlled substances under the CSA (except mature stalks, fiber produced from the stalks, oil or cake made from the seeds, and any other compound, manufacture, salt derivative, mixture, or preparation of such parts). The 2014 Farm Bill authorized states to establish industrial hemp research programs. The majority of states established programs purportedly in compliance with the 2014 Farm Bill.

In December 2018, the U.S. government changed the legal status of hemp. The Agriculture Improvement Act of 2018, Pub.L. 115-334 (the "**Farm Bill**"), removed hemp and extracts of hemp, including CBD, from the CSA schedules. Accordingly the production, sale, and possession of hemp or extracts of hemp, including CBD, no longer violate the CSA.

However, the new Farm Bill did not create a free system in which individuals or businesses can grow hemp without limitations. There are numerous restrictions. The Farm Bill allows hemp cultivation broadly, but only under an approved state plan or once U.S. Department of Agriculture ("**USDA**") regulations are in place. It also allows the transfer of hemp-derived products across state lines for commercial or other purposes. Nonetheless, states can still prohibit hemp or limit hemp more stringently than the U.S. federal law.

The Farm Bill directs the USDA to create federal regulations and to set the framework for states to regulate their own programs. For states choosing to permit and regulate hemp and hemp extracts, the state department of agriculture, in consultation with the state's governor and chief law enforcement officer, will devise a plan, which the USDA must approve. For states permitting, but opting out of regulating, hemp, the USDA must construct a regulatory program under which hemp cultivators must apply for licenses and comply with the federally run program. Federal requirements for producers will include maintaining information about land and procedures for testing THC levels and disposing of hemp or byproducts that exceed 0.3% THC. The nature of these requirements remains unclear, and may negatively impact the Corporation's business once the requirements become effective.

The section of the Farm Bill establishing a framework for hemp production also states explicitly that it does not affect or modify the Federal Food, Drug, and Cosmetic Act ("**FDCA**"), section 351 of the Public Health Service Act, or the authority of the Commissioner of the U.S. Food and Drug Administration (the "**FDA**") under those laws.

In December, 2018, then FDA Commissioner Scott Gottlieb issued a statement reminding the public of the FDA's continued authority "to regulate products containing cannabis or cannabis-derived compounds under the FDCA and section 351 of the Public Health Service Act."[5] He reminded the public that "it's unlawful under the FDCA to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products, as, or in, dietary supplements, regardless of whether the substances are hemp-derived," and regardless of whether health claims are made, because CBD (and THC) are active ingredients in FDA-approved drugs.

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5 See Statement from FDA Commissioner Scott Gottlieb, M.D., on signing of the Agriculture Improvement Act and the agency's regulation of products containing cannabis and cannabis-derived compounds, dated Dec. 20, 2018, available at https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm628988.htm.

After issuing this statement, Gottlieb issued a statement regarding steps the agency is taking in its continued evaluation of possible regulatory pathways for cannabis-containing and cannabis-derived products: (i) it noticed a public hearing date, May 31, 2019, to discuss the safety, manufacturing, product quality, marketing, labeling and sale of products containing cannabis or cannabis-derived compounds; (ii) it formed a high-level internal agency working group tasked with exploring potential pathways for the legal marketing of foods and/or dietary supplements containing CBD; (iii) it released updated FAQs on the FDA website related to this topic; and (iv) it issued warning letters to three companies marketing CBD products using claims viewed as egregious and targeted at particularly vulnerable populations.

Enforcement under the FDCA may be criminal or civil in nature and can include those who aid and abet a violation, or conspire to violate, the FDCA. Violations of the FDCA, 21 U.S.C. § 331, (Prohibited acts), are, for first violations, misdemeanors punishable by imprisonment up to one year or a fine or both and, for second violations or violations committed with an "intent to defraud or mislead," felonies punishable by fines and imprisonment up to three years.[6] The fines provided for in 21 U.S.C. § 333(a) are low ($1000 and $3000), but under the Criminal Fine Improvements Act of 1987 the criminal fines can be increased significantly (approximately $100,000-$500,000). Civil remedies under the FDCA include civil money penalties,[7] injunctions, and seizures.[8] The FDA also has a number of administrative remedies (e.g., warning letters, recalls, debarment). The FDA primarily has limited its recent enforcement against companies selling CBD products to warning letters triggered by disease and/or structure or function claims. In the recent statement, Commissioner Gottlieb indicated that the FDA will continue to focus enforcement on unapproved therapeutic claims. Since that time, however, Gottlieb announced his resignation from the FDA, which introduces additional uncertainty into the CBD legal landscape.

The Commission's reference to "interstate commerce" is different from the normal constitutional meaning. The FDA lacks authority, except in limited circumstances, to enforce against companies selling CBD products that do not enter into "interstate commerce." While the U.S. Supreme Court has ruled that even cannabis grown for personal medical use affects interstate commerce, the FDA's jurisdiction is limited to products that actually move interstate. However, the FDA's interpretation "introduction into interstate commerce" applies to all aspects of a product's manufacturing, packaging, and distribution (e.g., ingredients, labeling).

**Security risks**

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

As the Corporation's business involves the movement and transfer of cash which is collected from dispensaries or patients/customers and deposited into its bank, there is a risk of theft or robbery during the transport of cash. The Corporation has engaged security firms where available to provide security in the transport and movement of large amounts of cash. To the extent such security firms are used, there is risk involved in relying on such firms to facilitate the transfer of cash (e.g., in the case of negligence or willful misconduct by such services' employees or independent contractors). In areas where such security firms are not available, the Corporation is not able to mitigate the risk of cash loss or theft by securing outside security services. Employees sometimes transport cash and/or products and each employee has a panic button in their vehicle and, if requested, may be escorted by armed guards. While the Corporation has taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

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6 21 U.S.C. § 333(a).

7 See, e.g., 21 U.S.C. §333(b) and (f)(2)A), 21 C.F.R. §17.1

8 21 U.S.C §334.

**Limited trademark protection**

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

**Limited patent protection**

The Corporation will not be able to register any United States patents for its cannabis products and processes. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is a crime under the CSA, the United States Patent and Trademark Office will not permit the filing of any patent application that involves cannabis products. As a result, the Corporation likely will be unable to protect its cannabis product formulations and processing techniques (and any related patents it may have secured) within the U.S. The use or sale of its cannabis product formulations or processing techniques by one or more other persons could have a material adverse effect on the Corporation's business and the value of such products and processing techniques.

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

The Corporation's success may likely depend on its ability (i) to develop and market trademarks and tradenames and (ii) 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 Corporation cannot assure that third parties will not assert intellectual property claims against it. The Corporation is subject to additional risks if entities licensing intellectual property to it do not have adequate rights in any such licensed materials. If third parties assert copyright, trademark, or patent infringement or violation of other intellectual property rights against the Corporation, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Corporation may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Corporation to injunctions prohibiting the development and operation of its applications.

**Cybersecurity breach and data collection risks**

Numerous state, federal and foreign laws and regulations govern the collection, dissemination, use, privacy, confidentiality, security, availability and integrity of personally identifiable information, including The Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations that have been issued thereunder ("**HIPAA**"). In the provision of products and services to the Corporation's customers, the Corporation and its third-party vendors may collect, use, maintain and transmit patient health and customer information in ways that are subject to many of these laws and regulations. If the Corporation or any of its subcontractors experiences a breach of the privacy or security of customer information, the breach reporting requirements and the liability for business associates under HIPAA (or similar requirements under other similar laws) could result in substantial financial liability and reputational harm to the Corporation.

Federal, state and foreign consumer laws also regulate the collection, use and disclosure of personal or patient health information, through web sites or otherwise, and regulate the presentation of web site content. Numerous other federal and state laws protect the confidentiality, privacy, availability, integrity and security of personally identifiable information. These laws in many cases are more restrictive than, and not preempted by, HIPAA and may be subject to varying interpretations by courts and government agencies, creating complex compliance issues for the Corporation and its customers and potentially exposing it to additional expense, adverse publicity and liability. The Corporation may not

remain in compliance with the diverse privacy requirements in all of the jurisdictions in which it does business.

HIPAA and other federal, state or foreign laws and regulations may require users of personally identifiable information to implement specified security measures. Evolving laws and regulations in this area could require the Corporation to incur significant additional costs to re-design its products and services in a timely manner to reflect these legal requirements, which could have an adverse impact on the Corporation's business.

New personally identifiable information standards, whether implemented pursuant to HIPAA, congressional action or otherwise, could have a significant effect on the manner in which the Corporation must handle healthcare related data, and the cost of complying with standards could be significant. If the Corporation does not properly comply with existing or new laws and regulations related to patient health information, it could be subject to criminal or civil sanctions.

If the Corporation's security measures are breached or fail and unauthorized access is obtained to a customer's data, the Corporation's services may be perceived as insecure, the attractiveness of its products and services to current or potential customers may be reduced, and it may incur significant liabilities.

The Corporation's business involves the storage and transmission of customers' proprietary information and patient information, including health, financial, payment and other personal or confidential information. The Corporation relies on proprietary and commercially available systems, software, tools and monitoring, as well as other processes, to provide security for processing, transmission and storage of such information. Because of the sensitivity of this information and due to requirements under applicable laws and regulations, the effectiveness of such security efforts is very important. If the Corporation's security measures are breached or fail as a result of third-party action, employee error, malfeasance or otherwise, someone may be able to obtain unauthorized access to customer or patient data. Improper activities by third-parties, advances in computer and software capabilities and encryption technology, new tools and discoveries and other events or developments may facilitate or result in a compromise or breach of the Corporation's (or its third-party vendors') computer systems. Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, and the Corporation may be unable to anticipate these techniques or fail to implement adequate preventive measures. The Corporation's security measures may not be effective in preventing such unauthorized access. If a breach of the Corporation's security occurs, it could face damages for contract breach, penalties for violation of applicable laws or regulations, possible lawsuits by individuals affected by the breach and significant remediation costs and efforts to prevent future occurrences. In addition, whether there is an actual or a perceived breach of the Corporation's security, the market perception of the effectiveness of its security measures could be harmed and the Corporation could lose current or potential customers.

**Currency fluctuations**

Due to the Corporation's present operations in the United States, and its intention to continue future operations outside Canada, the Corporation is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Corporation's revenue will be earned in US dollars, but a portion of its operating expenses are incurred in Canadian dollars. The Corporation does not have currency hedging arrangements in place and there is no expectation that the Corporation will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the US dollar and the Canadian dollar, may have a material adverse effect on the Corporation's business, financial position or results of operations.

**Lack of access to U.S. bankruptcy protections**

Because the use of cannabis is illegal under U.S. federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Corporation were to experience a bankruptcy,

there is no guarantee that U.S. federal bankruptcy protections would be available, which would have a material adverse effect on the Corporation's business, financial position or results of operations.

**Potential FDA regulation**

Should the federal government legalize cannabis, it is possible that the FDA, would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the Corporation is unable to comply with the regulations or registration as prescribed by the FDA it may have an adverse effect on the Corporation's business, operating results and financial condition.

**Legality of contracts**

Because the Corporation's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Corporation may face difficulties in enforcing its contracts in U.S. federal and certain state courts. The inability to enforce such contracts may have a material adverse effect on the Corporation's business, financial position or results of operations.

**Unfavourable publicity or consumer perception**

Management of the Corporation believes the adult-use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the adult use cannabis produced. Consumer perception of the Corporation's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of adult use cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the adult use cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's products and the business, results of operations, financial condition and cash flows of the Corporation. The Corporation'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 Corporation, the demand for the Corporation's products, and the business, results of operations, financial condition and cash flows of the Corporation. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of adult use cannabis in general, or the Corporation'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.

**Voting control**

As a result of the Super Voting Shares that they hold, a limited number of individuals exercise a significant majority of the voting power in respect of the Corporation's outstanding shares. The Subordinate Voting Shares are entitled to one vote per share, Multiple Voting Shares are entitled to 100 votes per share, and the Super Voting Shares are entitled to 1,000 votes per share. As a result, such holders of the Super Voting Shares have the ability to control the outcome of all matters submitted to the Corporation's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Corporation.

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

**Unpredictability caused by anticipated capital structure and voting control**

Although other Canadian-based companies have dual class or multiple voting share structures, given the unique capital structure in respect of the Corporation and the concentration of voting control that is held by the holders of the Super Voting Shares, this structure and control could result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Corporation or other adverse consequences.

**The Corporation is a holding company**

The Corporation is a holding company and essentially all of its assets are the capital stock of its subsidiaries in each of the markets the company operates in, including, Nevada, Illinois, Maryland, Pennsylvania, Massachusetts, Ohio, Florida, New Jersey and Connecticut. As a result, investors in the Corporation are subject to the risks attributable to its subsidiaries. As a holding company, the Corporation conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Corporation's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Corporation. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Corporation's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Corporation.

**Sales of substantial amounts of Subordinate Voting Shares may have an adverse effect on the market price of the Subordinate Voting Shares**

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

**Volatile market price for the Subordinate Voting Shares**

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 Corporation's control, including, but not limited to the following:

- actual or anticipated fluctuations in the Corporation's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Corporation will operate;
- addition or departure of the Corporation'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 vary from the expectations of management, securities analysts and investors;

- **regulatory changes affecting the Corporation's industry generally and its business and operations both domestically and abroad;**
- **regulatory changes affecting businesses generally within jurisdictions in which the Corporation operates or does business both domestically and abroad;**
- **announcements of developments and other material events by the Corporation or its competitors;**
- **fluctuations to the costs of vital production materials and services;**
- **changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;**
- **significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors;**
- **operating and share price performance of other companies that investors deem comparable to the Corporation or from a lack of market comparable companies; and**
- **news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets.**

**Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted, and the trading price of the Subordinate Voting Shares may be materially adversely affected.**

**A decline in the price of the Subordinate Voting Shares could affect the Corporation's ability to raise further working capital and adversely impact its ability to continue operations.**

**A prolonged decline in the price of the Subordinate Voting Shares could result in a reduction in the liquidity of its Subordinate Voting Shares and a reduction in its ability to raise capital. Because a significant portion of the Corporation's operations have been and will be financed through the sale of equity securities, a decline in the price of its shares could be especially detrimental to the Corporation's liquidity and its operations. Such reductions may force the Corporation to reallocate funds from other planned uses and may have a significant negative effect on the Corporation's business plan and operations, including its ability to develop new products and continue its current operations. If the Corporation's stock price declines, it can offer no assurance that the Corporation will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Corporation is unable to raise sufficient capital in the future, the Corporation may not be able to have the resources to continue its normal operations.**

**Liquidity**

**The Corporation cannot predict at what prices the Subordinate Voting Shares will trade and there can be no assurance that an active trading market will be sustained. There is a significant liquidity risk associated with an investment in the Corporation.**

**Increased costs as a result of being a public company**

**As a public issuer, the Corporation is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Corporation's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Corporation's legal, accounting and financial compliance costs, make some activities more**

**difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations.**

**Future acquisitions or dispositions**

**Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Corporation's ongoing business; (ii) distraction of management; (iii) the Corporation may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Corporation's operations; (vi) loss or reduction of control over certain of the Corporation's assets; and (vii) litigation or other disputes concerning either the Corporation's obligations to counterparties under relevant transaction documents or liabilities of an acquisition target or its previous owners (whether disclosed or undisclosed at the time of the relevant transaction). Additionally, the Corporation may issue additional Subordinate Voting Shares in connection with such transactions, which would dilute a shareholder's holdings in the Corporation.**

**The presence of one or more material liabilities of an acquired company that are unknown to the Corporation at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Corporation. While the Corporation attempts to obtain appropriate indemnification provisions in connection with its acquisitions and dispositions, the Corporation may still be exposed to significant financial or reputational risk as a result of entering into such transactions.**

**Corporation's products**

**Because the Corporation's industry is relatively new, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Corporation.**

**Shareholders and investors should further consider, among other factors, the Corporation's prospects for success in light of the risks and uncertainties encountered by companies that, like the Corporation, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of the Corporation's business. The Corporation may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Corporation fails to do so, it could materially harm the Corporation's business to the point of having to cease operations and could impair the value of the securities of the Corporation to the point investors may lose their entire investment.**

**The Corporation expects to commit significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Corporation cannot assure shareholders and investors that it will achieve market acceptance for these products, or other new products and services that the Corporation may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Corporation to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Corporation's business, financial condition and results of operations.**

**Risks inherent in an agricultural business**

**The Corporation's business involves growing cannabis, a plant. Such business will be subject to the risks inherent in agriculture, such as insects, plant diseases destruction or damage caused by natural disasters or severe weather and similar agricultural risks, which may have a material adverse effect on the Corporation's business, financial position or results of operations.**

**Exhibit E**

**Energy costs**

**The Corporation's adult use cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Corporation and its ability to operate profitably.**

**Unknown environmental risks**

**There can be no assurance that the Corporation will not encounter hazardous conditions at the site of the real estate used to operate its businesses, such as asbestos or lead, in excess of expectations that may delay the development of its businesses. Upon encountering a hazardous condition, work at the facilities of the Corporation may be suspended. If the Corporation receives notice of a hazardous condition, it may be required to correct the condition prior to continuing construction. The presence of other hazardous conditions will likely delay construction and may require significant expenditure of the Corporation's resources to correct the condition. Such conditions could have a material impact on the investment returns of the Corporation.**

**Reliance on management**

**A risk associated with the production and sale of adult use cannabis is the loss of important staff members. Success of the Corporation will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Corporation's business, operating results or financial condition.**

**Insurance and uninsured risks**

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

**Although the Corporation intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Corporation 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 Corporation is not generally available on acceptable terms. The Corporation's access to adequate and affordable insurance is significantly limited by the nature of the Corporation's business, which may prevent it from purchasing adequate and affordable insurance coverage. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.**

**Emerging industry**

**The adult use cannabis industry is emerging. There can be no assurance that an active and liquid market for shares of the Corporation will develop and shareholders may find it difficult to resell their Subordinate Voting Shares. Accordingly, no assurance can be given that the Corporation or its business will be successful.**

**Dependence on key inputs, suppliers and skilled labour**

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

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

The Corporation's access to affordable skilled labour may be impeded by the existence of unionization or other collective bargaining efforts among the Corporation's employees or independent contractors. The Corporation may also be legally required to participate in or facilitate such unionization or collective bargaining efforts within certain jurisdictions, which could limit the Corporation's access to affordable skilled labour and have a materially adverse impact on the business, financial condition, results of operations or prospects of the Corporation.

**Dependence on other third parties**

The cannabis business is dependent on a number of third parties, including various service providers, distributors and retailers. Some of the services and market access provided by such third parties may only be available from a single third party or a limited group of third parties. If the only provider of a service or access to a market were to go out of business or cease doing business with the Corporation, the Corporation might be unable to find a replacement for such service or market access in a timely manner or at all. If the only provider of a service or access to a market were to be acquired by a competitor, that competitor may elect not to provide services or market access to the Corporation in the future. Any significant interruption or negative change in the Corporation's business relations with such third parties could materially impact the business, financial condition, results of operations or prospects of the Corporation.

**Difficulty to forecast**

The Corporation must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the adult use cannabis industry in the states in which the Corporation's business will operate. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

**Management of growth**

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

**Exhibit E**

**Internal controls**

**Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Corporation under Canadian securities law, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.**

**Litigation**

**The Corporation 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 Corporation becomes involved be determined against the Corporation such a decision could adversely affect the Corporation's ability to continue operating and the market price for the Subordinate Voting Shares and could use significant resources. Even if the Corporation is involved in litigation and wins, litigation can redirect significant resources of the Corporation and/or the Corporation.**

**Product liability**

**The Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Corporation's products would involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Corporation's products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness or death, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations and financial condition of the Corporation. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Corporation's potential products.**

**Product recalls**

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

of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by the FDA, or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

**Results of future clinical research**

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Corporation believes that the articles, reports and studies 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. Given these risks, uncertainties and assumptions, prospective purchasers of securities of the Corporation should not place undue reliance on such articles and reports. 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 have a material adverse effect on the demand for the Corporation's products with the potential to lead to a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

**Competition**

The Corporation will face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Because of the early stage of the industry in which the Corporation operates, the Corporation expects to face additional competition from new entrants. If the number of users of adult use cannabis in the states in which the Corporation will operate its business increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Corporation will require a continued high level of investment in research and development, marketing, sales and client support. The Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of its operations.

**Newly established legal regime**

The Corporation's business activities will rely on newly established and/or developing laws and regulations in the states in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Corporation's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, Securities and Exchange Commission, Department of Justice or other federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Corporation, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

Exhibit F

**INVESTOR QUESTIONNAIRE**

VCP23, LLC, a Delaware limited liability company ("**VCP23**"), VCP Real Estate Holdings, LLC, a Delaware limited liability company ("**VCP Real Estate**"), Vision Management Services, LLC, a Delaware limited liability company ("**VMS**"), GTI23, Inc., a Delaware corporation ("**GTI23**"), GTI Core, LLC, a Delaware limited liability company ("**GTI Core**"), VCP IP Holdings, LLC, a Delaware limited liability company ("**VCP IP**"), TWD18, LLC, a Delaware limited liability company ("**TWD18**") and For Success Holdings Company, a Delaware corporation (together with VCP23, VCP Real Estate, VMS, GTI23, GTI Core, VCP IP and TWD18, the "**Initial Issuers**" and each, individually, an "**Initial Issuer**") are considering issuing debt (represented by promissory notes) and warrants (the "**Proposed Issuance**") to certain accredited investors, as that term is defined in Regulation D under the Securities Act of 1933, as amended.

The following information is needed in order to ensure compliance with the requirements of applicable federal and state exemptions from securities registration requirements, and to determine whether you meet the standards required for potentially participating in the Proposed Issuance. The purpose of this Investor Questionnaire (the "**Questionnaire**") is to enable the Initial Issuers to ensure that there exists an applicable securities exemption for the Proposed Issuance and to determine the potential eligible participants in such offering. The Initial Issuers will rely upon the information contained in this Questionnaire. Accordingly, you represent and warrant to the Initial Issuers as follows:

1. The information contained in this Questionnaire is true, complete and accurate and may be relied upon by the Initial Issuers.

2. You understand and agree that the Initial Issuers may present this Questionnaire and the information provided in answers to such parties as they deem advisable if called upon to establish the availability of an applicable exemption under any federal or state securities law or if the contents of the Questionnaire are relevant to any issue in any investigation, action, suit or proceeding to which any of the Initial Issuers or any of their respective affiliates is a party or by which any of them is or may be affected.

**PLEASE NOTE THAT THIS QUESTIONNAIRE DOES NOT CONSTITUTE AN OFFER BY THE INITIAL ISSUERS TO SELL ANY SECURITIES, BUT IS MERELY A REQUEST FOR INFORMATION.**

Exhibit F

**Accredited Investor Status**

The undersigned qualifies as an "accredited investor" pursuant to Regulation D under the Securities Act of 1933, as amended (the "**Act**") as a result of his, her or its status as **(Please check the appropriate description(s)**):

☐ A natural person with a net worth, or joint net worth with his or her spouse, exceeding $1,000,000. For this purpose, "net worth" means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities excludes any mortgage on the primary home in an amount of up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days before the securities are purchased, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing date for the sale of securities for the purpose of investing in the Securities.

☐ A natural person who had an individual income in excess of $200,000 in each of the two most recent years, or joint income with that person's spouse in excess of $300,000 in each of those years, and who reasonably expects to reach the same income level in the current calendar year, and has no reason to believe that such income will not remain at or above the same level for the foreseeable future.

☐ A director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer.

☐ A corporation, an organization described in Section 501(c)(3) of the Internal Revenue Code, a Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

☐ A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment.

☐ A trust with respect to which the grantor(s) has retained absolute power in his or her sole discretion to amend or revoke the trust at any time and such grantor(s) is an accredited investor as indicated in category 1 or 2 above.

An entity (except for a trust) in which all of the equity owners are "accredited investors" under any one or more of the categories specified above.

A bank as defined in Section 3(a)(2) of the Act, whether acting in its individual or fiduciary capacity.

A savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity.

A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

An insurance company as defined in Section 2(13) of the Act.

An investment company registered under the Investment Company Act of 1940, or a business development company as defined in Section 2(a)(48) of that act.

☐ A small business investment company licensed by the Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

A plan established and maintained by a state, or its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000.

An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if:

(a) the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered Investment Adviser;

(b) the employee benefit plan has total assets in excess of $5,000,000, or

(c) it is a self-directed plan with investment decisions made solely by persons that are “accredited investors” under any one or more of the categories specified in paragraphs 1 through 15 herein.

A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

I am **not** an Accredited Investor

You agree to indemnify and hold harmless the Initial Issuers and their respective stockholders, members, officers, managers, directors, counsel and affiliates (collectively, “**Indemnitees**”) from and against any and all damages suffered and liabilities, expenses and losses incurred by any of the Indemnitees (including costs of investigation, defense and reasonable attorneys’ fees) arising out of or relating to any untrue statement of fact, omission or inaccuracy made by you in this Questionnaire.

Exhibit F

| IF INDIVIDUAL | IF CORPORATION OR OTHER ENTITY |
|---|---|
| (sign here) | (sign here) |
| Print Name: | Its: |
| Dated: | Dated: |
| Legal name: | Legal name: |
| Residential address (including postal/zip code): | Residential address (including postal/zip code): |
| Telephone number: | Telephone number: |
| Email: | Email: |
| Social Security Number: | FEIN (or other federal tax identification number): |
| Prospective Investment Amount: $ | Prospective Investment Amount: $ |

[CHECK IF APPROPRIATE]

The undersigned is a “registrant”:

The undersigned is an “insider” of Green Thumb Industries Inc.:

“insider” means: (i) a director or an officer of an issuer, (ii) a director or an officer of a person that is itself and insider or a subsidiary of an issuer; (iii) a person that has (A) beneficial ownership of, or control or direction over, directly or indirectly, or (B) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of an issuer carrying more than 10% of the voting rights attached to all the issuer’s outstanding voting securities, excluding for the purpose of the calculation of the percentage held, any securities held by the person as agent in the course of a distribution, (iv) an issuer that has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security, (v) a person designated as an insider in an order by a securities regulatory authority, or (vi) a person that is in a prescribed class of persons.

“registrant” means a person registered or required to be registered under applicable Canadian securities legislation.

Exhibit G

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "***Assignment and Assumption***") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "***Assignor***") and [*Insert name of Assignee*] (the "***Assignee***"). Capitalized terms used but not defined herein shall have the meanings given to them in the Note Purchase Agreement identified below (as amended, the "***NPA***"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the NPA, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Purchaser under the NPA and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Purchaser) against any Person, whether known or unknown, arising under or in connection with the NPA, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "***Assigned Interest***"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor:

2. Assignee:

3. Issuer(s): VCP23, LLC, a Delaware limited liability company, VCP Real Estate Holdings, LLC, a Delaware limited liability company, Vision Management Services, LLC, a Delaware limited liability company, GTI23, Inc., a Delaware corporation, GTI Core, LLC, a Delaware limited liability company, VCP IP Holdings, LLC, a Delaware limited liability company, TWD18, LLC, a Delaware limited liability company, For Success Holdings Company, a Delaware corporation and any other additional issuers from time to time party the NPA

4. Administrative Agent: GLAS USA LLC, as the administrative agent under the NPA

5. NPA: The Note Purchase Agreement dated as of May , 2019, among the Issuers, each purchaser party hereto listed on the signature page thereto, GLAS Americas LLC, a New York limited liability company, as collateral agent for the sole benefit of itself, the

Administrative Agent and the Purchasers (in such capacity, together with its successors and assigns, the "Collateral Agent") and GLAS USA LLC, a New Jersey limited liability company, as administrative agent for the sole benefit of itself, the Collateral Agent and the Purchasers.

6. Assigned Interest:

| Outstanding Amount of Loan held by Assignor | Amount of Loan Assigned | Percentage Assigned of Loan |
|---|---|---|
| $ | $ | % |
| $ | $ | % |
| $ | $ | % |

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

7. Fees: Unless otherwise set forth in the NPA, this Assignment and Assumption shall be delivered to the Administrative Agent with a processing and recordation fee of $3,500.00.

8. Information: If the Assignee is not an existing Purchaser, annexed hereto is (a) a completed administrative questionnaire, in form and substance satisfactory to the Administrative Agent, providing such information (including, without limitation, credit contact information and wiring instructions) of the Assignee as the Administrative Agent may reasonably require, (b) and all information and documents required to be delivered by a Purchaser pursuant to the Note Purchase Agreement.

9. On or prior to the Effective Date, Assignor shall deliver to Administrative Agent any Note evidencing the Assigned Interest (the "Existing Note"). Upon the direction of Administrative Agent, Issuers shall deliver (i) a new Note, dated the Effective Date, to Assignee in the amount of the Assigned Interest, and, (ii) in the case of a partial assignment of a Loan held by Assignor, a new Note, dated the Effective Date, to the Assignor in the amount of the Loan still held by Assignor after giving effect to the Assigned Interest on the Effective Date (such Notes described in clauses (i) and (ii), collectively, the "New Notes"). Upon Administrative Agent receiving written confirmation from Assignee and Assignor, as applicable, of their receipt of New Notes, Administrative Agent shall send the Existing Note to the Issuers are the address set forth in the Note Purchase Agreement, with instructions permitting the Existing Note to be marked cancelled.

*[Signature Page Follows]*

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Accepted:

GLAS USA LLC, as
Administrative Agent

By
Name:
Title:

ISSUERS:

VCP23, LLC

By
Name:
Title:

VCP REAL ESTATE HOLDINGS, LLC

By
Name:
Title:

VISION MANAGEMENT SERVICES, LLC

By
Name:

Title:

GTI23, INC.

By:
Name:
Title:

GTI CORE, LLC

By
Name:
Title:

VCP IP HOLDINGS, LLC

By
Name:
Title:

TWD18, LLC

By
Name:
Title:

FOR SUCCESS HOLDINGS COMPANY

By
Name:
Title:

Exhibit G

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the NPA, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Agreement or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of the Agreement or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Agreement.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Purchaser under the NPA, (ii) it satisfies the requirements, if any, specified in the NPA that are required to be satisfied by it in order to acquire the Assigned Interest and become a Purchaser, (iii) from and after the Effective Date, it shall be bound by the provisions of the NPA as a Purchaser thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Purchaser thereunder, (iv) it has received a copy of the NPA, together with copies of the most recent financial statements delivered pursuant to the terms of the NPA, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Purchaser, and (v) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the NPA, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Purchaser, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Agreement are required to be performed by it as a Purchaser.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one

instrument. Acceptance and adoption of the terms of this Assignment and Assumption by the Assignee and the Assignor by Electronic Signature or delivery of an executed counterpart of a signature page of this Assignment and Assumption by any Electronic System shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of Illinois.

**SCHEDULE 2 — COMMITMENTS**

[***]

**SCHEDULE 5.1 — ISSUER AND MATERIAL SUBSIDIARY[1] FORMATION STATES**

| ENTITY | STATE OF FORMATION |
|---|---|
| VCP23, LLC | Delaware |
| VCP Real Estate Holdings, LLC | Delaware |
| Vision Management Services, LLC | Delaware |
| GTI23, INC. | Delaware |
| GTI Core, LLC | Delaware |
| VCP IP Holdings, LLC | Delaware |
| TWD18, LLC | Delaware |
| For Success Holdings Company | Delaware |
| GTI-CLINIC Illinois Holdings, LLC | Illinois |
| RISE Holding, INC. | Massachusetts |
| JB17, LLC | Delaware |
| GTI Pennsylvania, LLC | Pennsylvania |
| GTI Nevada, LLC | Nevada |
| GTI Florida, LLC | Florida |

[1] This list contains all material subsidiaries as set forth under Section 3.2 of the 2018 form 51-102f2 – Annual Information Form.

**SCHEDULE 5.4(B) — GUARANTOR CAPITALIZATION**

Pursuant to the Guarantor's constating documents, the Guarantor is authorized to issue an unlimited number of Super Voting Shares, Multiple Voting Shares, and Subordinate Voting Shares. As of the Agreement Date, the Guarantor has (i) 424,510 Super Voting Shares outstanding, (ii) 505,823 Multiple Voting Shares, and (iii) 79,919,954 Subordinate Voting Shares.

Upon the conversion of all Super Voting Shares and Multiple Voting Shares to Subordinate Voting Shares as well as the exercise of all stock options, compensation options, warrants, restricted stock units and subscription receipts, the Guarantor would have 181,970,091 Subordinate Voting Shares outstanding.

Such conversions and exercises carry the following per share consideration payable upon any such exercise or conversion:

- **Super Voting Shares**: 424,510 outstanding; nothing paid upon conversion to Multiple Voting Shares and/or Subordinate Voting Shares.
- **Multiple Voting Shares**: 505,823 outstanding; nothing paid upon conversion to Subordinate Voting Shares.
- **Stock Options**: 2,236,500 outstanding; each stock option is exercisable into Subordinate Voting Shares with an exercise price as follows:
    - 450,000 outstanding with an exercise price of C$13.51;
    - 470,000 outstanding with an exercise price of C$14.64;
    - 43,000 outstanding with an exercise price of C$17.14;
    - 127,500 outstanding with an exercise price of C$14.80;
    - 66,500 outstanding with an exercise price of C$13.75;
    - 185,000 outstanding with an exercise price of C$10.44;
    - 90,000 outstanding with an exercise price of C$14.86;
    - 20,000 outstanding with an exercise price of C$16.40;
    - 448,000 outstanding with an exercise price of C$18.11;
    - 221,000 outstanding with an exercise price of C$18.67;
    - 4,000 outstanding with an exercise price of C$19.74;
    - 84,000 outstanding with an exercise price of C$20.19; and
    - 27,500 outstanding with an exercise price of C$20.50.
- **Compensation Options**: 131,192 outstanding; each compensation option has an exercise price of C$7.75 upon exercise into Subordinate Voting Shares.
- **Warrants**: 218,964 outstanding; each warrant has an exercise price of C$22.90 upon exercise into Subordinate Voting Shares.

- **Restricted Stock Units**: 2,359,916 outstanding; nothing paid upon conversion to Subordinate Voting Shares.
- **Subscription Receipts**: 4,060,265 outstanding; nothing paid upon conversion to Subordinate Voting Shares.

## SCHEDULE 5.5 — PROPERTIES

| Property | Address | Operations |
|---|---|---|
| Rock Island, IL | 8221 51st Street West, Rock Island, IL 61201 | Cultivation/Processing (Operational) |
| Oglesby, IL | 110 East 4th Street, Oglesby, IL 61348 | Cultivation/Processing (Operational) |
| Homestead, FL | 35701 SW 202nd Ave., Homestead, FL 33034 | Cultivation/Processing (Operational) |
| Danville, PA | 601 Market Street, Danville, PA 17821 | Cultivation/Processing (Operational) |
| Toledo, OH | 0 Jason Street, Toledo, OH 43611 | Processing (Building Out) |
| Mundelein, IL | 1325 Armour Blvd., Mundelein, IL 60060 | Retail (Operational) |
| Erie, PA | 2108 W. 8th Street, Erie, PA 16505 | Retail (Operational) |
| Joppa, MD | 702 Pulaski Hwy, Joppa, MD 21085 | Retail (Operational) |
| Toledo, OH | 3157 W. Sylvania Ave., Toledo, OH 43613 | Retail (Operational) |
| Lorain, OH | 1920 Cooper Foster Park Road, Lorain, OH 44001 | Retail (Operational) |

**SCHEDULE 6.8 — CONDUCT OF BUSINESS**

Own and operate adult use and/or medical cultivation and processing facilities, and dispensaries and adjacent or ancillary business lines.

**SCHEDULE 7.4 — PERMITTED LIENS**

**None.**

**Exhibit 10.7**

**CERTAIN CONFIDENTIAL INFORMATION (MARKED BY BRACKETS AS "[***]") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.**

# FIRST AMENDMENT
# TO THE NOTE PURCHASE AGREEMENT

This FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT (this "*Amendment*") is dated and effective as of November 9, 2019 (the "*First Amendment Effective Date*") and is entered into by and among VCP23, LLC, a Delaware limited liability company ("*VCP23*"), VCP Real Estate Holdings, LLC, a Delaware limited liability company ("*VCP Real Estate*"), Vision Management Services, LLC, a Delaware limited liability company ("*VMS*"), GTI23, Inc., a Delaware corporation ("*GTI23*"), GTI Core, LLC, a Delaware limited liability company ("*GTI Core*"), VCP IP Holdings, LLC, a Delaware limited liability company ("*VCP IP*"), TWD18, LLC, a Delaware limited liability company ("*TWD18*") and For Success Holding Company, a Delaware corporation ("*FSH*" and, together with VCP23, VCP Real Estate, VMS, GTI23, GTI Core, VCP IP and TWD18, the "*Initial Issuers*" and each, individually, an "*Initial Issuer*"), each purchaser party hereto listed on the signature page hereto (together with their successors and assigns, each a "*Purchaser*" and collectively, the "*Purchasers*"), GLAS Americas LLC, a New York limited liability company, as collateral agent for the sole benefit of itself, the Administrative Agent and the Purchasers (in such capacity, together with its successors and assigns, the "*Collateral Agent*") and GLAS USA LLC, a New Jersey limited liability company, as administrative agent for the sole benefit of itself, the Collateral Agent and the Purchasers (in such capacity, together with its successors and assigns, the "*Administrative Agent*" and together with the Collateral Agent, each an "*Agent*" and collectively, the "*Agents*").

WHEREAS, Issuers, Agents and Purchasers are parties to a Note Purchase Agreement, dated as of May 22, 2019, as previously supplemented and amended (the "*Existing Credit Agreement*"); and

WHEREAS, Issuers, Agents and Purchasers have agreed to make certain amendments to the Existing Credit Agreement pursuant to this Amendment upon the terms and conditions set forth herein.

WHEREAS, Green Thumb Industries Inc., a British Columbia corporation ("*Guarantor*") is executing and delivering this Amendment: (i) to confirm and agree that its Guaranty Agreement executed on May 22, 2019 remains in full force and effect and fully and unconditionally covers all Obligations under the Existing Credit Agreement, as amended by this Amendment, and (ii) to agree to issue additional Warrants as provided for in this Amendment.

WHEREAS, GTI Pennsylvania, LLC, a Pennsylvania limited liability company ("*Additional Guarantor*"), is executing and delivering this Amendment to confirm and agree that its Guaranty Agreement executed concurrently with the execution and delivery of this First Amendment is in full force and effect and fully and unconditionally covers all Obligations under the Existing Credit Agreement, as amended by this Amendment.

IT IS THEREFORE AGREED THAT:

1. Definitions.

Capitalized terms used herein but not defined or amended herein shall have the meanings ascribed thereto in the Existing Credit Agreement.

2. Amendments.

(a) The Existing Credit Agreement is hereby amended as set forth in Annex A hereto. Such amendments to the Existing Credit Agreement are represented in Annex A hereto with "strikethrough font" for all deletions thereto and with bold, double underlined font for all additions thereto.

(b) Exhibit D to the Existing Credit Agreement is hereby amended and restated in its entirety to read as set forth on Annex B hereto.

(c) The Additional Guaranty Agreement in the form attached as Annex C hereto is hereby added as a new Exhibit H to the Existing Credit Agreement.

3. Additional Warrants.

(a) As an inducement to the Purchasers to execute and deliver this Amendment (including Section 2.4), Guarantor has agreed to issue Warrants exercisable for an aggregate of 450,000 Subordinate Voting Shares of Guarantor (subject to adjustment as and to the extent provided in the applicable Warrant Agreements) to Purchasers on or before the expiration date of the Funding Period, other than Non-Consenting Purchasers (as defined in Section 11 hereof), as specified in this Section 3.

(b) On the First Amendment Effective Date, Warrants exercisable for an aggregate of 365,076 Subordinate Voting Shares of Guarantor (subject to adjustment as and to the extent provided in the applicable Warrant Agreements) ("*First Amendment Date Warrants*") shall be issued to the Initial Purchasers that are Consenting Purchasers (as defined in Section 11 hereof), allocated among such Consenting Purchasers pro rata based in proportion to the respective principal amounts of their Loans relative to the total amount of the Loans of all Consenting Purchasers.

(c) Warrants exercisable for an aggregate of 84,924 Subordinate Voting Shares of Guarantor (subject to adjustment as and to the extent provided in the applicable Warrant Agreements) (such Warrants being hereinafter referred to as the "*Remaining Warrant Pool*") shall be issued after the First Amendment Effective Date and on or prior to the expiration date of the Funding Period as follows: if and to the extent that additional Loans are made after the First Amendment Effective Date and prior to the expiration of the Funding Period (such period, the "*Remaining Funding Period*"), then each Purchaser (including any Initial Purchaser or Subsequent Purchaser) who makes such an additional Loan during the Remaining Funding Period shall be entitled to receive that percentage of the Remaining Pool computed as the ratio of the principal amount of the Loan funded by such Purchaser during the Remaining Funding Period divided by $130,000,000. If, at the expiration date of the Funding Period, less than all of the Remaining Warrant Pool has been issued (i.e., because less than $130,000,000 in aggregate principal amount

of Loans has been funded), then one hundred percent of the Remaining Warrant Pool shall be issued to the Purchasers pro rata in proportion to the respective principal amounts of their Loans, excluding from such calculation the Loans held by any Non-Consenting Purchasers on the First Amendment Effective Date.

(d) Warrants issued pursuant to this Section 3 shall be substantially identical to the Warrants issued on the Initial Closing Date except as follows:

(i) the "*Expiry Date*" of the Warrants issued pursuant to this Section 3 shall be the date that is 60 months after the date(s) such Warrants are issued. For example, Warrants issued on the First Amendment Effective Date shall have an Expiry Date that is 60 months after the First Amendment Effective Date; and Warrants issued after the First Amendment Effective Date and prior to the expiration of the Funding Period shall have a 60-month term that runs from the applicable issuance date(s) of such Warrants.

(ii) The "*Exercise Price*" of the Warrants issued pursuant to this Section 3 shall be equal the higher of: (i) 1.15 multiplied by the volume weighted average price per share of the Subordinate Voting Shares for the five (5)-day period during which trading occurred immediately preceding the applicable issuance date for such Warrants (i.e., the First Amendment Effective Date or other date on which the applicable Warrants are issued to a Purchaser pursuant to this Section 3) and (ii) 1.00 multiplied by the closing price of the Subordinate Voting Shares on the trading date immediately preceding the applicable issuance date for such Warrants.

4. Representations and Warranties.

(a) In order to induce Agents and the Purchasers to enter into this Amendment, each Issuer, the Guarantor and Additional Guarantor confirms that (i) each of its representations and warranties set forth in the Loan Documents is accurate in all material respects as of the date hereof, (ii) no Default or Event of Default has occurred and is continuing under the Loan Documents as of the date hereof, and (iii) there has been no Material Adverse Change since the Initial Closing Date.

(b) Each Issuer, the Guarantor and Additional Guarantor hereby represents and warrants that it has the requisite corporate or limited liability company power and authority to enter into this Amendment and to otherwise carry out the transactions contemplated by this Amendment, including without limiting the Additional Guaranty Agreement. In addition, the Additional Guarantor hereby represents and warrants that it has the requisite limited liability company power and authority to enter into the Additional Guaranty Agreement to perform all of its obligations thereunder.

(c) Each Issuer, the Guarantor and Additional Guarantor hereby represents and warrants that this Amendment has been duly authorized by all necessary corporate action on its part and that this Amendment has been executed and delivered by such Issuer, Guarantor and Additional Guarantor and constitutes the legal, valid and binding obligations of such Issuer,

Guarantor and Additional Guarantor, as applicable, enforceable against such Issuer, Guarantor and Additional Guarantor, as applicable, in accordance with its terms.

(d) Each Issuer, the Guarantor and Additional Guarantor hereby represents and warrants that there has been no material change to the organization documents of any of the Loan Parties since the Initial Closing Date.

5. Conditions.

The effectiveness of this Amendment shall be subject to satisfaction of the following conditions precedent, all in form and substance satisfactory to the Required Purchasers:

(a) This Amendment shall have been executed and delivered by each of the Agents, the Issuers, the Guarantor, the Additional Guarantor and the Required Purchasers.

(b) On the date hereof, each of the Consenting Purchasers shall have received an originally executed Warrant Agreement in substantially the form attached as Exhibit C to the Existing Credit Agreement (except as provided in Section 3 of this Amendment) covering the number of Subordinate Voting Shares of the Guarantor specified in Section 3 hereof.

(c) On the date hereof, each of the Purchasers shall have received an originally executed a copy of the Additional Guaranty Agreement in the form attached hereto as Annex C.

(d) Each of the Purchasers shall have received an originally executed copy of the written opinion of Dentons US LLP, counsel for the Issuers, the Guarantor and Additional Guarantor, dated as of the effective date of this Amendment, in form and substance reasonably satisfactory to the Purchasers (a copy of which shall have been delivered to the Administrative Agent).

(e) Each of the Purchasers shall have received a certificate of the chief financial officer of the Guarantor that confirms compliance, as of the First Amendment Effective Date, of the Loan Parties with all of the covenants set forth in Section 6.10 of the Existing Credit Agreement, as amended by this Amendment.

(f) The Initial Issuers shall pay the amendment fee of the Agents, and the reasonable attorney’s fees of the Agents, in each case as set forth in a statement or invoice provided by the Agents.

6. Counterparts.

This Amendment may be executed by the parties hereto individually, or in any combination of the parties hereto in several counterparts, all of which taken together shall constitute one and the same Amendment. The exchange of copies of this Amendment and of signature pages by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by a combination of such means, shall constitute effective execution and delivery of this Amendment and may be used in lieu of an original Amendment for all purposes. Signatures of the parties hereto transmitted by facsimile or other electronic transmission shall be deemed to be original signatures for all purposes.

7. Ratificationand Acknowledgment.

All of the representations, warranties, provisions, covenants, terms and conditions of the Existing Credit Agreement not amended herein shall remain unaltered and in full force and effect. The Existing Credit Agreement, as amended hereby, and all other Loan Documents are in all respects agreed to, ratified and confirmed by the Issuers, the Guarantor and the Additional Guarantor.

8. Reference to and Effect on the Agreement.

Upon the effectiveness of this Amendment, each reference in the Existing Credit Agreement and in other documents describing or referencing the Existing Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import referring to the Existing Credit Agreement, shall mean and be a reference to the Existing Credit Agreement, as amended hereby.

9. Governing Law. This Amendment (i) shall be governed by and construed in accordance with the internal law of the State of Illinois, except to the extent if any that the UCC provides for the application of the law of a different State; and (ii) shall be deemed to have been executed in the State of Illinois.

10. Miscellaneous. The provisions of Section 11 of the Existing Credit Agreement are incorporated herein, *mutatis mutandis*.

11. Response to Amendment Request. If a Purchaser does not return a duly executed signature page to this Amendment by 11:59 p.m. Eastern time on Friday, November 8, 2019 (the "*Expiration Time*"), such Purchaser shall be deemed not to have agreed to this Amendment. Each Purchaser that fails to return a duly executed signature page by the Expiration Time or that elects to opt out of the amendments set forth in Section 2.4(a) of the Credit Agreement as provided on such signature page is herein referred to as a "*Non-Consenting Purchaser*"; and each Purchaser that returns a duly executed signature page by the Expiration Time and does not elect to opt out of the amendments set forth in Section 2.4(a) of the Credit Agreement is herein referred to as a "*Consenting Purchaser.*"

[Signature Page Follows]

**IN WITNESS WHEREOF**, on the date first written above, the parties hereto have caused this Amendment to be executed by their duly authorized officers.

Issuers:

VCP23, LLC

By: */s/ Benjamin Kovler*
Name: Benjamin Kovler
Title: Authorized Manager

VCP REAL ESTATE HOLDINGS, LLC

By: */s/ Benjamin Kovler*
Name: Benjamin Kovler
Title: Authorized Manager

VISION MANAGEMENT SERVICES, LLC

By: */s/ Benjamin Kovler*
Name: Benjamin Kovler
Title: Authorized Manager

GTI23, INC.

By: */s/ Benjamin Kovler*
Name: Benjamin Kovler
Title: President

GTI CORE, LLC

By: */s/ Benjamin Kovler*
Name: Benjamin Kovler
Title: Authorized Manager

VCP IP HOLDINGS, LLC

By: */s/ Benjamin Kovler*
Name: Benjamin Kovler
Title: Authorized Manager

TWD18, LLC

By: */s/ Benjamin Kovler*
Name: Benjamin Kovler
Title: Authorized Manager

FOR SUCCESS HOLDING COMPANY

By: */s/ Benjamin Kovler*
Name: Benjamin Kovler
Title: President

Guarantor:

GREEN THUMB INDUSTRIES INC.

By: */s/ Benjamin Kovler*
Name: Benjamin Kovler
Title: CEO

Additional Guarantor:

GTI PENNSYLVANIA, LLC

By: */s/ Benjamin Kovler*
Name: Benjamin Kovler
Title: Authorized Manager

Administrative Agent:

GLAS USA LLC, as Administrative Agent

By: */s/ Yana Kislenko*
Name: Yana Kislenko
Title: Vice President

Collateral Agent:

GLAS Americas LLC, as Collateral Agent

By: */s/ Yana Kislenko*
Name: Yana Kislenko
Title: Vice President

Purchasers:

[***]

**OPT OUT OPTION**

____ indicate by checkmark and initials if you are opting out of the Amendments set forth in Section 2.4(a) of the Note Purchase Agreement

ANNEX A

Amended Credit Agreement

(see attached)

**EXPLANATORY NOTE**

**In connection with the First Amendment to the Note Purchase Agreement, dated November 9, 2019, by and among the Issuers, the Purchasers and the Agents, the parties thereto entered into the following amended and restated Note Purchase Agreement.**

---

NOTE PURCHASE AGREEMENT

Dated as of May 22, 2019

By and Among

VCP23, LLC,
VCP Real Estate Holdings, LLC
Vision Management Services, LLC
GTI23, INC.
GTI Core, LLC
VCP IP Holdings, LLC
TWD18, LLC
and
For Success Holdings Company,
as Issuers,

and

Certain Purchasers From Time To Time Party Hereto,

and

GLAS USA LLC, as Administrative Agent

and

GLAS AMERICAS LLC, as Collateral Agent

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# NOTE PURCHASE AGREEMENT

This **NOTE PURCHASE AGREEMENT** (as amended, restated, supplemented or otherwise modified from time to time, this "*Agreement*"), dated as of May 22, 2019 (the "*Agreement Date*"), by and among VCP23, LLC, a Delaware limited liability company ("*VCP23*"), VCP Real Estate Holdings, LLC, a Delaware limited liability company ("*VCP Real Estate*"), Vision Management Services, LLC, a Delaware limited liability company ("VMS"), GTI23, Inc., a Delaware corporation ("*GTI23*"), GTI Core, LLC, a Delaware limited liability company ("*GTI Core*"), VCP IP Holdings, LLC, a Delaware limited liability company ("*VCP IP*"), TWD18, LLC, a Delaware limited liability company ("*TWD18*") and For Success Holdings Company, a Delaware corporation ("*FSH*" and, together with VCP23, VCP Real Estate, VMS, GTI23, GTI Core, VCP IP and TWD18, the "*Initial Issuers*" and each, individually, an "Initial Issuer"), each purchaser party hereto listed on the signature page hereto (together with their successors and assigns, each an "*Initial Purchaser*" and collectively, the "*Initial Purchasers*"), GLAS Americas LLC, a New York limited liability company, as collateral agent for the sole benefit of itself, the Administrative Agent and the Purchasers (in such capacity, together with its successors and assigns, the "*Collateral Agent*") and GLAS USA LLC, a New Jersey limited liability company, as administrative agent for the sole benefit of itself, the Collateral Agent and the Purchasers (in such capacity, together with its successors and assigns, the "*Administrative Agent*" and together with the Collateral Agent, each an *"Agent"* and collectively, the *"Agents"*). For clarity this Agreement has been amended and restated in its entirety on the First Amendment Effective Date (as defined herein) pursuant to the First Amendment to the Note Purchase Agreement (the "*First Amendment*") executed and delivered by the parties hereto.

## RECITALS

**WHEREAS**, the Issuers (as defined below) have requested that each of the Initial Purchasers make a senior secured guaranteed loan to the Initial Issuers (each such loan, a "*Loan*" and all such Loans, collectively, the "*Loans*") in the amount set forth beside such Initial Purchaser's name on Schedule 2, and each of the Initial Purchasers, for itself only, has agreed to make such Loan on and subject to the terms and conditions of this Agreement; and

**WHEREAS**, in accordance with the terms and conditions of this Agreement, prior to the expiration of the Funding Period (as defined below), the Issuers may request and receive Loans from one or more additional purchasers (together with their successors and assigns, each a "*Subsequent Purchaser*" and collectively with the Initial Purchasers, the "*Purchasers*"); provided that the aggregate principal amount of all of the Loans does not exceed $130,000,000; and

**WHEREAS**, as a condition to its making of a Loan, each of the Purchasers has required that Green Thumb Industries Inc., a British Columbia corporation ("*Guarantor*") and the direct or indirect owner of all of the Equity Interests (as defined below) in each of the Issuers, guarantee, fully and unconditionally, all payment and performance obligations of the Issuers under this Agreement and the other the Loan Documents (as defined below) pursuant to the Guaranty Agreement (as defined below); and

**WHEREAS**, the Issuers will use the proceeds of the Loans solely for purposes permitted under this Agreement.

**WHEREAS**, on the First Amendment Effective Date, and as partial condition to the willingness of the Initial Purchasers to consent to the First Amendment to this Agreement, GTI Pennsylvania, LLC, a Pennsylvania limited liability company and an indirect wholly-owned subsidiary of Guarantor, is fully and unconditionally guaranteeing all payment and performance all of the Obligations (as defined below) of all of the other Loan Parties (as defined below) under this Agreement and the other the Loan Documents (as defined below) pursuant to the Additional Guaranty Agreement (as defined below);

**NOW THEREFORE**, in consideration of the mutual agreements, provisions and covenants contained herein, the parties, intending to be legally bound, agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1 *Definitions*. As used in this Agreement, including, without limitation, the Preamble, Recitals, exhibits and schedules hereto, the following terms have the meanings stated:

"*Accounting Principles*" means (i) for all reporting periods ending prior to December 30, 2019, international financial reporting standards (IFRS) in Canada, and (ii) for all reporting periods ending on or after December 31, 2019, generally accepted accounting principles (GAAP) in the United States, in each case, as in effect from time to time, consistently applied throughout the period to which reference is made.

"*Additional Guarantor*" means individually and "*Additional Guarantors*" means collectively each Subsidiary of a Loan Party that becomes a Guarantor hereof pursuant to Section 5(c) of the First Amendment or Section 7.1(a)(vii) hereof, or otherwise.

"*Additional Guaranty Agreement*" means a Guaranty Agreement executed and delivered by an Additional Guarantor, which shall be in the form attached hereto as Exhibit H.

"*Affiliate*" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such specified Person. A Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through ownership of voting securities, by contract or otherwise. With respect to an Issuer, Guarantor or Additional Guarantor, an Affiliate includes, but is not limited to, (a) Subsidiaries of such Issuer, Guarantor or Additional Guarantor, (b) directors, officers and managers of such Issuer, Guarantor or Additional Guarantor, (c) any Person who or which directly or beneficially owns or holds 25% or more of any class of Equity Interests of such Issuer, Guarantor or Additional Guarantor or owns or holds warrants, options, rights or other securities exercisable for, or convertible into, 25% or more of any class of Equity Interests of

such Issuer, Guarantor and/or Additional Guarantor, (d) any Person 25% or more of whose voting Equity Interests are directly or beneficially owned or held by such Issuer, Guarantor or Additional Guarantor and (e) any Person 25% or more of whose voting Equity Interests are, or would be after exercise or conversion of any warrants, options, rights or other securities, owned, directly or beneficially, by such Issuer, Guarantor or Additional Guarantor or by a Person described in clause (b) or clause (c) above.

"*Administrative Agent*" has the meaning set forth in the Preamble.

"*After Tax EBITDA*" means, for any period, EBITDA for such period minus the current income taxes included with the "provision for income taxes" for such period as set forth in the Statement of Operations included in the quarterly or annual financial statements, as applicable, in each case delivered pursuant to Section 6.1 hereof. For the avoidance of doubt, notes to the quarterly and annual financial statements shall disclose for the applicable period the portion of the provision for income taxes for such period comprised of "current" income taxes and the portion comprised of "deferred" income taxes.

"*Agent(s)*" has the meaning set forth in the Preamble.

"*Agent Fee Letter*" means that certain fee letter entered into on or about the date hereof by the Issuers with the Agents.

"*Agreement*" has the meaning set forth in the Preamble.

"*Agreement Date*" has the meaning set forth in the Preamble.

"*Assignment Agreement*" mean an agreement in the form of Exhibit G attached hereto that has been executed by the parties thereto.

"*Attributable Debt*" in respect of a Sale and Leaseback Transaction means, as at the time of determination, the carrying value of the lease liabilities in respect thereof on the balance sheet of the lessee in accordance with the Accounting Principles; provided, however, that if such Sale and Leaseback Transaction results in a Capitalized Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capitalized Lease Obligation."

"*Bankruptcy Code*" means title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect or any successive statutes, as applicable, and any comparable Laws in Canada or its provinces.

"*Board of Directors*" means the Board of Directors of Guarantor.

"*Business Day*" means a day other than Saturday or Sunday or other day on which commercial banks in New York City, New York are authorized or required by law or other governmental action to close.

"*Cannabis*" has the meaning set forth in the applicable Cannabis Act.

"*Cannabis Act*" means for any state in which any of the Loan Parties or its respective Subsidiaries conducts business, any state law of regulation addressing the cultivation, production, or sale of medical and/or adult use cannabis or any comparable legislation, as amended, replaced or superseded by comparable legislation, including any US federal legislation.

"*Capital Lease*" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with the Accounting Principles, is or should be accounted for as a capital lease or finance lease on the balance sheet of that Person.

"*Capitalized Lease Obligations*" means the amount which is required by the Accounting Principles to be reflected as a liability on the balance sheet of the lessee with respect to a Capital Lease.

"*Cash-Only Interest Expense*" means the portion of Interest Expense for the applicable period that excludes items that are included in add-backs to Net Income or reductions to Net Loss, as the case may be, in the Statements of Cash Flows that cover such period delivered pursuant to Section 6.1 hereof, offset by the portion of Interest Income for such period that represents interest earned on deposits with financial institutions. For the avoidance of doubt, non-cash amortization of debt discounts, non-cash accruals of contingent consideration on acquisitions, or lease interest expense recognition per IFRS 16 or ASC 842, represent add-backs to Net Income or reductions to Net Loss, as the case may be, in the Statement of Cash Flows and would, therefore, be excluded from Cash-Only Interest Expense.

"*Change of Control*" means, at any time, the occurrence of any of the following events: (i) any Person, or Persons acting in concert, shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934) of any class of Equity Interests of Guarantor representing 25% or more of the combined voting power all Equity Interests of the Guarantor (on an as converted basis after giving effect to the conversion of any issued and outstanding Multiple Voting Shares and Super Voting Shares into Subordinate Voting Shares); (ii) a majority of the Board of Directors shall cease to consist of Continuing Directors; (iii) Guarantor shall cease to own and control, of record and beneficially, 100% of each class of outstanding Equity Interests of GTI23 (or any successor resulting from an internal reorganization) free and clear of all Liens; (iv) GTI23 shall cease to own and control, of record and beneficially, 100% of each class of outstanding Equity Interests of VCP23 (or any successor resulting from an internal reorganization) free and clear of all Liens; and (v) VCP23 shall cease to own and control, of record and beneficially, 100% of each class of outstanding Equity Interests of the other Issuers (or their respective successors resulting from internal reorganizations) free and clear of all Liens; provided, however, that a disposition of Equity Interests of a Subsidiary of Guarantor shall not be a Change of Control if the disposition is permitted by, and complies with, Section 7.7. For purposes of clause (i) of the preceding sentence, a Person shall be deemed to be the beneficial owner of a class of Equity Interests of Guarantor if such Person owns warrants, options or other rights exercisable for, or convertible into, such Equity Interests (whether or not consideration is payable upon any such exercise or conversion and whether or not the exercise or conversion rights are fixed or contingent, or exercisable only after the passage of time).

"*Closing Date*" means the Initial Closing Date or a Subsequent Closing Date, as applicable.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Collateral*" means each of the Properties and any related assets identified in the Mortgages and any replacement properties or assets mortgaged or pledged for the benefit of the Agents and the Purchasers as provided for in Section 7.7.

"*Collateral Agent*" has the meaning set forth in the Preamble.

"*Collateral Documents*" means the Mortgages and any related agreements and instruments entered into from time to time in order to grant to the Collateral Agent, for the benefit of the Agents and the Purchasers, a first priority Lien on the Collateral.

"*Consenting Purchaser*" has the meaning set forth in the First Amendment.

"*Continuing Directors*" means (i) the directors of the Guarantor on the Agreement Date and (ii) each Person who becomes a director after the Agreement Date by appointment of a majority of the Continuing Directors or by election of shareholders, if the nomination of such Person elected by shareholders was approved, prior to such election, by a majority of the Continuing Directors. For the avoidance of doubt, a Continuing Director shall include Persons theretofore appointed or elected as directors as contemplated by the first sentence in this definition.

"*Debtor Relief Law*" means the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States, Canada or other applicable jurisdictions from time to time in effect.

"*Default*" means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

"*Default Rate*" means an interest rate equal to fifteen percent (15%) per annum.

"*Distribution(s)*" shall mean (a) any dividend, distribution or payment on or on account of Equity Interests, (b) any acquisition or redemption of any Equity Interests and (c) any redemption, retirement or prepayment of Subordinated Debt before its regularly scheduled maturity date; provided that a Distribution shall not include a split or subdivision of Subordinate Voting Shares of Guarantor or a pro rata stock dividend on Subordinate Voting Shares of Guarantor payable solely in Subordinate Voting Shares of Guarantor.

"*EBITDA*" means, for any period, for the Loan Parties and their Subsidiaries, on a consolidated basis in accordance with the Accounting Principles, and without duplication, the sum of the following for such period: (a) Net Income plus (b) Interest Expense, plus (c) provision for income taxes (positive or negative), plus (d) depreciation, plus (e) non-cash impairment charges, plus (f) extraordinary or non-recurring expenses if and to the extent agreed

by the Required Purchasers, plus (g) to the extent not capitalized, the amount of third party expenses, fees and costs incurred in connection with any Permitted Acquisition, plus (h) non-cash share-based compensation expense, and excluding (i) any foreign currency translation gains or losses, (ii) any gains or losses on dispositions of depreciable property or capital assets and (iii) any non-cash gains or losses resulting solely from mark-to-market fair value adjustments in respect of financial assets, in each case to the extent included in determining Net Income before Provision for Income Taxes for such period; provided, that gains or losses excluded pursuant to clause (iii) shall be included as and when realized as a result of a sale or other disposition or settlement of the underlying financial asset, which such gain or loss measured against the original purchase price with respect thereto.

"*Environmental Laws*" means any and all international, foreign, federal, state or local environmental or health and safety-related laws, regulations, rules, ordinances, orders or directives.

"*Equity Holder*" means, with respect to Equity Interests, any Person who owns, beneficially or of record, any such Equity Interests.

"*Equity Interests*" means shares of capital stock, partnership interests, membership interests or other equity ownership interests in a Person (other than a natural person), or any warrants, options or other rights to acquire (with or without consideration) any such interests.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder.

"*ERISA Affiliate*" means any corporation, trade or business that is, along with Issuers, a member of a controlled group of corporations or a controlled group of trades or businesses, as described in Sections 414(b) and 414(c), respectively, of the Internal Revenue Code of 1986, as amended, or Section 4001 of ERISA.

"*Event of Default*" has the meaning set forth in Section 8.1.

"*Excluded Taxes*" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes; (b) in the case of a Purchaser, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Purchaser with respect to its Loan pursuant to a law in effect on the date on which such Purchaser makes its Loan, except to the extent that, pursuant to Section 3.1, amounts with respect to such Taxes were payable to such Purchaser's assignor immediately before such Purchaser became a party hereto; (c) Taxes attributable to such Recipient's failure to comply with Section 3.1(e) and (d) any withholding Taxes imposed under FATCA.

"*Extended Maturity Date*" has the meaning set forth in Section 2.6(b).

"*FATCA*" means Sections 1471 through 1474 of the Code, as of the Agreement Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Bodies entered into in connection with the implementation of the foregoing.

"*Financial Statements*" means the audited consolidated financial statements of the Guarantor as at and for the Fiscal Years ended December 31, 2018 and 2017, together with the notes thereto and the auditors' report thereon, being comprised of the statements of financial position, statements of income (loss) and comprehensive income (loss), statements of changes in equity (deficit) and statements of cash flows for the periods then ended.

"*First Amendment*" " has the meaning set forth in the Preamble.

"*First Amendment Effective Date*" means November [___], 2019.

"*Fiscal Quarter*" means any of the quarterly accounting periods ending on March 31, June 30, September 30 and December 31 of each year.

"*Fiscal Year*" means each twelve-month period ending on December 31.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (a) After Tax EBITDA plus the aggregate amount of lease expense associated with Sale and Leaseback Transactions, to (b) Cash-Only Interest Expense plus the aggregate amount of lease expense associated with Sale and Leaseback Transactions, in each case for the four Fiscal Quarters ending on such date of determination (except as otherwise provided in Section 6.10(e)).

"*Foreign Purchaser*" means any Purchaser that is not a U.S. Person.

"*Funding Period*" means the period commencing on the Agreement Date and ending on the earliest to occur of (i) the 365th day after the Agreement Date and (ii) an Event of Default.

"*Governmental Body*" means any agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any administrative, judicial, legislative, executive, regulatory, police or taxing authority of any government, whether supranational, national, federal, state, regional, provincial, local, domestic or foreign.

"*Group*" means the Loan Party and each of their respective Subsidiaries and "Group Member" means any of them.

"*Guarantor*" has the meaning set forth in the Recitals.

"*Guarantor Public Documents*" means all documents filed by Guarantor with applicable Canadian securities regulatory authorities since June 12, 2018 that are available under the Guarantor's issuer profile on SEDAR at www.sedar.com.

"*Guaranty Agreement*" means that certain Guaranty Agreement, a copy of which is attached hereto as Exhibit B, delivered on the Agreement Date by the Guarantor to the Administrative Agent, for the benefit of the Agents and the Purchasers. For the avoidance of doubt, the Guaranty Agreement delivered by the Guarantor on the Agreement Date shall automatically, and without further action by the Guarantor, cover in all respects each of the Loans, whether such Loan is made on the Initial Closing Date or on a Subsequent Closing Date.

"*Hazardous Material*" means any hazardous substance or any pollutant or contaminant defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards on conduct concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect; asbestos or any substance or compound containing asbestos; polychlorinated biphenyls or any substance or compound containing any polychlorinated biphenyl; and any other hazardous, toxic or dangerous waste, substance or material.

"*Homestead Property*" means that certain real property located at 35701 SW 202nd Avenue, Homestead, Florida 33034.

"*Indebtedness*" means, with respect to any Person at any date and without duplication: (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than (x) current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices, and (y) earn-out obligations or other deferred obligations in respect of acquisitions, to the extent payable entirely in common stock of Guarantor), (b) any other indebtedness which is evidenced by a note, bond, debenture or similar instrument, (c) all Capitalized Lease Obligations of such Person, (d) all Attributable Debt in respect of Sale and Leaseback Transactions, (e) all obligations of such Person in respect of outstanding letters of credit, acceptances and similar obligations created for the account of such Person, (f) all liabilities secured by any security interest, lien or other encumbrance on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof, (g) net liabilities of such Person under interest rate cap agreements, interest rate swap agreements, foreign currency exchange agreements and other hedging agreements or arrangements, and (h) all guaranties, endorsements and other contingent obligations whether direct or indirect in respect of Indebtedness of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase Indebtedness, or to assure the owner of Indebtedness against loss, through an agreement to purchase goods, supplies, or services for the purpose of enabling the debtor to make payment of the Indebtedness held by such owner or otherwise (other than any guaranties of real estate leases).

"*Indemnified Taxes*" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"*Initial Closing Date*" means the date on which all of the conditions set forth in Section 4.1 are satisfied or otherwise waived by the Initial Purchasers.

"*Initial Issuer(s)*" has the meaning set forth in the Preamble.

"*Initial Purchaser(s)*" has the meaning set forth in the Preamble.

"*Intercompany Debt*" means any unsecured intercompany loan from any Loan Party or a wholly-owned Subsidiary of a Loan Party to any other Loan Party or a wholly-owned Subsidiary of a Loan Party.

"*Interest Coverage Ratio*" means, as of any date of determination, the ratio of (a) After Tax EBITDA for the four Fiscal Quarters ending on such date of determination (except as otherwise provided in Section 6.10(d)), to (b) Cash-Only Interest Expense for the four Fiscal Quarters ending on such date of determination.

"*Interest Expense*" means, for any period, all interest expense, whether paid or accrued in accordance with the Accounting Principles in or for such period.

"*Interest Rate*" means an interest rate equal to 12.00% per annum.

"*Investment*" means (i) any direct or indirect purchase or other acquisition by any of the Loan Parties of a beneficial interest in, or securities of, any other Person; (ii) any direct or indirect redemption, retirement, purchase or other acquisition for value by any of the Loan Parties from any Person of any Equity Interest of any other Person; and (iii) any direct or indirect loan, advance (other than advances to employees for moving, entertainment and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contributions by any of the Loan Parties to any other Person, including all Indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write ups, write downs or write offs with respect to such Investment.

"*Issuer(s)*" means each of the Initial Issuers and any and all Unrestricted Subsidiaries that become Issuers in accordance with Section 6.9 hereof.

"*Laws*" means, collectively, all international, foreign, federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Body charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Body.

"*Lien*" means any encumbrance, mortgage, pledge, hypothecation, charge, assignment, lien, restriction or other security interest of any kind securing any obligation of any Person.

"*Loan(s)*" has the meaning set forth in the Recitals.

"*Loan Documents*" means this Agreement, the Notes, the Guaranty Agreement, each Additional Guaranty Agreement, the Warrant Agreements, the Collateral Documents, and all other documents, instruments or agreements executed and delivered by the Issuers with Purchasers or with any Agent for the benefit of the Agents and the Purchasers.

"*Loan Parties*" means the Issuers (including any Unrestricted Subsidiaries that become Issuers in accordance with Section 6.9 hereof), the Guarantor and each Additional Guarantor.

"*Margin Stock*" shall have the meaning set forth in Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"*Material Adverse Effect*" means a material adverse effect on (a) the business, assets, operations, prospects or condition (financial or otherwise) of the Loan Parties, taken as a whole, (b) the ability of the Loan Parties, taken as a whole, to pay and perform the Obligations under the Loan Documents, (c) the rights of or benefits available to Purchasers or the Agents under any Loan Document (including, without limitation, any of the liens or priority in favor of the Collateral Agent, for the benefit of the Agents and the Purchasers) or (d) the validity or enforceability of any of the Loan Documents.

"*Material Subsidiary*" means (i) each Additional Guarantor and (ii) each subsidiary of Guarantor other than any such subsidiary that may be omitted from the disclosure requirements set out in Section 3.2 of Form 51-102F2 – Annual Information Form under applicable Canadian securities laws.

"*Maturity Date*" means the earliest of (i) the third (3rd) anniversary of the Agreement Date and (ii) the date the Loans shall become due and payable in full hereunder, whether by acceleration or otherwise; provided, however, that if the Issuers have elected to extend the Maturity Date in accordance with Section 2.6, then the Maturity Date shall be the earliest of (a) the Extended Maturity Date and (b) the date the Loans shall become due and payable in full hereunder, whether by acceleration or otherwise.

"*Mortgage*" means any mortgage, deed of trust or other agreement which conveys or establishes a Lien in favor of the Collateral Agent, for the benefit of the Agents and the Purchasers, on the Collateral.

"*Multiemployer Plan"* means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA.

"*Net Debt*" means, for the Loan Parties and their Subsidiaries, on a consolidated basis in accordance with the Accounting Principles, and without duplication, as of any date, (i) all Indebtedness for borrowed money as of such date, including, without limitation, the Loans hereunder, any Capital Lease Obligations and Attributable Debt in respect of Sale and Leaseback Transactions, any Subordinated Debt and any Property Acquisition Debt less (ii) any unrestricted cash and cash equivalents as of such date. To qualify as "unrestricted cash and cash equivalents," such cash and cash equivalents must not be subject to restrictions or limitations, including but not limited to restrictions and limitations in agreements (other than in the Loan Documents) with lenders, joint venture partners or other Persons, on distributions of such cash or

cash equivalents from any or the Loan Parties and their Subsidiaries to any of the Loan Parties and must be available by the Loan Parties to pay interest on, and principal of, the Loans.

"*Net Debt to EBITDA Ratio*" means, as of any date of determination, the ratio of (a) Net Debt as of such date to (b) EBITDA for the four Fiscal Quarters ending on such date of determination (except as otherwise provided in Section 6.10(b)).

"*Net Income*" means, for any period, the net income of the Loan Parties and their Subsidiaries for such period, as determined on a consolidated basis in accordance with the Accounting Principles, and without duplication.

"*Non-Consenting Purchaser*" has the meaning set forth in the First Amendment.

"*Note*" means each promissory note delivered to a Purchaser to evidence such Purchaser's Loan.

"*Obligations*" means all Indebtedness, obligations and liabilities of the Loan Parties from time to time owed to the Agents, the Purchasers or any of them or their respective Affiliates, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any other Loan Document or in respect of any Loan, any Notes or any other instruments at any time evidencing any obligation under this Agreement or any other Loan Document, whether for principal, interest (including, without limitation, interest accruing after the filing of a petition initiating any insolvency proceedings, whether or not such interest accrues or is recoverable against the Loan Parties after the filing of such petition for purposes of the Bankruptcy Code or is an allowed claim in such proceeding), all applicable fees, charges, expenses, indemnification or otherwise.

"*OFAC*" shall mean the U.S. Department of Treasury's Office of Foreign Asset Control.

"*Oglesby Property*" means that certain real property located at 110 East 4th Street, Oglesby, Illinois 61348.

"*Other Connection Taxes*" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"*Other Taxes*" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

"*Participant*" has the meaning set forth in Section 11.5(d).

"*Participant Register*" has the meaning set forth in Section 11.5(d).

"*Patriot Act*" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56 (signed into law October 26, 2011)), as the same may be amended, supplemented, modified, replaced or otherwise in effect from time to time.

"*Permitted Acquisition*" means (i) any acquisition of assets or Equity Interests by a Loan Party from only one or more other Loan Parties; and (ii) any acquisition of assets or Equity Interests by a Loan Party from a Person or Persons who are not Affiliates of any of the Loan Parties if at the time of, and immediately after giving effect to, the acquisition, there is no Default or Event of Default hereunder.

"*Permitted Liens*" has the meaning set forth in Section 7.4.

"*Person*" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, other legal entities and governmental bodies.

"*Personally Identifiable Information*" means any information that alone or in combination with other information held a Person can be used to specifically identify a Person including but not limited to a natural person's name, street address, telephone number, e-mail address, photograph, social insurance number, driver's license number, passport number, credit or debit card number or customer or financial account number or any similar information that is treated as "Personally Identifiable Information" under any applicable Laws.

"*Plan*" means a "pension plan", as such term is defined in ERISA, which is subject to Title IV of ERISA (other than a multi-employer plan) and to which Issuers or any ERISA Affiliate may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"*Pro Rata Share*" means, in respect of a Purchaser, the percentage obtained by dividing (i) the outstanding principal amount of the Loan(s) held by such Purchaser by (ii) the aggregate outstanding principal amount of the Loans held by all Purchasers.

"*Properties*" means the Rock Island Property, the Oglesby Property and the Homestead Property.

"*Property Acquisition Debt*" means any Indebtedness incurred to finance the acquisition by a Loan Party or a Subsidiary of real property from a Person who is not an Affiliate of a Loan Party or Subsidiary of a Loan Party; provided that: (i) such Property Acquisition Debt shall not exceed 80% of the fair market value of the financed real property at the time of acquisition; (ii) under the terms of such Property Acquisition Debt, the recourse and remedies of the lender upon the occurrence of an event of default thereunder are limited to such financed real property;

and (iii) if an Affiliate of a Loan Party or a Subsidiary of a Loan Party provides the financing for the acquisition, such financing is incurred in compliance with Section 7.11 hereof.

"*Purchaser(s)*" has the meaning set forth in the Recitals.

"*Purchaser Request*" has the meaning set forth in Section 10.5(b).

"*Recipient*" means any Agent or any Purchaser, as applicable.

"*Related Parties*" means, with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates and "Related Party" means any one of them.

"*Register*" has the meaning set forth in Section 11.6(c).

"*Reportable Event*" has the meaning given to such term in ERISA.

"*Required Purchasers*" means, as of any date of determination, one or more Purchasers holding Loans representing, in aggregate, at least a majority of the then outstanding principal amounts of the Loans held by all Purchasers.

"*Rock Island Property*" means that certain real property located at 8221 51st Street West, Rock Island, Illinois 61201.

"*Sale and Leaseback Transaction*" means any arrangement, directly or indirectly, whereby a Loan Party or a Subsidiary shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rents or leases such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred.

"*Sanctions*" means economic or financial sanctions, requirements or trade embargoes imposed, administered or enforced from time to time by Governmental Bodies (including, but not limited to, OFAC, the U.S. Department of State and the U.S. Department of Commerce).

"*Stockholders' Equity*" means, as of any date of determination, the total assets of the Loan Parties and their Subsidiaries minus the total liabilities of the Loan Parties and their Subsidiaries, in each case on a consolidated basis in accordance with the Accounting Principles.

"*Subordinated*" means terms ensuring that the Subordinated obligation does not provide for (i) financial covenants more restrictive than financial covenants contained this Agreement; (ii) repayment of principal, interest or other amounts under the Subordinated Indebtedness if there is a Default or Event of Default under this Agreement or there would be a Default or Event of Default after giving effect to any such payment of Subordinated Indebtedness; and (iii) the right to accelerate, the Subordinated Indebtedness coupled with a perpetual standstill. In addition, in the event of a Default or Event of Default under this Agreement, the Loans must be indefeasibly repaid in full before any payments made be made under any Subordinated Indebtedness.

"*Subordinated Debt*" has the meaning set forth in Section 7.1.

"*Subsequent Closing Date*" means the date on which all of the conditions set forth in Section 4.2 in respect of a Loan by a Subsequent Purchaser are satisfied or otherwise waived by the Subsequent Purchaser. For clarity, there may be more than one Subsequent Closing Date but any and all Subsequent Closing Date must be held prior to the expiration of the Funding Period.

"*Subsequent Purchaser(s)*" has the meaning set forth in the Recitals.

"*Subsidiary*" of a person or entity means a corporation, partnership, limited liability company, or other entity in which that person or entity directly or indirectly owns or controls 50% or more of the Equity Interests.

"*Taxes*" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Body, including any interest, additions to tax or penalties applicable thereto.

"*Title Policies*" means the each of the ALTA Lender's Policy of Title Insurance on each of the Properties as issued by Stewart Title Guaranty Company in connection with the Loans.

"*UCC*" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect from time to time in the State of Illinois or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction. All references in this Agreement to the provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

"*United States*" and "*U.S.*" mean the United States of America.

"*U.S. Person*" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"*Unrestricted Subsidiary*" means any Material Subsidiary of any of the Loan Parties that is not the holder of a license from a Governmental Body under a Cannabis Act and the Equity Interests in which are owned directly or indirectly by one or more Loan Parties and/or Affiliates of such Loan Parties, excluding the following entities that might otherwise qualify as Unrestricted Subsidiaries: KSGNF, LLC, a Florida limited liability company, GTI Rock Island Partners, LLC, an Illinois limited liability company, and GTI Oglesby Partners, LLC, an Illinois limited liability company.

"*Warrant Agreement*" means an agreement substantially in the form of Exhibit C attached hereto that has been executed by the Guarantor and delivered to a Purchaser pursuant to this Agreement and, for the avoidance of doubt, the term "*Warrant Agreement*" also includes Warrant Agreements issued pursuant to the First Amendment.

"*Warrant Holder*" means, in respect of any Warrants, the Person in whose name such Warrants are held, together with its permitted successors and assigns.

"*Warrants*" means the warrants exercisable for Subordinate Voting Shares of the Guarantor in accordance with the applicable Warrant Agreement. For the avoidance of doubt, the Exercise Price specified in each Warrant Agreement will equal the higher of: (i) 1.15 multiplied by the volume weighted average price per share of the Subordinate Voting Shares for the five (5)-day period during which trading occurred immediately preceding the applicable Closing Date (i.e., the date on which the applicable Warrants are issued to a Purchaser) and (ii) 1.00 multiplied by closing price of the Subordinate Voting Shares on the trading date immediately preceding the applicable Closing Date.

"*Welfare Plan*" has the meaning given to such term in ERISA.

"*Withholding Agent*" means any Loan Party or any Agent, as applicable.

[***] means [***].

Section 1.2 *Accounting Terms*. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with the Accounting Principles. Financial statements of the Loan Parties and other information required to be delivered to the Purchasers pursuant to Section 6.1 shall be prepared in accordance with the Accounting Principles as in effect at the time of such preparation. Notwithstanding any provision contained in this Agreement to the contrary, if any change in accounting for leases pursuant to the Accounting Principles resulting from the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842) or any equivalent Canadian rule would require treating any lease as a Capital Lease where such lease would not have been required to be so treated under the Accounting Principles as in effect on December 31, 2015, such lease shall not be considered a Capital Lease and all calculations under this Agreement shall be made accordingly.

Section 1.3 *Currency*. All references herein to "Dollars," "dollars" and "$" refer to lawful currency of the United States of America, except as expressly provided for in the Warrants.

Section 1.4 *Joint and Several Liability*. Each of the Issuers is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Purchasers under this Agreement, for the mutual benefit, directly and indirectly, of each of the Issuers and in consideration of the undertakings of each of the Issuers to accept joint and several liability for the obligations of each of them. Each of the Issuers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety, but also as a co-debtor, joint and several liability with the other Issuers with respect to the payment and performance of all of the Obligations arising under this Agreement and the other Loan Documents, it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the Issuers without preferences or distinction among them. If and to the extent that any of the Issuers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other Issuers will make such payment with respect to, or perform, such Obligation. Each of the Issuers further agrees that it shall have no right of subrogation, indemnity, reimbursement or contribution against the other Issuers for amounts so paid under this Agreement until such time

as the Purchasers have been indefeasibly paid in full and all Obligations under this Agreement have been terminated. The obligations of each Issuer under the provisions of this Section 1.4 constitute full recourse obligations of such Issuer, enforceable against it to the full extent of its properties and assets. The provisions of this Section 1.4 are made for the benefit of the Purchasers and their successors and assigns, and may be enforced by them from time to time against any of the Issuers as often as occasion therefor may arise and without requirement on the part of any of the Purchasers first to marshal any of its claims or to exercise any of its rights against the other Issuers or to exhaust any remedies available to it against the other Issuers or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 1.4 shall remain in effect until all the Obligations shall have been indefeasibly paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations is rescinded or must otherwise be restored or returned by the Purchasers upon the insolvency, bankruptcy or reorganization of any of the Issuers, or otherwise, the provisions of this Section 1.4 will forthwith be reinstated and in effect as though such payment had not been made. Notwithstanding any provision to the contrary contained herein or in any of the other Loan Documents, to the extent the Obligations of any of the Issuers shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable Laws relating to fraudulent conveyances or transfers) then the Obligations of such Issuer hereunder shall be limited to the maximum amount that is permissible under applicable Law.

## ARTICLE II

### LOANS

Section 2.1 *Loans*. The aggregate principal amount of the Loans, whether made on the Initial Closing Date or on any Subsequent Closing Date, shall not exceed $130,000,000 and no Loans shall be made after expiration of the Funding Period. Any principal amount of Loans repaid or prepaid may not be re-borrowed. Each Purchaser shall be responsible solely for its own obligation to fund its Loan in the amount set forth beside its name on Schedule 2 and shall have no obligation for the funding (or failure of funding) by any other Purchaser of such other Purchaser's obligation to make its Loan. The Issuers shall notify in writing each of the then existing Purchasers and the Agents at least five Business Days in advance of each Subsequent Closing Date of the identity of any Subsequent Purchaser and the amount of the Loan to be made by any Subsequent Purchaser. Upon expiration of the Funding Period, the Issuers shall provide each Purchaser with a copy of Schedule 2, updated to reflect: (i) the names and addresses of each of the Purchasers, (ii) the principal amount of the Loans made by each of the Purchasers and (iii) the per share exercise price in the Warrants, as adjusted from time to time in accordance with the Warrant Agreement, and the number of Subordinate Voting Shares covered by each Purchaser's Warrant Agreement, as adjusted from time to time in accordance with the Warrant Agreement. Any Loans funded on a Subsequent Closing Date, and the Notes issued to evidence such Loans, shall have identical terms to the Loans and Notes issued on the Initial Closing Date, subject to modification to reflect the names of the applicable Subsequent Purchasers, the principal amounts of their respective Loans and the accrual of interest on such Loans from the applicable Subsequent Closing Date(s).

Section 2.2 *Loan Closings*. Closings of each of the Loans may be consummated by exchange of electronic documents and signatures and the payment of monies in accordance with, and subject to the terms and conditions contained in, this Agreement. At each Closing, the Issuers will deliver to the applicable Purchasers a Note in a principal amount equal to such Purchaser's Loan, together with the such other instruments and documents provided for in this Agreement, and each Purchaser will fund its Loan by check payable to any Issuer, on behalf of all of the Issuers, or by wire transfer to a bank account designated by the Issuers.

Section 2.3 *Federal income tax treatment of Loans and Warrants*. The Purchasers and the Loan Parties acknowledge that, for federal income tax purposes, the Loans and the Warrants constitute an "investment unit" under Code Section 1273 and that the following shall apply with respect to the federal income tax treatment of the investment unit:

(a) The issue price of the investment unit shall be allocated between the debt instrument (Loans) and the property rights (Warrants) that comprise the unit based on their relative fair market values.

(b) For United States federal income tax purposes (i) the issue price (within the meaning of Section 1273(b) of the Code) of the Loans made on the Initial Closing Date will be determined pursuant to Sections 1272 through 1275 of the Code and the Treasury Regulations thereunder and (ii) the issue price (within the meaning of Section 1273(b) of the Code) of the Warrants issued on the Initial Closing Date will be determined pursuant to Section 1.1273-2(h)(1) of the Treasury Regulations. The Issuers will disclose all determinations of issue price of the Loans and Warrants to the Initial Purchasers within three (3) business days of making such determination by written, electronic correspondence to the authorized representatives of the Initial Purchasers.

(c) The fair market value of the Warrants issued on the Initial Closing Date may constitute original issue discount under Code Section 1273, in which case, such original issue discount is includable in gross income of the Initial Purchasers over the term of the investment unit pursuant to the applicable provisions of the Code, and deductible by the Issuers, to the extent otherwise permitted by the Code. If required, Issuers shall furnish the Initial Purchasers with IRS Form 1099-OID, when and as required by applicable law, and shall schedule the Notes as required by Treasury Regulation 1.1275-3(b).

(d) Determinations, allocations and reporting comparable to that set forth above shall be made in respect of Loans made, and Warrants issued, on each Subsequent Closing Date.

Section 2.4 *Interest*.

(a) Except as set forth in Section 2.4(b) below: Except as provided in the last sentence of this Section 2.4(a), each Loan shall bear interest on the unpaid principal amount thereof from the date such Loan is made through the date of repayment of such Loan (whether at maturity, by acceleration or otherwise) at a rate per annum equal to the Interest Rate. The interest shall be payable in cash by the Issuers on (i) the last day of each Fiscal Quarter, (ii) the date of termination of the Loans pursuant to this Agreement, and (iii) on the applicable Maturity

Date, without duplication. If a payment date is not a Business Day, then payment shall be made on the next succeeding Business Day. Interest hereunder shall be calculated on the basis of a 365 or 366 day year, as the case may be, based on the actual number of days elapsed (hereafter a "*365-366 method*"); it being expressly agreed that application of the 365-366 method shall apply retroactively to the Initial Closing Date and the incremental amount of interest paid on Loans held by Consenting Purchasers prior to the First Amendment Effective Date as a result of interest having been calculated based on a year of 360 days prior to the First Amendment Effective Date (i.e., an aggregate of $63,087.22 if all Purchasers are Consenting Purchasers, or $598.17 per each $1,000,000 principal amount of each Loan) shall be set off against (and thereby reduce) on a pro rata basis the amount of the interest payment due December 31, 2019 on the Loans of the Consenting Purchasers, with the commercial intent being to put the Issuers and Consenting Purchasers in the same position with respect to interest payments that they would have been in had the 365-366 method been in effect from and after the Initial Closing Date. Upon the occurrence and during the continuance of an Event of Default, the principal amount of all Loans and, to the extent permitted by applicable law, any accrued but unpaid interest payments on the Loans and any fees or other amounts owed hereunder and not paid when due, in each case whether at stated maturity, by notice of prepayment, by acceleration or otherwise, shall bear interest at the Default Rate.

(b) Notwithstanding Section 2.4(a) above, with respect to the Loans held by any Non-Consenting Purchaser on the First Amendment Effective Date: Except as provided in the last sentence of this Section 2.4(b), each Loan shall bear interest on the unpaid principal amount thereof from the date such Loan is made through the date of repayment of such Loan (whether at maturity, by acceleration or otherwise) at a rate per annum equal to the Interest Rate. The interest shall be payable in cash by the Issuers on (i) the last day of each fiscal quarter, (ii) the date of termination of the Loans pursuant to this Agreement, and (iii) on the applicable Maturity Date, without duplication. If a payment date is not a Business Day, then payment shall be made on the next succeeding Business Day. Interest hereunder shall be calculated on the basis of a 360 day year and on the actual number of days elapsed. Upon the occurrence and during the continuance of an Event of Default, the principal amount of all Loans and, to the extent permitted by applicable law, any accrued but unpaid interest payments on the Loans and any fees or other amounts owed hereunder and not paid when due, in each case whether at stated maturity, by notice of prepayment, by acceleration or otherwise, shall bear interest at the Default Rate.

Section 2.5 *Fees and Expenses*.

(a) *Transaction Expenses*. At the Initial Closing, the Issuers will pay (i) to the Agents or, at the direction of the Agents, to an Affiliate thereof and (ii) to, or at the direction of, [***], the amount of legal and out-of-pocket expenses incurred by each of them in connection with the transactions contemplated under this Agreement which amounts shall be payable directly from the proceeds of Initial Loans.

(b) *Other Expenses*. In addition to the payments pursuant to Section 2.5(a), the Issuers agree to pay promptly:

(i) all of the actual and reasonable costs and expenses of preparation of any consents, amendments, waivers or other modifications to the Loan Documents;

(ii) to the Agents, all fees, costs and expenses due to Agents pursuant to the Agent Fee Letter and all costs and expenses (including, without limitation, reasonable attorney's fees and expenses) incurred by the Agents in connection with any consent, waiver, amendment or enforcement of this Agreement or any other Loan Document;

(iii) all fees, actual costs and reasonable expenses (including, without limitation, the reasonable fees, expenses and disbursements of any appraisers, consultants, advisors, counsels, and agents employed or retained by the Required Purchasers (or by an Agent at the direction of the Required Purchasers) in connection with the inspection, verification, custody, perfection, protection or preservation of any of the Collateral, which, so long as no Event of Default has occurred and is continuing, shall not exceed $10,000 in the aggregate, per calendar year during the term of this Agreement;

(iv) all costs and expenses (including, without limitation, reasonable attorney's fees and expenses) incurred by [***] in connection with any consent, waiver or amendment of this Agreement or any other Loan Document requested by the Loan Parties (and for the avoidance of doubt, the costs and expenses covered by this clause (iv) do not cover costs and expenses incurred by any other Purchaser in connection with any such requested consent, waiver or amendment of this Agreement or any other Loan Document requested by the Loan Parties);

(v) after the occurrence of a Default or an Event of Default, all fees, costs and expenses, including documented and reasonable attorneys' fees and costs of settlement, incurred by the Agents and the Purchasers in enforcing any Obligations of or in collecting any payments due from Issuers hereunder or under any other Loan Document by reason of such Default or Event of Default (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of any guaranty, including under the Guaranty Agreement and any Additional Guaranty Agreement) or in connection with any negotiations, reviews, refinancing or restructuring of the credit arrangements provided hereunder, including, without limitation, in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings; and the foregoing shall be in addition to, and shall not be construed to limit, any other provisions of the Loan Documents regarding fees, costs and expenses to be paid by the Issuers.

(c) *Lending Fee*. In consideration for various lending services rendered by [***] in connection herewith, at the Initial Closing, the Issuers will arrange for that number of Subordinated Voting Shares of Guarantor to be issued to, or at the direction of, [***] equal to [***]

divided by the higher of (i) the volume weighted average price per share of the Subordinate Voting Shares for the five (5)-day period immediately preceding the Initial Closing Date during which trading occurred, and (ii) the closing price of the Subordinate Voting Shares on the trading date immediately preceding the Initial Closing Date.

Section 2.6 *Repayment of the Loans; Extension of Maturity Date.*

(a) *Repayment of the Loans*. The outstanding principal balance of all outstanding Loans shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date. All other amounts outstanding under the Loans and all other Obligations under the Loans shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date.

(b) *Extension of the Maturity Date*. Issuers shall have the option upon written notice to the Agents and Purchasers to extend the term of the Loans beyond the initial Maturity Date for one (1) year to the fourth anniversary of the Agreement Date (the "*Extended Maturity Date*"); provided that, as of the date of the election of the extension, the representations and warranties of the Issuers, Guarantor and Additional Guarantors contained in this Agreement and other Loan Documents shall be true and correct in all material respects; since the Closing Date, there shall not have occurred any Material Adverse Effect; and no Default or an Event of Default shall have occurred and be continuing.

Section 2.7 *Optional Prepayment*.

(a) After the first anniversary of the Agreement Date, at option of the Issuers, the Issuers may prepay all or any part of the unpaid principal balance of the Notes at any time, together with all accrued interest thereon. In such event or upon the occurrence of any mandatory prepayment event specified in Section 2.8 hereof, Issuers shall pay to the Administrative Agent for the ratable benefit of the Purchasers a prepayment fee of (a) 2.50% of the principal amount of the Notes to be prepaid if such prepayment occurs after the first anniversary of the Agreement Date and prior to the second anniversary of the Agreement Date and (b) 1.50% of the principal amount of the Notes to be prepaid if such prepayment occurs after the second anniversary of the Agreement Date and prior to the third anniversary of the Agreement Date. Issuers shall not be required to pay a prepayment fee in connection with optional prepayments thereafter. Except as set forth above in this Section, Issuers have no optional prepayment rights under this Agreement or the Notes. Amounts repaid or prepaid in respect of the Notes may not be re-borrowed. Upon the election of the Issuers, any prepayment notice is revocable, prior to repayment, upon written notice of Issuers to the Agents and each Purchaser.

(b) All prepayments pursuant to this Section 2.7 shall be made on a Business Day and upon not less than two (2) Business Day's prior written notice, in each case given to the Administrative Agent and each of the Purchasers no later than 12:00 p.m. (New York City time) on the date required for such notice. Each Purchaser shall receive its Pro Rata Share of any prepayments pursuant to this Section 2.7.

Section 2.8 *Mandatory Prepayment.*

(a) Issuers shall be required to repay in full the outstanding principal amount of the Loans, and all accrued interest thereon and the applicable prepayment fee (as specified below) upon the occurrence of any of the following events:

(i) Concurrently with any Change of Control, together with payment of the prepayment fee (as specified in Section 2.7(a) above); provided that if the Change of Control occurs prior to the first anniversary of the Agreement Date, then the prepayment fee shall equal 4.0% of the principal amount of the Notes. No less than five (5) Business Days prior to any proposed Change of Control, Issuers will deliver a written notice to the Administrative Agent and each of the Purchasers describing the transaction that constitutes the proposed Change of Control and stating the date on which the Change of Control shall occur.

(ii) Upon the effective date of the expiration, termination or repeal of a Cannabis Act, if such expiration, termination or repeal has a Material Adverse Effect, together with payment of the prepayment fee (as specified in Section 2.7(a) above). If known, then no less than five (5) Business Days prior to and if unknown, then promptly after any expiration, termination or repeal of a Cannabis Act that has a Material Adverse Effect, Issuers will deliver a written notice to the Administrative Agent and each of the Purchasers describing the applicable expiration, termination or repeal and stating the date on which the mandatory prepayment shall occur. For the avoidance of doubt, there shall be no prepayment fee in the event that the expiration, termination or repeal of a Cannabis Act that has a Material Adverse Effect occurs prior to the first anniversary of the Agreement Date.

(iii) Upon the occurrence of any Event of Default which results in the acceleration of amounts due under the Notes, together with payment of the prepayment fee (as specified in Section 2.7(a) above); provided that if the Event of Default occurs prior to the first anniversary of the Agreement Date, then the prepayment fee shall equal 4.0% of the principal amount of the Notes.

(b) Any prepayment required under this Section 2.8 shall be accompanied by the prepayment fee, if any, set forth in Section 2.7(a) and/or Section 2.8(a) hereof. Any Purchaser shall receive its Pro Rata Share of any such prepayment.

Section 2.9 *Ratable Sharing.* Each payment or prepayment of principal of, and interest on, any Loan, and any prepayment fees and other amounts due and owing to the Purchasers under the Loan Documents (other than amounts payable pursuant to Section 2.5 or Section 3.1(c)), shall be allocated among the Purchasers in accordance with their respective Pro Rata Shares. Each Purchaser hereby agrees with each of the other Purchasers that if any of them shall, whether by voluntary prepayment, through the exercise of any right or remedies or otherwise, receive payments of principal or interest or other amounts due and owing to such Purchaser under the Loan Documents which is greater than its Pro Rata Share, then the Purchaser(s) receiving such excess amounts shall, upon learning of such excess, notify the

Administrative Agent and the other Purchasers of such excess and promptly pay in cash and make such other adjustments from time to time as shall be equitable to the end that all Purchasers share in payments and recoveries from the Loan Parties in accordance with their respective Pro Rata Shares. The Issuers shall take such actions as may be necessary or appropriate to assure that any such payments to and recoveries by Purchasers under the Loan Documents (other than amounts payable to pursuant to Section 2.5 or Section 3.1(c)) are in accordance with their respective Pro Rata Shares.

Section 2.10 *Use of Proceeds*. The Issuers shall use the proceeds of the Loans solely: (i) for general corporate purposes, including to fund growth capital expenditures and other working capital requirements of Issuers and their respective Subsidiaries; (ii) to acquire licenses to own and operate adult use and/or medical cultivation and processing facilities, and dispensaries and adjacent or ancillary business lines; (iii) to repay an existing term loan with a principal balance of up to $18,500,000; (iv) to pay fees and expenses associated with the Loans; and (v) to pay interest on the Loans.

## ARTICLE III

## TAXES

Section 3.1 *Taxes, Etc*.

(a) *Payments Free of Taxes*. Any and all payments by or on account of any obligation of any Loan Party under any other Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Body in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made. For purposes of this Section, the term “applicable Law” includes FATCA.

(b) *Payment of Other Taxes by the Loan Parties*. The Loan Parties shall pay to the relevant Governmental Body in accordance with applicable law, or at the option of the applicable Agent or a Purchaser, as applicable, timely reimburse it for the payment of, any Other Taxes.

(c) *Indemnification by the Loan Parties*. The Loan Parties shall indemnify and hold harmless each Recipient, within 10 days after demand therefor, for the full amount of any and all Indemnified Taxes (including any Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.1) paid or payable by such Recipient or required to be withheld or deducted from a payment to such Recipient and any expenses arising

therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Body. A certificate as to the amount of such payment or liability delivered to the Issuer by a Purchaser (with a copy to the Administrative Agent), or by an Agent on its own behalf or on behalf of a Purchaser, shall be conclusive absent manifest error.

(d) *Evidence of Payments*. Any Loan Party shall furnish to the Administrative Agent (and the applicable Purchaser) the original or a certified copy of a receipt issued by a Governmental Body evidencing payment by the Issuer of Taxes to such Governmental Body pursuant to this Section, as soon as practicable after the date of any such payment by the Issuer.

(e) *Status of Purchasers*. Any Purchaser that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Issuer and the Administrative Agent, at the time or times reasonably requested by the Issuer or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Issuer or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Purchaser, if reasonably requested by the Issuer or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law as will enable the Issuer or the Administrative Agent to determine whether or not such Purchaser is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation shall not be required if in the Purchaser's reasonable judgment such completion, execution or submission would subject such Purchaser to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Purchaser. Without limiting the generality of the foregoing, in the event that the Issuer is a U.S. Person,

(i) any Purchaser that is a U.S. Person shall deliver to the Issuer and the Administrative Agent on or about the date on which such Purchaser becomes a Purchaser under this Agreement (and from time to time thereafter upon the reasonable request of the Issuer or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Purchaser is exempt from U.S. federal backup withholding tax;

(ii) any Foreign Purchaser shall, to the extent it is legally entitled to do so, deliver to the Issuer and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Purchaser becomes a Purchaser under this Agreement (and from time to time thereafter upon the reasonable request of the Issuer or the Administrative Agent), whichever of the following is applicable:

(A) in the case of a Foreign Purchaser claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable

payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(B) executed copies of IRS Form W-8ECI;

(C) in the case of a Foreign Purchaser claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Purchaser is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Issuer within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" related to the Issuer as described in Section 881(c)(3)(C) of the Code (a "*U.S. Tax Compliance Certificate*") and (y) executed copies of IRS Form W-8BEN or IRS Form W 8BEN-E; or

(D) to the extent a Foreign Purchaser is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W 8BEN-E, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Purchaser is a partnership and one or more direct or indirect partners of such Foreign Purchaser are claiming the portfolio interest exemption, such Foreign Purchaser may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(iii) if a payment made to a Purchaser under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Purchaser were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Purchaser shall deliver to the Issuer and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Issuer or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Issuer or the Administrative Agent as may be necessary for the Issuer and the Administrative Agent to comply with their obligations under FATCA and to determine that such Purchaser has complied with its obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause 3.1(e)(iii), "FATCA" shall include any amendments made to FATCA after the Agreement Date.

Each Purchaser agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Issuer and the Administrative Agent in writing of its legal inability to do so.

(f) If any party, in its reasonable judgment, receives a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.1, it shall promptly pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 3.1 with respect to the Taxes giving rise to such refund) net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Body with respect to such refund) Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (f) (plus any penalties, interest or other charges imposed by the relevant Governmental Body) in the event that such indemnified party is required to repay such refund to such Governmental Body. Notwithstanding anything to the contrary in this paragraph (f), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (f) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(g) *Survival*. The agreements and obligations of the Issuer in this Section 3.1 shall survive the resignation or replacement of an Agent or any assignment of rights by, or the replacement of, a Purchaser, the termination or repayment of the Loans and the repayment, satisfaction or discharge of all obligations under any Loan Document.

## ARTICLE IV

## CONDITIONS PRECEDENT

Section 4.1 *Conditions Precedent; Initial Closing Date*. The obligation of each Initial Purchaser to make its Loan on the Initial Closing Date is subject to the satisfaction prior to, or concurrently, with the making of such Loan of each of the conditions precedent set forth in this Section 4.1, all in form and substance satisfactory to the Initial Purchasers:

(a) *Notice*. To be delivered to the Agents and the Issuers, an executed IRS Form W-9 or appropriate IRS Form W-8 for each Initial Purchaser.

(b) *Execution*. This Agreement, which shall have been executed and delivered by a duly authorized officer of each of the parties hereto, together with all other Loan Documents (other than any Note), which shall have been executed and delivered by a duly authorized officer of the Loan Parties.

(c) *Organizational Documents*. The Loan Parties shall have delivered to the Initial Purchasers and the Agents: (i) signature and incumbency certificates of an officer of the Loan Parties; (ii) resolutions of the Board of Directors of Guarantor and resolutions of the members, managers or other governing body, as applicable, of the other Loan Parties approving and authorizing the execution, delivery and performance of this Agreement and each of the Loan

Documents to which it is a party, certified as of the Closing Date by an officer of each of the Loan Parties as being in full force and effect without modification or amendment; (iii) a good standing certificate from the applicable Governmental Body of the Loan Parties' applicable jurisdiction of formation or organization and in each jurisdiction in which it is qualified as a foreign corporation or other entity to do business, each dated a recent date prior to the Closing Date; (iv) the certificate of formation and limited liability company agreement, or other comparable charter documents, of the Loan Parties, each as amended to date.

(d) *Consents and Approvals*. The Loan Parties shall have obtained all consents of Governmental Bodies, if applicable, and of other persons, in each case that are necessary and advisable in connection with this Agreement, the other Loan Documents and the transactions contemplated hereby, and all such consents shall be in full force and effect and in form and substance satisfactory to the Initial Purchasers.

(e) *Collateral*. The Initial Purchasers shall have approved the Collateral Documents, evidence of which shall have been provided to the Agents. The Agents and the Initial Purchasers shall have received evidence that the Issuers have taken or caused to be taken any other action, executed and delivered or caused to be executed and delivered any other agreement, document and instrument, and made or caused to be made any other filing and recording (other than as set forth herein) reasonably required by the Initial Purchasers to perfect or protect the liens and security interests in the Collateral in favor of the Collateral Agent, for the benefit of the Agents and the Purchasers.

(f) *Title Insurance*. The Collateral Agent shall have received the Title Policies insuring the validity and priority of the Lien of the Mortgages in favor of the Collateral Agent (for the benefit of the Agents and the Initial Purchasers), subject only to Permitted Liens.

(g) *Officer's Certificate*. The Issuers shall have delivered to the Initial Purchasers and the Agents an executed officer's certificate stating that to the best of the certifying officer's knowledge and belief after due inquiry (a) the representations and warranties contained in this Agreement are true and correct in all respects on and as of the Closing Date; and (b) no event shall have occurred and be continuing that would constitute a Default or an Event of Default.

(h) *No Litigation*. There shall not exist any action, suit, investigation, litigation or proceeding or other legal or regulatory developments, pending or, to Issuers' knowledge, threatened in any court or before any arbitrator or Governmental Body that involves the Loan Documents or impairs or challenges any of the transactions contemplated by the Loan Documents, or that could reasonably be expected to have a Material Adverse Effect.

(i) *No Material Adverse Effect*. No Material Adverse Effect shall have occurred since December 31, 2018 and no Material Adverse Effect shall have occurred after giving effect to the issuance of the Loans made on the Closing Date.

(j) *Note and Warrants*. Each of the Initial Purchasers shall have received: (i) an originally executed Note in the form attached hereto as Exhibit A (a copy of which shall have been delivered to the Administrative Agent), (ii) a copy of the originally executed Guaranty

Agreement in the form attached hereto as Exhibit B and (iii) an originally executed Warrant Agreement in the form attached hereto as Exhibit C covering the number of Subordinate Voting Shares of the Guarantor specified beside such Initial Purchaser's name on Schedule 2.

(k) *Legal Opinion*. Each of the Initial Purchasers shall have received an originally executed copy of the written opinion of Dentons US LLP, counsel for the Issuers, dated as of the Initial Closing Date, and in form and substance reasonably satisfactory to the Initial Purchasers (a copy of which shall have been delivered to the Administrative Agent).

(l) *Agent Fee Letter*. An executed copy of the Agent Fee Letter, which shall have been executed and delivered by a duly authorized officer of the Agents and the Issuers.

(m) *West Payoff Documentation*. The Agents shall have received, on behalf of the Purchasers, copies of executed payoff letters and related documents effecting and evidencing the termination and release of Liens granted in connection with (i) that certain Loan and Security Agreement dated October 2, 2017 among West CRT Heavy, LLC as lender and GTI-Clinic Illinois Holdings, LLC and certain subsidiaries, as borrowers, and (ii) that certain Lending Agreement dated October 2, 2017 among Demeter Capital Group, LP and other senior lenders and GTI-Clinic Illinois Holdings, LLC and certain subsidiaries, as borrowers.

Section 4.2 *Conditions Precedent to Additional Closings*. The obligation of a Subsequent Purchaser to make its Loan on the applicable Subsequent Closing Date is subject to the satisfaction prior to, or concurrently with, the making of such Loan of the conditions precedent set forth in this Section 4.2, all in form and substance satisfactory to the Subsequent Purchaser:

(a) *Notice*. The Loan Parties shall have delivered to the Administrative Agent at least 5 Business Days prior to the Subsequent Closing Date: (i) a written notice which specifies the Subsequent Closing Date, the aggregate amount of the Loans to be funded on the Subsequent Closing Date, the amount of each Loan to be funded by each Subsequent Purchaser on the Subsequent Closing Date and customary administrative information and (ii) an executed IRS Form W-9 or appropriate IRS Form W-8 for each Subsequent Purchaser.

(b) *Joinder, Notes and Warrants*. The Subsequent Purchaser shall have executed and delivered a joinder to this Agreement and the Subsequent Purchaser shall have received: (i) an originally executed Note in the form attached hereto as Exhibit A and in the principal amount of its Loan and dated the Subsequent Closing Date (a copy of which shall have been delivered to the Administrative Agent), (ii) an originally executed Guaranty Agreement in the form attached hereto as Exhibit B; (iii) an originally executed Additional Guaranty Agreement in the form attached hereto as Exhibit H from each Additional Guarantor, and (iv) and an originally executed Warrant Agreement in substantially the form attached hereto as Exhibit C covering the number of Subordinate Voting Shares of the Guarantor and having the other terms as specified in the First Amendment.

(c) *Additional Deliveries and Confirmations*. The Subsequent Purchaser shall have received: (i) confirmation from the Loan Parties that there has been no material change to the organizational documents of the Loan Parties since the Initial Closing Date and no Material

Adverse Effect since the Initial Closing Date, (ii) an originally executed copy of the written opinion of Dentons US LLP, counsel for the Issuers, dated as of the Subsequent Closing Date, in substantially the form delivered to the Initial Purchasers on the Initial Closing Date; (iii) an executed officer's certificate dated as of the Subsequent Closing Date, in substantially the form of the officer's certificate delivered to the Initial Purchasers on the Initial Closing Date; and (iv) customary confirmation that the deliveries at the Initial Closing in respect of Collateral shall inure pro rata for the benefit of the Subsequent Purchasers as well as the Initial Purchasers.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

In order to induce each of the Purchasers to enter into this Agreement, each of the Issuers hereby jointly and severally represents and warrants to each of the Purchasers as of the Agreement Date and as of each Closing Date as follows:

Section 5.1 *Organization*. Each of the Issuers and each of their respective Material Subsidiaries is a corporation or a limited liability company duly existing and in good standing under the laws of its state of incorporation or formation, as applicable and as shown on Schedule 5.1, and is duly qualified and in good standing as a foreign corporation or a limited liability company authorized to do business in each jurisdiction where such qualification is required because of the nature of its activities or properties and when a failure to so qualify would have a Material Adverse Effect.

Section 5.2 *Authorization; No Conflict*. Each of the Issuer's execution, delivery and performance of this Agreement and each of the Loan Documents to which it is a party and the consummation of the transactions contemplated by this Agreement and each of the Loan Documents are within such Issuer's corporate or limited liability company powers, have been duly authorized by all necessary corporate or limited liability company action, require no governmental, regulatory or other approval which has not been obtained, and do not and will not contravene or conflict with any (a) applicable Laws, (b) judgments, decrees or orders binding on any of the Issuers or any of their respective properties or (c) any of the certificates of incorporation, certificates of formations of organization, limited liability company agreements or other charter documents of the Issuers and do not and will not contravene, breach or conflict with, or cause any Lien (other than Liens in favor of the Collateral Agent, for the benefit of the Agents and the Purchasers) to arise under, any provision of any material agreement or instrument binding upon any of the Issuers, Guarantor or any of their respective Subsidiaries or upon any property of any of the Issuers, Guarantor or any of their respective Subsidiaries.

Section 5.3 *Validity and Binding Nature*. This Agreement and each of the Loan Documents to which any Issuer is a party is (or, when duly executed and delivered, will be) the legal, valid and binding obligation of such Issuer, enforceable against such Issuer, as applicable, in accordance with its terms subject to general principles of equity, bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforceability of agreements and rights granted thereunder generally.

Section 5.4 *Capitalization and Subsidiaries*.

(a) A complete and correct organization chart that lists all of the direct and indirect Material Subsidiaries of the Loan Parties and all other Persons in which any of the Loan Parties owns, directly or indirectly, an Equity Interest is disclosed in the Guarantor Public Documents. All issued and outstanding Equity Interests of each of the Loan Parties and their respective Subsidiaries have been duly authorized and are validly issued, fully paid and non-assessable, and are owned free and clear of all Liens, and such Equity Interests were issued in compliance with all applicable securities and other Laws.

(b) Schedule 5.4(b) sets forth, as of the Agreement Date, (i) the authorized Equity Interests of the Guarantor, (ii) the number of shares of each class of Equity Interests outstanding and (iii) the number of shares of each such class of Equity Interests issuable upon exercise or conversion of all outstanding options, warrants and other securities or instruments exercisable for or convertible into any such class, and the per share consideration payable upon any such exercise or conversion.

(c) The Subordinate Voting Shares of Guarantor are listed on the Canadian Securities Exchange; the Guarantor is a "reporting issuer" under the laws of the Provinces of British Columbia, Alberta and Ontario; and the Guarantor is not in default in any material respect of any requirements of applicable securities Laws related thereto, or rules or regulations of the Canadian Securities Exchange.

Section 5.5 *Assets and Collateral*.

(a) The Loan Parties and their respective Subsidiaries have good, valid and marketable title all of the properties and assets reflected as owned in the Financial Statements. Schedule 5.5 correctly shows the legal owners of the Properties. None of the properties and assets of any of the Loan Parties or any of their respective Subsidiaries is subject to any Liens other than Permitted Liens, and there are no facts, circumstances or conditions known to the Issuers that are reasonably likely to result in any Liens other than Permitted Liens against any such properties or assets. No financing statement or other public notice with respect to its assets is on file or of record in any public office, except filings evidencing Permitted Liens and filings for which termination statements have been delivered to the Collateral Agent with authorization for Issuers, Purchasers and the Collateral Agent to file from the secured party. All of the Equity Interests owned by each Issuer are free and clear of any and all Liens or claims of others. Notwithstanding anything in the Loan Documents to the contrary, the Collateral Agent shall have no responsibility for the preparation, filing or recording of any instrument, document or financing statement or for the perfection or maintenance of any security interest created hereunder.

Section 5.6 *Financial Statements; Accounting Systems*.

(a) The Financial Statements: (i) are, in all material respects, consistent with the books and records of the Guarantor for the periods covered thereby; (ii) contain and reflect all material adjustments for the fair presentation of the results of operations and the financial condition of the business of the Guarantor for the periods covered thereby; (iii) present fully,

fairly and correctly, the assets and financial condition and position of the Guarantor as at the dates thereof and the results of operations and the changes in financial position for the periods then ended; (iv) have been prepared in accordance with applicable Laws and the Accounting Principles, applied on a consistent basis throughout the periods referred to therein; and (v) have been audited by independent public accountants and the rules of the Chartered Professional Accountants of Canada or the American Institute of Certified Public Accountants.

(b) There has not been any "disagreement" or "reportable event" (within the respective meanings of NI 51-102) with the current auditors or any former auditors of the Guarantor during the past three Fiscal Years.

(c) The Guarantor and each of the Issuers and their respective Subsidiaries have established and maintain accurate books and records reflecting their assets and liabilities and maintain proper and adequate internal accounting controls which provide assurance that (i) transactions are executed in accordance with management's authorization; and (ii) transactions are recorded as necessary to permit the preparation of consolidated financial statements of the Guarantor and to permit the financial statements of the Guarantor to be fairly presented in accordance with the Accounting Principles.

Section 5.7 *Absence of Liabilities; Indebtedness*.

(a) The Loan Parties and their respective Subsidiaries do not have any liabilities, fixed or contingent, not provided for or disclosed in the Financial Statements except for liabilities incurred in the ordinary course of business since December 31, 2018, none of which, individually or in the aggregate, is material to the financial condition of the Loan Parties and their respective Subsidiaries taken as a whole.

(b) None of the Loan Parties or their respective Subsidiaries is in default, and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness, and no event or condition exists with respect to any material Indebtedness of any Loan Party or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

Section 5.8 *Related Party Transactions*. Except as disclosed in the Guarantor Public Documents, no relationship, direct or indirect, exists between or among any of the Loan Parties or any Affiliate of any of the Loan Parties, on the one hand, and any director, officer, member, stockholder, customer or supplier of any of the Loan Parties or any Affiliate of any of the Loan Parties, on the other hand.

Section 5.9 *Litigation*. There is no pending litigation (including, without limitation, derivative actions), arbitration proceedings, governmental proceedings or known investigations or regulatory proceedings which could reasonably be expected to have a Material Adverse Effect or, to the best of knowledge of the Issuers, threatened against any of the Loan Parties or their respective Subsidiaries. In addition, to the best knowledge of the Issuers, there are no inquiries, formal or informal, which would give rise to such material actions, proceedings or investigations.

Section 5.10 *Employee Benefit Plans*. Each Plan of the Loan Parties complies in all material respects with all applicable Laws and has so complied during the 12-consecutive-month period ending on the Agreement Date; and (a) no Reportable Event has occurred and is continuing with respect to any Plan, (b) none of the Loan Parties nor any ERISA Affiliate has withdrawn from any Plan or instituted steps to do so, (c) no steps have been instituted to terminate any Plan, (d) every employee benefit plan within the meaning of Section 3(3) of ERISA which is sponsored, or to which contributions are made by any of the Loan Parties or any ERISA Affiliate has been maintained in compliance with all applicable Laws, including, without limitation ERISA and the Internal Revenue Code of 1986, as amended, and (e) no contribution failure has occurred with respect to any Plan sufficient to give rise to a lien under Section 302(f) of ERISA. No condition exists or event or transaction has occurred in connection with any Plan which could result in the incurrence by any of the Loan Parties or any ERISA Affiliate of any material liability, fine or penalty. None of the Loan Parties nor any ERISA Affiliate is a member of or contributes to any Multiemployer Plan. None of the Loan Parties nor any ERISA Affiliate has any contingent liability with respect to any post-retirement benefit under a Welfare Plan other than liability for continuation coverage described in Part 6 of Title I of ERISA.

Section 5.11 *Investment Company Act*. None of the Loan Parties or any of their respective Subsidiaries is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

Section 5.12 *Regulation U*. None of the Loan Parties or any of their respective Subsidiaries are engaged principally in, and none has as one of its important activities, the business of extending credit for the purpose of purchasing or carrying Margin Stock.

Section 5.13 *Hazardous Material*. None of the Loan Parties or any of their respective Subsidiaries or, to the best knowledge of the Issuers, any Affiliate of any of the Loan Parties, is or has ever used, generated, processed, stored, disposed of, released or discharged any Hazardous Material in, on, under, or about any of their respective real property or transported any such Hazardous Material to or from any of their respective real property other than in material compliance with Environmental Laws. All Hazardous Materials at the facilities of the Loan Parties or any of their respective are handled in material compliance with Environmental Laws. All Hazardous Material is disposed of in material compliance with Environmental Laws. The Issuers have no knowledge, and none of the Loan Parties has received, any notification, administrative order, or other notice of enforcement, cleanup, removal or other governmental or regulatory actions completed, instituted or threatened under any Environmental Laws, or of claims made or threatened by any Person against any of the Loan Parties or their respective Subsidiaries or their respective real property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any presence, release, discharge or migration of any Hazardous Material.

Section 5.14 *Environmental Compliance*. The Loan Parties and their respective Subsidiaries have obtained all material permits required by any of them under all applicable Environmental Laws. The Loan Parties and their respective Subsidiaries and their respective properties and assets are in compliance in all material respects with all applicable Environmental

Laws. None of the Loan Parties or their respective Subsidiaries have any reason to believe that any one of them will be unable to obtain all required permits or maintain compliance in all material respects with all Environmental Laws, or that inability to obtain all required permits or maintain compliance with all Environmental Laws would materially impair any such entity's ability, as applicable, to meet its obligations under this Agreement.

Section 5.15 *Accuracy of Information*. All information heretofore or contemporaneously furnished by or on behalf of the Loan Parties to Purchasers for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all other information hereafter furnished by or on behalf of the Loan Parties to Purchasers will be, true and accurate in every material respect on the date as of which such information is dated or certified, and Issuers have not omitted nor will they omit or permit to be omitted any material fact necessary to prevent such information from being false or misleading.

Section 5.16 *Fair Consideration*. The Loan Parties and their respective Subsidiaries, taken as a whole (for purposes of this Section 5.16, the "Group"), are not "insolvent" nor will their incurrence of obligations, direct or contingent, to repay the Loan render them "insolvent." For purposes of this Section, the Group, taken as a whole, would be "insolvent" if (a) the "present fair salable value" (as defined below) of the consolidated assets of the Group is less than the amount that will be required to pay the Group's probable liability on the existing debts and other liabilities (including contingent liabilities) of members of the Group as they become absolute and matured; (b) the property of the Group, taken as a whole, constitutes unreasonably small capital for the members of the Group to carry out each member's business as now conducted and as proposed to be conducted including the capital needs of such member; (c) the Group, taken as a whole, intends to, or believes that it will, incur debts beyond the ability of the members to pay such debts as they mature (taking into account the timing and amounts of cash to be received by the members and amounts to be payable on or in respect of debt of the members), or the cash available to the Group, after taking into account all anticipated uses of the cash, is anticipated to be insufficient to pay all such amounts on or in respect of debt of the members of the Group when such amounts are required to be paid; or (d) Issuers believe that final judgments against any member of the Group in actions for money damages will be rendered at a time when, or in an amount such that, the applicable member(s) of the Group will be unable to satisfy any such judgments promptly in accordance with their terms (taking into account the maximum reasonable amount of such judgments in any such actions and the earliest reasonable time at which such judgments might be rendered), or the cash available to the Group, after taking into account all anticipated uses of the cash, is anticipated to be insufficient to pay all such judgments promptly in accordance with their terms. For purposes of this Section, the following terms have the following meanings: (x) the term "debts" includes any legal liability, whether matured or unmatured, liquidated, absolute, fixed or contingent, (y) the term "present fair salable value" of assets means the amount which may be realized, within a reasonable time, either through collection or sale of such assets at their regular market value and (z) the term "regular market value" means the amount which a capable and diligent businessman could obtain for the property in question within a reasonable time from an interested buyer who is willing to purchase under ordinary selling conditions.

Section 5.17 *Labor Controversies*. Except as set forth on Schedule 5.17, there are no labor controversies pending or, to the best knowledge of Issuers, threatened against any of the Loan Parties or any of their respective Subsidiaries.

Section 5.18 *Taxes and Tax Status*. The Loan Parties and their respective Subsidiaries have made or filed all federal, state and other Tax returns, reports and declarations required to be filed, and have paid all Taxes, assessments and other charges shown or determined to be due on such returns, reports and declarations (other than those being diligently contested in good faith by appropriate proceedings), and has set aside adequate reserves against liability for Taxes applicable to periods subsequent to those covered by such returns, reports and declarations. No Loan Party is aware of any material proposed Tax assessments against any of the Loan Parties or any of their respective Subsidiaries. There is no proposed Tax assessment against any of the Loan Parties or any of their respective Subsidiaries that would, if made, have a Material Adverse Effect. None of the Loan Parties or any of their respective Subsidiaries is party to any Tax sharing agreement with any Person that is not a Loan Party. So long as a Purchaser deals at arm's length with the Loan Parties and is not a specified non-resident shareholder of the Loan Parties within the meaning of the *Income Tax Act* (Canada), no payment under any Loan Document will be subject to withholding or deduction under the *Income Tax* Act (Canada). A Purchaser should not be a specified non-resident shareholder unless that Purchaser is not a resident of Canada and, alone or together with other Persons with whom that Purchaser deals but does not deal at arm's length, owns shares of any Loan Party that represent at least 25% of the votes or fair market value of all outstanding shares of such Loan Party. For this purpose, any options or other rights in favor of a Purchaser, or a Person with which such Purchaser deals but does not deal at arm's length, to acquire shares of Guarantor will be treated as having been exercised.

Section 5.19 *No Defaults*. No event has occurred and no condition exists which, upon the execution and delivery of, or consummation of any transaction contemplated by, this Agreement or any Loan Document, or upon the funding of any Loan, or the purchase of any Note, will constitute an Event of Default or Default or will cause a Material Adverse Effect.

Section 5.20 *Licenses and Permits*. The Loan Parties and their respective Subsidiaries have obtained all licenses, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties and assets or to the conduct of their businesses, a failure to obtain or violation of which might cause a Material Adverse Effect.

Section 5.21 *Compliance with Applicable Laws*.

(a) The Loan Parties and their respective Subsidiaries are in compliance in all materials respects with the requirements of all applicable Laws (other than U.S. federal Cannabis Laws).

(b) The Loan Parties and their respective Subsidiaries have complied in all material respects with all applicable privacy and consumer protection laws and none of them have collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws, whether collected directly or from third

parties, in an unlawful manner. The Loan Parties and their respective Subsidiaries have taken reasonable steps to protect Personally Identifiable Information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse.

Section 5.22 *Chief Executive Office*. The chief executive office and principal place of business of Issuers is at 325 W. Huron Street, Suite 412, Chicago, Illinois 60654. The originals of the records of the Loan Parties and their respective Subsidiaries are located at such chief executive offices and principal places of business.

Section 5.23 *Intellectual Property*. The Loan Parties and their respective Subsidiaries possess adequate assets, licenses, permits, patents, patent applications, copyrights, service marks, trademarks, trademark applications, trade styles and trade names, governmental approvals or other authorizations and other rights that are material for the conducts of their businesses as heretofore conducted by them and as will be conducted by them in the future.

Section 5.24 *Securities Laws*. Assuming the accuracy of the representations made by the Purchasers herein, the offer and sale of the Notes to the Purchasers are exempt from the registration requirements under the Securities Act of 1933, as amended (the "*Securities Act*") and applicable state securities laws. The first date on which a trade of any Subordinate Voting Shares acquired upon the due exercise of any Warrants will be free from resale restrictions under applicable Canadian securities laws is four months after the date of issuance of such Warrants, provided that the conditions set out in Section 2.5(2) of National Instrument 45-102 – Resale of Securities are met.

## ARTICLE VI

### AFFIRMATIVE COVENANTS

Each of the Issuers covenants and agrees, jointly and severally, that from and after the Agreement Date and so long as the Loans or any other Obligations shall remain unpaid or unsatisfied, the Issuers shall perform and shall cause all of their respective Subsidiaries to perform all the covenants in this Article VI:

Section 6.1 *Reports, Certificates and Other Information to be Furnished to Purchasers*. The following documents and notices shall be delivered to the Purchasers, or otherwise publicly posted on SEDAR or EDGAR, on or before the periods specified below:

(a) Annual Report. As soon as available, and in any event, within one hundred and twenty (120) days after the end of each Fiscal Year: (i) consolidated financial statements of Guarantor, prepared in accordance with the Accounting Principles and (ii) an audit report with respect to the consolidated financial statements of Guarantor from a firm of Certified Public Accountants selected by Guarantor, which report shall contain an unqualified opinion, stating that such financial statements present fairly in all material respects the financial position and results of operations as of the dates and for the periods indicated therein in conformity with the Accounting Principles applied on a basis consistent with prior years.

(b) Quarterly Reports. As soon as available, and in any event within sixty (60) days after the close of each calendar quarter, compiled internally prepared consolidated financial statements of Guarantor, prepared in accordance with the Accounting Principles.

(c) Notice of Default, Litigation and ERISA Matters. Forthwith upon learning of the occurrence of any of the following, written notice which describes the same and the steps being taken by the Loan Parties with respect thereto: (i) the occurrence of a Default or Event of Default, (ii) the institution of, or any adverse determination in, any litigation, arbitration proceeding or governmental proceeding in which any injunctive relief is sought or in which money damages in excess of $10,000,000, which is not otherwise covered by Issuers' insurance are sought, (iii) the occurrence of a Reportable Event with respect to any Plan, (iv) the institution of any steps by Issuers, the PBGC or any other Person to terminate any Plan, (v) the institution of any steps by Issuers or any ERISA Affiliate to withdraw from any Plan or Multiemployer Plan which could result in material liability to Issuers, (vi) the failure to make a required contribution to any Plan if such failure is sufficient to give rise to a lien under Section 302(f) of ERISA, (vii) the taking of any action with respect to a Plan which could reasonably be expected to result in the requirement that Issuers furnish a bond or other security to the PBGC or such Plan or Multiemployer Plan (to the extent that a bond or other security is not already in place), (viii) the occurrence of any event with respect to any Plan or Multiemployer Plan which could result in the incurrence by Issuers of any material liability, fine or penalty; and, promptly after the incurrence thereof, notice of any material increase in the contingent liability of Issuers with respect to any post-retirement Welfare Plan benefits, or (ix) the occurrence of any event which alone or together with other events could reasonably be expected to have a Material Adverse Effect.

(d) Officer's Certificate. At the time of delivery of the financial statements provided for in Section 6.1(a) and Section 6.1(b), a certificate of the chief executive officer, president or chief financial officer of Guarantor, substantially in the form attached hereto as Exhibit D (i) demonstrating whether there has been compliance with the financial covenants contained in Section 6.10 by calculation thereof as of the end of each applicable fiscal period, including customary detail and supporting documentation and (ii) stating that no Default or Event of Default exists, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action the Loan Parties propose to take with respect thereto.

(e) Other Information. Such other information concerning the Loan Parties as the Administrative Agent or any Purchaser may reasonably request from time to time.

Section 6.2 *Entity Existence and Franchises*. Except as otherwise expressly permitted in this Agreement, maintain and cause each Subsidiary to maintain in full force and effect its separate existence and all rights, licenses, leases and franchises necessary to the conduct of its business.

Section 6.3 *Books, Records and Inspections*. Maintain, and cause each Subsidiary to maintain, complete and accurate books and records.

Section 6.4 *Compliance with Laws*. Comply, and cause each Subsidiary to comply, in all material respects, with the requirements of all applicable Laws (other than federal cannabis Laws) and except where the Loan Parties or their applicable Subsidiaries are contesting an

alleged breach in good faith and by proper proceedings and for which the Loan Parties are maintaining adequate reserves in accordance with the Accounting Principles.

Section 6.5 *Environmental Matters*.

(a) Without limiting the generality of Section 6.4, comply and cause each Subsidiary to comply in all material respects with all Environmental Laws.

(b) Obtain and maintain all permits required to comply in all material respects with all Environmental Laws.

(c) Keep and maintain any Property and each portion thereof in compliance in all material respects with, and not cause or permit any Property or any portion thereof to be in material violation of any Environmental Law.

(d) Promptly notify the Administrative Agent in writing of:

(i) any and all enforcement, cleanup, removal or other governmental or regulatory actions completed, instituted or threatened, or notifications of potential liability issued, pursuant to the application of any Environmental Laws;

(ii) any and all claims made or overtly threatened in writing by any Person against any of the Loan Parties or any of their respective Subsidiaries or any properties relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any presence, release, discharge or migration of any Hazardous Material (the matters set forth in this clause (ii) and the foregoing clause (i) being hereinafter referred to as "Environmental Claims");

(iii) any and all settlement agreements, consent decrees or other compromises which any of the Loan Parties or any of their respective Subsidiaries shall enter into with respect to any Environmental Claims; and

(iv) discovery of any occurrence or condition on any real property adjoining or in the vicinity of any property owned or leased by a Loan Party or a Subsidiary that could cause any such owned or leased property or any part thereof to be subject to any material restrictions on the ownership, occupancy, transferability or use thereof under any Environmental Law.

Section 6.6 *Insurance*. Maintain, and cause each Subsidiary to maintain, in addition to insurance required to be maintained under any other section of this Agreement, such insurance (a) as may be required by law, by the Collateral Documents or otherwise reasonably required by the Collateral Agent or the Required Purchasers and (b) as may be customarily maintained by similarly situated companies.

Section 6.7 *Taxes and Liabilities*. Promptly pay, and cause each Subsidiary to pay, when due all Taxes, duties, assessments and other liabilities, except such Taxes, duties, assessments and other liabilities as the Loan Parties are diligently contesting in good faith and by

appropriate proceedings; provided that any such contest is permitted by and is conducted strictly in accordance with the terms and conditions of the Collateral Documents and that the applicable Loan Party or applicable Subsidiary has provided for and is maintaining adequate reserves with respect thereto in accordance with the Accounting Principles.

Section 6.8 *Conduct of Business*. Carry on and conduct its business in the same line of business as described on Schedule 6.8 or ancillary or adjacent thereto. Issuers shall not conduct any business or acquire any material assets other than as permitted by this Agreement.

Section 6.9 *Joinder of Additional Unrestricted Subsidiaries*. Promptly upon the formation or acquisition of any Unrestricted Subsidiary, the Issuers shall cause such Unrestricted Subsidiary to execute a joinder to this Agreement pursuant to which such Unrestricted Subsidiary shall become an Issuer hereunder and, without limiting the obligations of such Unrestricted Subsidiary, all of the provisions of Section 1.4 of this Agreement shall apply to such Unrestricted Subsidiary as if it were a named Issuer as of the Agreement Date.

Section 6.10 *Financial Covenants*.

(a) *Minimum Liquidity*. Commencing June 30, 2019 and on each day thereafter, the Loan Parties shall maintain, on a consolidated basis in accordance with the Accounting Principles, and without duplication, unrestricted cash and cash equivalents in an amount equal to or greater than the aggregate amount of interest that is scheduled to become due and payable during the 365-day period following each such day on Indebtedness for borrowed money, including, without limitation, on the Loans, any Subordinated Debt and any Property Acquisition Debt. To qualify as "unrestricted cash and cash equivalents," such cash and cash equivalents must not be subject to restrictions or limitations, including but not limited to restrictions and limitations in agreements (other than in the Loan Documents) with lenders, joint venture partners or other Persons, on distributions of such cash or cash equivalents from any or the Loan Parties and their Subsidiaries to any of the Loan Parties and must be available by the Loan Parties to pay interest on, and principal of, the Loans.

(b) *Net Debt to EBITDA Ratio*. The Loan Parties shall not permit the Net Debt to EBITDA Ratio to be greater than [***] as of the last day of each Fiscal Quarter, commencing with the Fiscal Quarter ending June 30, 2020; provided that for purposes of this subsection (b): (i) for the Fiscal Quarter ending June 30, 2020, the EBITDA shall be an amount equal to [***] times the EBITDA for the Fiscal Quarter ending June 30, 2020; (ii) for the Fiscal Quarter ending September 30, 2020, the EBITDA shall be an amount equal to [***] times the sum of the EBITDA for the Fiscal Quarters ending June 30, 2020 and September 30, 2020; and (iii) for the Fiscal Quarter ending December 31, 2020, the EBITDA shall be an amount equal to [***] times the average EBITDA for the Fiscal Quarters ending June 30, 2020, September 30, 2020 and December 31, 2020.

(c) *Net Debt to Stockholders Equity*. The Loan Parties shall not permit the ratio of Net Debt to Stockholders' Equity to be greater than [***] as of the last day of any Fiscal Quarter.

(d) *Interest Coverage Ratio*. The Loan Parties shall not permit the Interest Coverage Ratio to be less than [***] as of the last day of each Fiscal Quarter, commencing with the Fiscal Quarter ending June 30, 2020; provided that for purposes of this subsection (d): (i) for the Fiscal Quarter ending June 30, 2020, the After Tax EBITDA shall be an amount equal to [***] times the After Tax EBITDA of the Fiscal Quarter ending June 30, 2020; (ii) for the Fiscal Quarter ending September 30, 2020, the After Tax EBITDA shall be an amount equal to [***] times the sum of the After Tax EBITDA of the Fiscal Quarters ending June 30, 2020 and September 30, 2020; and (iii) for the Fiscal Quarter ending December 31, 2020, the After Tax EBITDA shall be an amount equal to [***] times the average After Tax EBITDA of the Fiscal Quarters ending June 30, 2020, September 30, 2020 and December 31, 2020.

(e) *Fixed Charge Coverage Ratio*. The Loan Parties shall not permit the Fixed Charge Coverage Ratio to be less than [***] as of the last day of each Fiscal Quarter, commencing with the Fiscal Quarter ending December 31, 2020; provided that for the purposes of this subsection (d), for the Fiscal Quarter ending December 31, 2020, the After Tax EBITDA shall be an amount equal to [***] times the average After Tax EBITDA of the Fiscal Quarters ending June 30, 2020, September 30, 2020 and December 31, 2020.

Schedule 6.10 (Financial Covenant Calculations) is attached to this Agreement in order to illustrate the intended methodology for the calculation of the covenants in this Section 6.10 and, for purposes of the illustration, is based on the Guarantor's unaudited condensed consolidated financial statements for the three and six months ended June 30, 2019.

Section 6.11 *Further Assurances*. At their own cost and expense, cause to be promptly and duly taken, executed, acknowledged and delivered all such further acts, documents and assurances as may from time to time be necessary or as the Required Purchasers may from time to time request in order to carry out the intent and purposes of this Agreement and the transactions contemplated thereby, including all such actions to establish, create, preserve, continue, protect and perfect a first-priority Lien in favor of the Collateral Agent for the benefit of the Agents and Purchasers on the Collateral.

## ARTICLE VII

### NEGATIVE COVENANTS

Each of the Issuers covenants and agrees, jointly and severally, that from and after the Agreement Date and so long as the Loans or any other Obligations shall remain unpaid or unsatisfied:

Section 7.1 *Indebtedness*. (a) None of the Loan Parties or any of their respective Subsidiaries shall incur, create, assume, become or be liable in any manner, with respect to, or permit to exist, or permit any Subsidiary to incur, create, assume, become or be liable in any manner, with respect to, or permit to exist, any Indebtedness, except: (i) the Obligations, (ii)

Intercompany Debt, (iii) Indebtedness which is Subordinated to the Notes (the "*Subordinated Debt*"), (iv) Property Acquisition Debt, (v) trade debt incurred in the ordinary course of business; (vi) incurrences of up to $25,000,000 in any given Fiscal Year; provided that the proceeds of any Indebtedness so incurred under this clause (vi) are used solely to fund all or a portion of the purchase price of Permitted Acquisitions and immediately before and after the incurrence of such Indebtedness the Issuers are in compliance with all of the terms and conditions of this Agreement, and provided further that any Lien that secures any Indebtedness so incurred under this clause (vi) is limited solely to the assets acquired with proceeds of such Indebtedness and that any obligations of the Guarantor under any related guarantee or other support document, are Subordinated to the Obligations hereunder; and (vii) Attributable Debt in respect of Sale and Leaseback Transactions, provided, that (x) (A) the Issuers would be in pro forma compliance with the financial covenants in Section 6.10 hereof that are then required to be tested upon entry into such Sale and Leaseback Transaction, (B) in the good faith determination of the Guarantor based on assumptions and forecasted results of operations believed by the Guarantor to be reasonable, the Issuers will be in compliance with the financial covenants in Section 6.10 at such time as they are required to be tested throughout the life of the Loans, and (C) no other Default or Event of Default shall have occurred and be continuing, or would be caused by such Sale and Leaseback Transaction, (y) Guarantor shall have delivered to the Purchasers a certificate of the chief financial officer of Guarantor as to the matters set forth in clause (x), including calculations demonstrating pro forma compliance with the financial covenants in Section 6.10 that are then required to be tested, and (z) if any obligor in respect of such Attributable Debt (e.g., tenant or guarantor) is not already a Loan Party hereunder, such obligor shall have executed and delivered an Additional Guaranty Agreement in favor of each of the Purchasers, together with such organizational documents, resolutions, certificates and legal opinions as the Purchasers shall reasonably require in connection therewith.

Section 7.2 *Payments on Subordinated Debt*. None of the Loan Parties or any of their respective Subsidiaries shall make any payments on account of Subordinated Debt except if: (i) any such payments are permitted under the subordination agreement with respect to such Subordinated Debt (and, for the avoidance of doubt, any such subordination agreement shall not include any provisions inconsistent with the term "Subordinated" as defined herein) and (ii) immediately before and after making such payment the Issuers are in compliance with all of the terms and conditions of this Agreement.

Section 7.3 *Distributions*. None of the Loan Parties or any of their respective Subsidiaries shall declare or pay any Distribution whether in cash or in kind except that any Subsidiary of the Guarantor may declare or pay any Distribution to its Equity Holders on account of Equity Interests, provided that none of such Equity Holders is an Affiliate of a Loan Party unless such Affiliate is itself a Loan Party. In no event shall the Guarantor be permitted to declare or pay any Distribution, whether in cash or in kind, except if: (i) no Default or Event of Default has occurred and is continuing and immediately before and after giving effect to such Distribution the Loan Parties shall be in compliance with the Loan Documents and (ii) the aggregate amount of Distributions declared by the Board of Directors during a Fiscal Year does not exceed the lesser of the consolidated earnings from operations of the Loan Parties or the amount permitted to be declared or paid under applicable Laws. For purposes of this Section 7.3

consolidated earnings from operations shall be computed without taking into gains or losses on sales of capital assets.

Section 7.4 *Liens*. None of the Loan Parties or any of their respective Subsidiaries shall create or permit to exist any Lien with respect to any assets now owned or hereafter acquired by any of them, except the following Liens (herein collectively called the "*Permitted Liens*"): (a) Liens securing Property Acquisition Debt, (b) Liens securing Indebtedness incurred in compliance with clause (vi) of Section 7.1, (c) Liens for current taxes and duties not delinquent or for taxes being contested in good faith, by appropriate proceedings which do not involve any material risk of the sale or loss of any of the Collateral and with respect to which the Loan Parties have provided for and are maintaining adequate reserves in accordance with the Accounting Principles, (d) Liens imposed by law, such as mechanics', workers', materialmen's, carriers' or other like liens which arise in the ordinary course of business for sums not due or sums which the Loan Parties are contesting in good faith, by appropriate proceedings which do not involve any material risk of the sale or loss of any of the Collateral and with respect to which the Loan Parties have provided for and are maintaining adequate reserves in accordance with the Accounting Principles, (e) Liens in the Collateral Agent's favor, for the benefit of the Agents and the Purchasers, with respect to the Obligations, (f) Liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other statutory obligations, (g) easements, rights of way, restrictions and other similar charges or encumbrances with respect to real property (including the Property) not interfering in any material respect with the ordinary conduct of the business of the Loan Parties, (h) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds, and other obligations of like nature arising in the ordinary course of business, (i) Liens that do not secure Indebtedness and are incurred solely to the extent required for compliance by a Loan Party or Subsidiary with any Cannabis Act, (j) those referred to in Schedule 7.4 and (j) non-consensual Liens so long as such Liens are terminated and released within ten (10) Business Days of the first to occur of (i) any of the Loan Parties becoming aware of such Lien and (ii) the filing of a financing statement, or similar document or instrument with a public recording office related to such Lien. For the avoidance of doubt, each of the Issuers hereby covenants and agrees not to pledge the Equity Interests of any of the Issuers or any Subsidiary that is not a Loan Party to any Person that is not a Loan Party.

Section 7.5 *Investments*. None of the Loan Parties or any of their respective Subsidiaries shall make or permit to exist any Investments in any other Person, except for: (a) Investments by any Loan Party in any other Loan Party and in any wholly-owned Subsidiary of any Loan Party and Investments by any wholly-owned Subsidiary of any Loan Party in a Loan Party or other wholly-owned Subsidiary of a Loan Party; (b) the endorsement, in the ordinary course of collection, of instruments payable to them or to their order; (c) cash management investments consisting of (i) obligations of the United States of America and agencies thereof and obligations guaranteed by the United States of America maturing within one year from the date of acquisition; (ii) certificates of deposit, time deposits or repurchase agreements issued by commercial banks organized under the laws of the United States of America or any state thereof and having a combined capital, surplus, and undivided profits of not less than $250,000,000, or by any other domestic depository institution if such certificates of deposit are fully insured by the

Federal Deposit Insurance Corporation; (iii) commercial paper, maturing not more than nine months from the date of issue, provided that, at the time of purchase, such commercial paper is rated not lower than "P-1" or the then-equivalent rating by Moody's Investors Service or "A-1" or the then-equivalent rating by Standard & Poor's Corporation or, if both such rating services are discontinued, by such other nationally recognized rating service or services, as the case may be, as Issuers shall select; (iv) bonds the interest on which is excludable from federal gross income under Section 103(a) of the Internal Revenue Code having a long term rating of not less than "A" by Moody's or S&P or a short term rating of not less than "MIG 1" or "P-1" by Moody's or "A-1" by S&P; and (v) investments in regulated money market funds invested in United States securities in amounts in the aggregate not exceeding $500,000; (d) Permitted Acquisitions; (e) joint ventures engaged solely in any business permitted by Section 7.6 hereof with Persons who are not Affiliates of any of the Loan Parties or their respective Subsidiaries and (f) Investments not otherwise permitted by one of the foregoing clauses if (i) at the time of, and immediately after giving effect to, the Investment, there is no Default or Event of Default hereunder and (ii) if the Investment is with an Affiliate of a Loan Party or a Subsidiary of a Loan Party, then the Investment is completed in compliance with Section 7.11 hereof.

Section 7.6 *Change in Nature of Business*. None of the Loan Parties or any of their respective Subsidiaries shall carry on any business other than a business which is the same in all material respects as, or adjacent or ancillary to, the business carried on by the Loan Parties and their respective Subsidiaries as of the Agreement Date.

Section 7.7 *Asset Dispositions*. None of the Loan Parties or any of their respective Subsidiaries shall directly or indirectly (including by way of merger) convey, sell, lease, sublease, transfer or otherwise dispose of, or grant any Person an option to acquire, in one transaction or a series of related transactions, any of their properties or assets, whether now owned or hereafter acquired, except for: (a) sales of inventory to customers in the ordinary course of business and dispositions of obsolete equipment not used or useful in their operations or business; (b) dispositions of properties or assets as a consequence of any loss, damage, destruction or other casualty or any condemnation or taking of such assets by eminent domain proceedings; (c) sales or dispositions of cash equivalents for not less than fair market value thereof and in return for cash or cash equivalents; (d) sales or other dispositions of properties or assets by any Loan Party to any other Loan Party; (e) sales or other dispositions of properties or assets to a Person that is not an Affiliate of any of the Loan Parties to the extent required to comply with Laws; and (f) sales or other dispositions of properties or assets not otherwise permitted by one of the foregoing clauses if each of the following conditions is met: (i) at the time of, and immediately after giving effect to, the sale or other disposition, there is no Default or Event of Default hereunder and (ii) the sale or other disposition is completed on arms-length terms with a Person or Persons who are not Affiliates of any of the Loan Parties. For the avoidance of doubt, any Loan Party may sell Equity Interests in a Subsidiary of such Loan Party if such Sale meets the conditions in any of clauses (d), (e) or (f) of the preceding sentence. Notwithstanding the foregoing, if any of the Collateral is sold, then the net proceeds of any such sale shall be held in escrow and subject to a lien in favor of Collateral Agent, for the benefit of the Agents and the Purchasers, under terms and conditions reasonably acceptable to the Required Purchasers unless and until such proceeds are applied to acquire properties or assets that, if

material in relation to the initial amount of Collateral, are in turn mortgaged or encumbered to in favor of Collateral Agent, for the benefit of the Agents and the Purchasers.

Section 7.8 *Leases*. None of the Loan Parties or any of their respective Subsidiaries shall enter into or permit to exist any arrangement under which any of them leases as lessee any real or personal property outside the ordinary course of business; other than leases entered into in connection with a Sale and Leaseback Transaction if such Sale and Leaseback Transaction is otherwise permitted under Section 7.1 and Section 7.7 of this Agreement.

Section 7.9 *Employee Benefit Plans*. None of the Loan Parties or any of their respective Subsidiaries shall: (i) permit any ERISA Affiliate to permit any condition to exist in connection with any Plan which might constitute grounds for the PBGC to institute proceedings to have such Plan terminated or a trustee appointed to administer such Plan or (ii) engage in, or permit to exist or occur, or permit any ERISA Affiliate to engage in, or permit to exist or occur, any other condition, event or transaction with respect to any Plan or Multiemployer Plan which could result in the incurrence by any of the Loan Parties or any ERISA Affiliate of any material liability, fine or penalty.

Section 7.10 *Use of Proceeds*. None of the Loan Parties or any of their respective Subsidiaries shall use or permit the direct or indirect use of any proceeds of or with respect to the Loans for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying" (within the meaning of Regulation U) Margin Stock.

Section 7.11 *Transactions with Affiliates*. None of the Loan Parties or any of their respective Subsidiaries shall enter into any transaction with any Affiliate that is not a Subsidiary of a Loan Party, including, without limitation, the purchase, sale or exchange of property or the rendering of any service to any Affiliate that is not a Subsidiary of a Loan Party, except if the transaction meets each of the following conditions: (i) it occurs in the ordinary course of and pursuant to the reasonable requirements of the business of the applicable Loan Party or Subsidiary and upon fair and reasonable terms no less favorable to None of the Loan Parties or any of their respective Subsidiaries shall than would obtain in a comparable arms-length transaction with an unaffiliated Person and (ii) such transaction has been approved by a majority vote of the Board of Directors as well as (if applicable) the board of directors of the relevant Loan Party (following full disclosure of the material facts) and with any director that has an interest in such transaction recusing himself or herself from the vote.

Section 7.12 *Other Agreements*. None of the Loan Parties or any of their respective Subsidiaries shall enter into any agreement containing any provision which would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered hereunder or in connection herewith or which would violate or breach any provision hereof or of any such instrument or document.

Section 7.13 *Fiscal Year*. None of the Loan Parties or any of their respective Subsidiaries shall change its Fiscal Year to a fiscal year other than a fiscal year ending December 31st.

## ARTICLE VIII

### EVENTS OF DEFAULT

Section 8.1 *Events of Default*. Any one or more of the following events which shall occur and be continuing shall constitute an "Event of Default":

(a) *Failure to Make Payments When Due*. The Issuers fail to pay any of the Obligations, including failure by the Issuers to pay when due any payment of principal of, or interest on, the Loans, whether at stated maturity, by acceleration, by notice of voluntary prepayment, by mandatory prepayment or otherwise, or any fee or any other amount due hereunder, and, solely in the case of a failure to make payments other than payments of principal and interest, such failure remains unremedied or waived for a period of fifteen (15) days after an Issuer receives written notice from the Administrative Agent or from any Purchaser entitled to such payment.

(b) *Other Defaults under Loan Documents*. Other than in respect of a failure to pay any of the Obligations, Issuers shall Default in the performance of or compliance with any other term contained in any of the Loan Documents in any material respect, and such Default shall not have been remedied or waived within thirty (30) days after receipt by an Issuer of written notice from the Administrative Agent or any Purchaser of such failure or default.

(c) *Breach of Representations, Etc*. Any representation, warranty, certification or other statement made by any Loan Party in any Loan Document or in any statement or certificate at any time given by any Loan Party in writing, pursuant hereto or thereto or in connection herewith or therewith shall be false in any material respect as of the date made or deemed made.

(d) *Default in Other Agreements*. (i) Failure of any Loan Party to pay when due any principal of or interest on or any other amount payable in respect of Indebtedness in an aggregate principal amount of $10,000,000 or more beyond the grace period, if any, and (ii) breach or default by any Loan Party with respect to any other material term of Indebtedness in an aggregate principal amount of $10,000,000 or more beyond the grace period, if any, if the effect of such breach or default is to cause, or to permit the holder or holders of such Indebtedness (or a trustee on behalf of such holder or holders) to cause, such Indebtedness to become or be declared due and payable (or redeemable) prior to its stated maturity, unless in the case of each of clauses (i) and (ii) above, such failure to pay or breach or default is contested in good faith. Notwithstanding the foregoing, a breach of default, including on account of failure to make payments, on Indebtedness that is fully non-recourse to any of the Loan Parties and incurred in compliance with this Agreement shall not constitute an Event of Default hereunder and, for the avoidance of doubt, the rights and remedies of the lender(s) of any such under such non-recourse Indebtedness shall be limited to the specific assets pledged or mortgaged as security for such Indebtedness.

(e) *Disposition of Equity Interests*. Guarantor ceases to own, directly or indirectly, one hundred percent of the Equity Interests in any Issuer except for any Issuer the

Equity Interests in which are sold after the Agreement Date in an arms-length transaction to a Person who is not an Affiliate of any of the Loan Parties.

(f) *Involuntary Bankruptcy, Appointment of Receiver, Etc*. (i) A court of competent jurisdiction shall enter a decree or order for relief in respect of any Loan Party in an involuntary case under Debtor Relief Law, which decree or order is not stayed, or any other similar relief shall be granted under any applicable federal or state law, or (ii) an involuntary case shall be commenced against any Loan Party under any Debtor Relief Law, or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, interim receiver, receiver manager, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Issuer, or over all or a substantial part of the any Loan Party's property, shall have been entered; or there shall have occurred the involuntary appointment of an interim receiver, trustee or other custodian of any Loan Party for all or a substantial part of its property or a warrant of attachment, execution or similar process shall have been issued against any substantial part of the property of any Loan Party, and any such event described in this clause (ii) shall continue for 60 days without having been dismissed, bonded or discharged.

(g) *Voluntary Bankruptcy, Appointment of Receiver, Etc*. (i) Any Loan Party shall have an order for relief entered with respect to it or shall commence a voluntary case under any Debtor Relief Law, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, interim receiver, receiver manager, trustee or other custodian for all or a substantial part of its property; or Issuer shall make any assignment for the benefit of creditors, or (ii) any Loan Party shall be unable, or shall fail generally, or shall admit in writing its inability, to pay its debts as such debts become due; or the Board of Directors shall adopt any resolution or otherwise authorize any action to approve any of the actions referred to herein or in Section 8.1(g).

(h) *Judgments and Attachments*. Any money judgment, writ or warrant of attachment or similar process involving in any individual case an amount in excess of $10,000,000 (to the extent not adequately covered by insurance as to which a solvent and unaffiliated insurance company has acknowledged coverage) shall be entered or filed against any Loan Party or any of their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days; or

(i) *Dissolution*. Any order, judgment or decree shall be entered against any Loan Party decreeing the dissolution or split up of such Loan Party and such order shall remain undischarged or unstayed for a period in excess of thirty (30) days.

(j) *Invalidity of Loan Documents*. Any of the Loan Documents ceases to be in full force and effect or any Loan Party contest in writing the validity or enforceability of any of the Loan Documents.

Section 8.2 *Remedies*. Upon and after the occurrence of an Event of Default:

(a) *Non Bankruptcy Related Defaults*. In the case of any Event of Default specified in any subsection of Section 8.1, other than an Event of Default specified in

Section 8.1(f) or 8.1(g), the Administrative Agent shall, upon the written request of the Required Purchasers and by notice to the Issuers, declare the unpaid principal amount of the Loans, interest accrued thereon and all other Obligations to be immediately due and payable, which shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuers.

(b) *Bankruptcy Events of Default*. In the case of an Event of Default specified in Section 8.1(f) or 8.1(g), automatically, without any notice to the Issuers or any other act by the Agents or any Purchaser, the unpaid principal amount of the Loans, interest accrued thereon and all other Obligations shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuers.

(c) *Remedies in All Events of Default*. The Agents shall, at the written request of or with the written consent of the Required Purchasers, (i) exercise all rights and remedies provided in the Loan Documents, (ii) exercise any right of counterclaim, setoff or otherwise which it may have with respect to money or property of the Issuers, (iii) bring any action or other proceeding permitted by this Agreement for the specific performance of, or injunction against any violation of, any of the Loan Documents and may exercise any power granted under or to recover judgment under any of the Loan Documents, (iv) enforce any and all Liens created pursuant to Loan Documents, and (v) exercise any other right or remedy permitted by applicable Laws; provided that the foregoing shall not prohibit an Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Agent) hereunder and under the other Loan Documents.

(d) *Purchasers' Remedies*. Unless otherwise directed by the Required Purchasers, in case any one or more of the Events of Default shall have occurred and be continuing, and whether or not the maturity of the Loans has been accelerated pursuant to this Section 8.2, the Required Purchasers may proceed (for the benefit of the Purchasers) to protect and enforce their rights by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement or the other Loan Documents, including as permitted by applicable Law the obtaining of the ex parte appointment of a receiver, and, if Obligations have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of the Purchasers.

(e) *Remedies Cumulative*. No remedy herein conferred upon any Purchaser or Agent is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or any other provision of law.

Section 8.3 *Application of Payments*. Any payments and proceeds of Collateral received by any Agent pursuant to this Agreement and the other Loan Documents, including, without limitation, any prepayments made pursuant to Article II, whether made before or after the occurrence and continuation of an Event of Default shall be applied to the Obligations in the following order: (i) *first*, to the fees, indemnitees, costs and expenses (including fees and disbursements of counsel payable under Section 2.5) of each Agent (ratably) in its capacity as such, (ii) *second*, to the fees, costs and expenses of the Purchasers required to be paid by the Issuers under this Agreement and in connection with the enforcement of their rights and

remedies under the Loan Documents which have not been paid (and, if there is a shortfall in the amount available pursuant to this clause to pay all amounts due under this clause, on a pro rata basis taking into account all amounts due under this clause); (ii) *third*, to the Purchasers (ratably as provided in Section 2.9), an amount equal to the accrued and unpaid interest outstanding and any applicable prepayment premium; (iii) *fourth*, to the Purchasers (ratably as provided in Section 2.9), an amount equal to the principal balance of the Loans; and (iv) *fifth*, to the Purchasers (ratably as provided in Section 2.9), an amount equal to any other Obligations then due and owing; and (v) *sixth*, to the extent that any amounts remain after the indefeasible payment in full of the Obligations, to the Issuers or as otherwise required by applicable Law.

## ARTICLE IX

### PURCHASER REPRESENTATIONS.

Section 9.1 *General*. Each Purchaser, for itself only, hereby represents and warrants to, and covenants with, the Issuers that:

(a) Such Purchaser has all requisite authority (and in the case of an individual, the capacity) to purchase its Note and Warrants and to perform its obligations hereunder, and such purchase will not contravene any Laws or investment guidelines applicable to such Purchaser.

(b) Such Purchaser is a resident of the state noted in the forms on file with the Agents, and not otherwise a resident of Canada, and is acquiring its Note and Warrants as principal for its own account and without a view to distribution.

(c) Such Purchaser and its representatives (if any) have such knowledge, skill and experience in business, financial and investment matters that such Purchaser and its representatives (if any) are capable of evaluating the merits and risks of an investment in the Notes and Warrants. With the assistance of such Purchaser's own professional advisors, to the extent that such Purchaser has deemed appropriate, such Purchaser has made its own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Notes and the Warrants. Such Purchaser and its representatives (if any) have considered the suitability of the Notes and Warrants as an investment in light of Purchaser's own circumstances and financial condition and such Purchaser is able to bear the risks associated with an investment in the Notes and Warrants and its authority to invest in the Notes and Warrants.

(d) Such Purchaser is an "accredited investor" as defined in Rule 501 under the Securities Act who is acquiring its Note and Warrants without having been offered or sold the Notes and Warrants by any form of "general solicitation" or "general advertising", in each case within the meaning of Rule 502 of Regulation D under the Securities Act, and such Purchaser has truthfully completed the Accredited Investor Questionnaire set forth herein as Exhibit F and delivered an executed copy to the Issuers in accordance with the instructions therein.

(e) Such Purchaser is not a Benefit Plan Investor within the meaning Section 3(42) of ERISA.

(f) Such Purchaser agrees to furnish any additional information requested by the Loan Parties or an Agent for compliance by the Loan Parties or an Agent with applicable Laws in connection with the offer and sale of the Notes and Warrants or general administration of the Loans. Such Purchaser expressly acknowledges that Guarantor may be required to make certain filings with the applicable Canadian securities commissions and Canadian Securities Exchange and consents to the making of such filings.

(g) To the best of such Purchaser's knowledge, neither such Purchaser, nor any person having a direct or indirect beneficial interest in the Note or Warrants to be acquired by it, appears on the Specially Designated Nationals and Blocked Persons List of OFAC, nor is such Purchaser or such other person a party with which the Loan Parties are prohibited from dealing under the laws of the United States.

(h) To the best of such Purchaser's knowledge, the monies used to fund the investment in its Note and Warrants are not derived from, invested for the benefit of, or related in any way to, the governments of, or persons within, (A) any country under a U.S. embargo enforced by OFAC, (B) that has been designated as a "non-cooperative country or territory" by the Financial Action Task Force on Money Laundering or (C) that has been designated by the U.S. Secretary of the Treasury as a "primary money laundering concern."

(i) Such Purchaser: (A) has conducted thorough due diligence with respect to all of its beneficial owners (if any), (B) has established the identities of all beneficial owners (if any) and the source of each of the beneficial owner's funds and (C) will retain evidence of any such identities, any such source of funds and any such due diligence. Such Purchaser does not know or have any reason to suspect that (A) the monies used to fund such Purchaser's investment in its Note and Warrants have been or will be derived from or related to any illegal activities, including but not limited to, money laundering activities, and (B) the proceeds from such Purchaser's investment in its Note and Warrants will be used to finance any illegal activities.

(j) If such Purchaser is, receives deposits from, makes payments to or conducts transactions relating to a non-U.S. banking institution (a "*Non-U.S. Bank*") in connection with such Purchaser's investment in its Note and Warrants, such Non-U.S. Bank: (A) has a fixed address, other than an electronic address or a post office box, in a country in which it is authorized to conduct banking activities; (B) employs one or more individuals on a full-time basis; (C) maintains operating records related to its banking activities; (D) is subject to inspection by the banking authority that licensed it to conduct banking activities; and (E) does not provide banking services to any other Non-U.S. Bank that does not have a physical presence in any country and that is not a registered affiliate.

(k) Such Purchaser has reviewed and understands the risk factors set forth at Exhibit E attached hereto.

(l) Such Purchaser understands that its Note and Warrants have not been registered under the Securities Act or any state securities laws by reason of specific exemptions under the provisions thereof which depend in part upon the investment intent of such Purchaser and of the other representations and warranties made by such Purchaser in this Agreement. Such Purchaser understands that the Loan Parties are relying upon the representations, warranties and agreements of such Purchaser contained in this Agreement for the purpose of determining whether the offer and sale of the Notes and Warrants meet the requirements for such exemptions. Such Purchaser understands that the Subordinated Voting Shares of Guarantor as of the date hereof are listed and traded on the Canadian Securities Exchange.

(m) Such Purchaser understands that an investment in the Notes and Warrants is an illiquid investment, and the Notes and Warrants are "restricted securities" within the meaning of Rule 144 under the Securities Act and that the Securities Act and the rules of the U.S. Securities and Exchange Commission provide in substance that such Purchaser may dispose of its Note and Warrants in the United States only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements under the Securities Act.

(n) Such Purchaser agrees: (A) that the certificates representing its Note and Warrants will bear a legend making reference to the foregoing restrictions; and (B) that the Loan Parties and their Affiliates shall not be required to give effect to any purported transfer of such Note or Warrants except upon compliance with the foregoing restrictions.

(o) Such Purchaser understands that all certificates representing the Warrants and any Subordinate Voting Shares to be issued upon the due exercise of the Warrants prior to the date that is four months and a day after the issue date of the Warrant will be subject to resale restrictions and will bear the following legends under applicable Canadian securities laws:

> "Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after May 22, 2019."

(p) Such Purchaser acknowledges that it is solely responsible (and the Guarantor is not responsible) for the Purchaser's compliance with securities laws, including Canadian securities laws, applicable to such Purchaser.

(q) Such Purchaser acknowledges that no securities commission, agency, governmental authority, regulatory body, stock exchange or other regulatory body has reviewed or passed on the investment merits of the Warrants or the Subordinate Voting Shares.

## ARTICLE X

## AGENT

Section 10.1 *Appointment and Authority*. Each of the Purchasers hereby appoints GLAS AMERICAS LLC to act on its behalf as the Collateral Agent hereunder and under the other Loan Documents and authorizes the Collateral Agent to take such actions on its behalf and

to exercise such powers as are delegated to the Collateral Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Each of the Purchasers hereby appoints GLAS USA LLC to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Purchasers, and no Issuer shall have rights as a third party beneficiary of any of such provisions (other than pursuant to Section 11.5(c)). It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties. The Agents and their Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, any Loan Party or any Subsidiary or other Affiliate thereof without any duty to account therefor to the Purchasers.

Section 10.2 *Exculpatory Provisions*.

(a) The Agents shall have no duties or obligations except those expressly set forth herein and in the other Loan Documents to which it is a party, and its duties hereunder shall solely be administrative in nature. Without limiting the generality of the foregoing, the Agents shall not:

(i) be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(ii) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents to which it is a party that such Agent is required to exercise as directed in writing by the Required Purchasers (or such other number or percentage of the Purchasers as shall be expressly provided for in such Loan Documents); provided that the Agents shall not be required to take any action that, in its opinion or the opinion of its counsel, (i) may expose the Agents to liability, (ii) is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law, (iii) would require such Agent to become registered to do business in any jurisdiction, or (iv) would subject such Agent to taxation;

(iii) except as expressly set forth herein and in the other Loan Documents to which such Agent is a party, have any duty to disclose, and such Agent shall not be liable for the failure to disclose, any information relating to the Issuers or any of its Affiliates that is communicated to or obtained by such Person serving as an Agent or any of its Affiliates in any capacity; and

(iv) be responsible in any manner for the validity, enforceability or sufficiency of this Agreement or the Loan Documents or any Collateral delivered, or for the value or collectability of any Obligations or other instrument, if any, so delivered, or for any representations made or obligations assumed by any party other than such Agent. The Agents shall not be bound to examine or inquire into or be liable for any defect or failure in the right or title of the grantors to all or any of the assets whether such defect or failure was known to any Agent.

(b) No Agent nor any of its Related Parties shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Purchasers (or such other number or percentage of the Purchasers as is necessary, or as such Agent believes in good faith is necessary, under the provisions of the Loan Documents) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable judgment. No Agent shall be deemed to have knowledge of any Default or Event of Default unless and until written notice describing the Default or Event of Default is given to such Agent by the Issuers or a Purchaser.

(c) The Agents shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to such Agent.

(d) No Agent is obliged to (i) take or refrain from taking any action or exercise or refrain from exercising any right or discretion under the Loan Documents, or (ii) incur or subject itself to any cost in connection with the Loan Documents, unless it is indemnified by the Loan Parties and/or by the Purchasers, in form and substance reasonably satisfactory to such Agent. An Agent may decline to act unless it receives indemnity and/or security reasonably satisfactory to it, including an advance of moneys necessary to take the action requested.

(e) In no event shall an Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

(f) No Agent is obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such

funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

(g) Beyond the exercise of reasonable care in the custody thereof, the Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of the Collateral Agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Collateral Agent shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Collateral Agent shall not be responsible for any unsuitability, inadequacy, expiration or unfitness of any Lien created hereunder or pursuant to any other Loan Documents nor shall it be obligated to make any investigation into, and shall be entitled to assume, the adequacy and fitness of any Lien created hereunder or pursuant to any other Loan Documents pertaining to the Obligations. The Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords similar collateral and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee.

(h) No Agent nor any of its respective officers, directors, employees, attorneys, accountants, advisors or agents shall be liable to the Purchasers for any action taken or omitted by any of the under or in connection with any of the Loan Documents except to the extent caused by their gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment. An Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Loan Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until such Agent shall have received instructions satisfactory to it in respect thereof from Required Purchasers (or such other Purchasers as may be required to give such instructions) or in accordance with the Loan Documents.

(i) The Agents shall not have any liability with respect to or arising out of any assignment or participation of Loans or disclosure of confidential information to any prospective Purchaser.

Section 10.3 *Reliance by Agent.*

(a) The Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agents also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making available of the Loans that by its terms must be fulfilled to the satisfaction of a Purchaser, the Agents may presume that such condition is satisfactory to such Purchaser unless the Agents shall

have received written notice to the contrary from such Purchaser prior to making the Loans available. The Agents may consult with legal counsel (who may be counsel for the Issuers), independent accountants, advisors and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants, advisors or experts.

(b) The Administrative Agent and the Collateral Agent shall be entitled to request written instructions, or clarification of any instruction, from the Required Purchasers (or such other number or percentage of the Purchasers as shall be expressly provided for in the Loan Documents) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Administrative Agent and the Collateral Agent may refrain from acting unless and until it receives those written instructions or that clarification. In the absence of written instructions, the Administrative Agent or the Collateral Agent, as applicable, may act (or refrain from acting) as it considers to be in the best interests of the Purchasers.

Section 10.4 *Delegation of Duties*. Any Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by such Agent. The Agents and any such sub-agent of an Agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article X and other provisions of this Agreement for the benefit of the Agents shall apply to any such sub-agent and to the Related Parties of an Agent and any such sub-agents, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Agents.

Section 10.5 *Notices*.

(a) The Agents shall promptly deliver to each Purchaser any notices, reports or other communications contemplated in this Agreement delivered to the Agents by or on behalf of a Loan Party which are intended for the benefit of the Purchasers.

(b) Upon written request of any Purchaser to any Agent to give notice to any Loan Party or to any other Purchasers, to request any information from any Loan Party, or to request or direct an Agent to take or refrain from taking any action, or otherwise exercise any rights or remedies under any Loan Document (individually or collectively, as applicable, a "Purchaser Request"), such Agent shall promptly provide notice of such Purchaser Request to the other Purchasers requesting the Purchasers to confirm or reject in writing the subject matter of such Purchaser Request. Nothing in the foregoing or elsewhere in this Agreement limits rights of Purchasers to communicate directly with one another, and the Loan Parties shall provide or cause to be provided each Purchaser the contact information of each other Purchaser.

Section 10.6 *Replacement of Agent*.

(a) Any Agent may resign at any time by giving thirty (30) days prior notice of its resignation to the Purchasers and the Issuers (or such earlier day as shall be agreed by the Required Purchasers) (the "*Resignation Effective Date*"). Upon receipt of any such notice of

resignation, the Required Purchasers shall have the right, acting unanimously, with the prior written consent of the Issuers, to appoint a successor Agent. Upon the occurrence of an Event of Default that is continuing, the Issuers' consent rights pursuant to this Section 10.6(a) shall cease.

(b) If no such successor shall have been so appointed upon consent of the Required Purchasers and shall have accepted such appointment by the Resignation Effective Date, then the retiring Agent may (but shall not be obligated to) on behalf of the Purchasers, appoint a successor Agent. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(c) The Required Purchasers, may, to the extent permitted by applicable Law, by giving thirty (30) days prior notice in writing to the Issuers and the Agents, remove either the Administrative Agent and/or the Collateral Agent and, with the consent of the Issuers (which consent shall not be required if an Event of Default is continuing), appoint a successor Administrative Agent and/or the Collateral Agent, as applicable. If no such successor shall have been so appointed by the Required Purchasers and shall have accepted such appointment within 30 days (the "*Removal Effective Date*"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date. Notwithstanding anything to the contrary herein, no later than the Removal Effective Date, (i) all fees, charges, expenses and other amounts owing to any removed Agent and (ii) all fees, charges and expenses of the removed Agent related to the transfer of agency or Collateral, in each case, must be paid in full in cash to the removed Agent by the Issuers.

(d) With effect from the Resignation Effective Date or the Removal Effective Date, as applicable, (i) the retiring or removed Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) except for any indemnity payments or other amounts due pursuant to Section 2.5(b) owed to the retiring or removed Agent, all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Purchaser directly, until such time, if any, as the Required Purchasers appoint a successor Agent as provided for above. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Agent (other than any rights to indemnity payments or other amounts due pursuant to Section 2.5(b) owed to the retiring or removed Agent), and the retiring or removed Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided in the preceding sentence). The fees payable by the Issuers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Issuer and such successor. After the retiring or removed Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article X and of Section 11.3, 11.4 and Section 11.5 shall continue in effect for the benefit of such retiring or removed Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Agent was acting as Agent.

Section 10.7 *Non-Reliance on the Agent and Other Purchasers*. Each Purchaser acknowledges that it has, independently and without reliance upon the Agents or any other Purchaser or any of their Related Parties and based on such documents and information as it has

deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Purchaser also acknowledges that it will, independently and without reliance upon the Agents or any other Purchaser or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 10.8 *Collective Action of the Purchasers*. Each of the Purchasers hereby acknowledges that to the extent permitted by applicable law, any collateral security and the remedies in respect of the collateral security provided under the Loan Documents to the Purchasers are for the benefit of the Agents and the Purchasers collectively and acting together and not severally and further acknowledges that its rights hereunder in respect of the collateral security and under any collateral security are to be exercised not severally, but by the applicable Agent upon the direction of the Required Purchasers (or such other number or percentage of the Purchasers as shall be expressly provided for in the Loan Documents). Accordingly, notwithstanding any of the provisions contained herein or in any collateral security, each of the Purchasers hereby covenants and agrees that it shall not be entitled to take any action hereunder or thereunder in respect of the collateral security including, without limitation, any declaration of default hereunder or thereunder in respect of the collateral security, but that any such action in respect of the collateral security shall be taken only by the Agents with the prior written agreement of the Required Purchasers. Each of the Purchasers hereby further covenants and agrees that upon any such written agreement being given in respect of the collateral security, it shall cooperate fully with the Agents to the extent requested by an Agent. Notwithstanding the foregoing, in the absence of instructions from the Purchasers and where in the sole opinion of an Agent, acting reasonably and in good faith, the exigencies of the situation warrant such action, an Agent may without notice to or consent of the Purchasers take such action on behalf of the Purchasers as it deems appropriate or desirable in the interest of the Purchasers.

Section 10.9 *Obligations*. All Obligations shall rank pari passu with each other and any proceeds from any realization of the Collateral shall be applied to the Obligations ratably in accordance with Section 2.9 and 8.3. The provisions of this Section 10.9 shall survive the termination of this Agreement and the repayment of the Loans.

Section 10.10 *Holding of Collateral; Discharge*.

(a) The Collateral shall be held by the Collateral Agent for the ratable benefit of the Agents and the Purchasers in accordance with its terms and any proceeds from any realization of the Liens shall be applied to the Obligations of each Purchaser ratably in accordance with Section 2.9 and 8.3 (whether such Lien is held in the name of the Collateral Agent or in the name of any one or more of the Purchasers and without regard to any priority to which the Purchaser may otherwise be entitled under applicable law).

(b) Each Purchaser agrees with the other Purchasers that it will not, without the prior consent of the other Purchasers, take or obtain any Lien on any properties or assets of the Issuers or any other Loan Party to secure the obligations of the Issuers under the Loan Documents, except for the benefit of all Purchasers or as may otherwise be required by applicable law.

(c) The Required Purchasers will irrevocably authorize the Collateral Agent in writing to, and the Collateral Agent will, release the Lien on any Collateral constituting assets subject to a Disposition to any Person (other than a Loan Party or a subsidiary of a Loan Party), if the Issuers have certified to the Purchasers (copied to the Collateral Agent) and the Required Purchasers are satisfied with such certificate, in their sole discretion, that the Disposition is in compliance with the terms of this Agreement. The Collateral Agent will, at the request and expense of the Issuers, after receiving written instructions from the Required Purchasers, execute and deliver to the relevant Loan Party such releases, discharges, documents or other instruments as the Loan Party may reasonably require to effect the release of discharge of the Lien over such Collateral, provided that the proceeds of any such Disposition shall continue to constitute part of the Collateral.

Section 10.11 *Liability of the Purchasers inter se*. Each of the Purchasers agrees with each of the other Purchasers that, except as otherwise expressly provided in this Agreement, none of the Purchasers has or shall have any duty or obligation, or shall in any way be liable, to any of the other Purchasers in respect of the Loan Documents or any action taken or omitted to be taken in connection with them.

Section 10.12 *Administrative Agent May File and Vote Proofs of Claim*. In case of the pendency of any proceeding under any Debtor Relief Law, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Issuer) shall be entitled and empowered (but not obligated unless requested by the Required Purchasers) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents, and take such other actions (including, without limitation, negotiation of and/ or objection to, actions taken or proposed to be taken pursuant to Bankruptcy Code sections 361, 362, 363 and 364), as may be necessary or advisable in order to have the claims of the Purchasers and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Purchasers and the Agents and their respective agents and counsel and all other amounts due the Purchasers and the Agents under the Loan Documents, including under Sections 2.5(b), 11.3 and 11.4) allowed, and the Collateral protected, in such judicial proceeding;

(b) to vote the claim described in subsection (a) in connection with any plan of reorganization or analog thereof pursuant to the applicable Debt Relief Law; and

(c) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Purchaser to make such payments to the Agents and, in the event that the Agents shall consent to the making of such payments directly to the Purchasers, to pay to each Agents any amount due for the reasonable compensation, expenses, disbursements and advances of such Agent and its agents and counsel,

and any other amounts due such Agent under Sections 2.5(b), 11.3 and 11.4. In the event Administrative Agent does not intervene in any proceeding under any Debtor Relief Law, or if the Administrative Agent fails to take any of the actions described in subsections (a) through (c) above, then each Purchaser shall be entitled to intervene and take the actions contemplated by this Section 10.12 on account of their respective claims.

Section 10.13 *Survival*. The provisions of this Article shall survive the termination of this Agreement and the repayment of the Loans.

## ARTICLE XI
## MISCELLANEOUS

Section 11.1 *Amendments and Waivers*.

(a) *General*. Subject to Section 11.1(b) and Section 11.1(c) below, no amendment, modification, termination or waiver of any provision of the Loan Documents, or consent to any departure by Issuers therefrom, shall be effective without the written consent of the Required Purchasers.

(b) *Other Consent*. Notwithstanding the provisions of Section 11.1(a) above, no amendment, modification, termination or waiver of any provision of the Loan Documents, or consent to any departure by Issuers therefrom, shall amend, modify or otherwise affect the rights or duties hereunder or under any other Loan Document of any Agent, unless in writing executed by such Agent.

(c) *Prior Unanimous Written Consent*. Without the prior unanimous written consent of the affected Purchasers:

(i) no amendment, consent or waiver shall (A) affect the amount or extend the time of the obligation of any Purchaser to make the Loans or (B) extend or alter the scheduled time or times of payment of principal or interest on the Loans or of any fees payable for the account of the Purchasers or (C) alter the amount of the principal of the Loans or the rate of interest thereon (other than a waiver of the Default Rate in the event that the applicable Event of Default has been waived by the Required Purchasers) or the amount of any scheduled prepayment or (D) alter the amount of any fee payable hereunder to the account of the Purchasers or (E) permit any subordination of the principal of or interest on the Loans or (F) permit the subordination of the Lien created by the Collateral Documents in any of the Collateral or (G) consent to the assignment or transfer by Issuers of any of its rights and obligations under any Loan Document or (H) affect the definition of “Required Purchasers” or “Pro Rata Share”;

(ii) no Collateral, other than in connection with a sale specifically permitted in this Agreement or the Collateral Documents, shall be released from the Lien of the Collateral Documents;

(iii) none of the provisions of Section 2.9 shall be amended, modified or waived; and

(iv) none of the provisions of this Section 11.1(c) shall be amended.

(d) *Effect of Notices, Waivers or Consents*. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on Issuers in any case shall entitle Issuers to any other or further notice (except as otherwise specifically required hereunder or under any other Loan Document) or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 11.1 shall be binding upon each Purchaser at the time outstanding, each future Purchaser and, if signed by the Issuers, on the Issuers.

Section 11.2 *Notices*. All notices, requests, demands and other communications to any party or given under any Loan Document (collectively, the "Notices") will be in writing and delivered personally, by overnight courier or by registered mail to the parties at the following address or sent by facsimile, with confirmation received, to the facsimile number specified below (or at such other address or facsimile number as will be specified by a party by like notice given at least five calendar days prior thereto):

If to the Issuers, at:

VCP23, LLC
325 W. Huron Street, Suite 412
Chicago, IL 60654
Attn: General Counsel
[***]
With a copy to:

Dentons US LLP
233 S Wacker Drive
Chicago, IL 60606
Telephone: 312-876-6128
Attn: Elke Rehbock
[***]

If to Administrative Agent, at:

GLAS USA LLC, as Administrative Agent
3 Second Street, Suite 206
Jersey City, NJ 07311
Fax: 212-202-6246
Attn: Loan Administration
[***]
With a copy to: [***]

If to Collateral Agent, at:

GLAS Americas LLC, as Collateral Agent
3 Second Street, Suite 206
Jersey City, NJ 07311
Fax: 212-202-6246
Attn: [***]
Email: [***]
With a copy to: [***]

If to the Purchasers, to the address for such Purchaser on file with the Agents and in any Assignment Agreement delivered by such Purchaser.

All Notices will be deemed delivered when actually received. Each of the parties will hereafter notify the other parties in accordance with this Section 11.2 of any change of address or telecopy number to which notice is required to be mailed.

Section 11.3 *Indemnification by Issuers*.

(a) *Indemnification by the Issuers*. The Issuers shall, jointly and severally, indemnify each Agent (and any sub agent thereof) and each Purchaser, their respective Affiliates, directors, officers, employees, attorneys, agents, advisors and controlling parties (each such Person being called an "*Indemnified Person*") against, and hold each Indemnified Person harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnified Person) (collectively "Losses"), incurred by any Indemnified Person or asserted against any Indemnified Person by any Person other than such Indemnified Person and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any environmental liability related in any way to the Issuers or any of their Affiliates, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or Issuers, and regardless of whether any Indemnified Person is a party thereto; provided that such indemnity shall not, as to any Indemnified Person, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person. In no event shall (i) Issuers be liable to any Indemnified Person and (ii) any Indemnified Person be liable to any Issuer for any punitive, incidental, consequential, expectation, special, or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, any other Loan Document, or any agreement or instrument contemplated hereby or thereby.

(b) *Contribution*. If the indemnification provided for in Section 11.3(a) is prohibited under applicable Laws to an Indemnified Person, then the Issuers, in lieu of indemnifying the Indemnified Person, will contribute to the amount paid or payable by the

Indemnified Person as a result of the Losses in such proportion as is appropriate to reflect the relative fault of the Issuers, on the one hand, and of the Indemnified Person, on the other, in connection with the events or circumstances which resulted in the Losses as well as any other relevant equitable considerations.

Section 11.4 *Attorney Fees Upon Default*. The Issuers agree, jointly and severally, to pay promptly after the occurrence of a Default or an Event of Default, all fees, costs and expenses, including reasonable attorneys' fees (including, without limitation, allocated costs of internal counsel) and costs of settlement, incurred by the Agents and/or Purchasers in enforcing any Obligations of or in collecting any payments due from the Loan Parties hereunder or under the other Loan Documents by reason of such Default or Event of Default (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of any guaranty, including under the Guaranty Agreement) or in connection with any negotiations, reviews, refinancing or restructuring of the credit arrangements provided hereunder, including, without limitation, in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings.

Section 11.5 *Enforceability; Successors and Assigns*.

(a) *Enforceability*; Successors and Assigns. This Agreement will be binding upon and inure to the benefit of and is enforceable by the respective successors and permitted assigns of the parties hereto.

(b) *Assignments*. Each Purchaser may assign (each, an "*Assignment*") to one or more Persons (each, an "*Assignee*") all or a portion of its rights and obligations under this Agreement (including all or a portion of such Purchaser's Loan and Note) with the written consent of the Issuers, not to be unreasonably withheld. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment Agreement via an electronic settlement system acceptable to the Administrative Agent (or, if previously agreed with the Administrative Agent, manually), administrative details and an executed IRS Form W-9 or appropriate IRS Form W-8 for each Purchaser or by an entity to its equity holders, and, except in the case of an assignment by a Purchaser to one of its Affiliates, shall pay to the Administrative Agent a processing and recordation fee of $3,500 (which fee may be waived or reduced in the sole discretion of the Administrative Agent).

(c) *Register*. The Administrative Agent, acting solely for this purpose as an agent of the Issuers, shall maintain a copy of the Assignment Agreement delivered to it and a register for the recordation of the names and addresses of the Purchasers, and the principal amounts of the Loans owing to, each Purchaser pursuant to the terms hereof from time to time (the "*Register*"). The entries in the Register shall be conclusive absent manifest error, and the Issuers, the Administrative Agent and the Purchasers shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Purchaser hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Issuers and any Purchaser, at any reasonable time and from time to time upon reasonable prior notice.

(d) *Participations*. Each Purchaser may sell participations to one or more Persons (each, a "*Participant*") in all or a portion of such Purchaser's rights and obligations

under this Agreement (including all or a portion of such Purchaser's Loan and any Note); provided that: (i) such Purchaser's obligations under this Agreement shall remain unchanged, (ii) such Purchaser shall remain solely responsible to the Issuers for the performance of such obligations, and (iii) the Issuers and Agents shall continue to deal solely and directly with such Purchaser in connection with such Purchaser's rights and obligations under this Agreement and not any Participant. The Issuers agree that each Participant also shall be entitled to the benefits of Sections 3.1 and 11.3 to the same extent as if it were a Purchaser and had acquired its interest by assignment pursuant to clause (b) of this Section. The Issuers hereby consent to the disclosure of any information obtained by a Purchaser in connection with this Agreement and/or any other Loan Document to any Person to which such Purchaser participates, or proposes to participate, its Loan and Note. Each Purchaser that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Issuers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Purchaser shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Loan) to any Person except to the extent that such disclosure is necessary to establish that such Loan is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Purchaser shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent and the Collateral Agent shall have no responsibility for maintaining a Participant Register.

(e) Notwithstanding anything else to the contrary contained herein, any Purchaser may any time pledge its Loans and such Purchaser's rights under this Agreement and the other Loan Documents to a bank or financial institution or to a trustee for the benefit of its investors.

Section 11.6 *Purchasers' Obligations Several; Purchasers' Rights Independent*. The obligation of each Purchaser hereunder is several and not joint and no Agent nor any Purchaser shall be responsible for the obligation of any other Purchaser hereunder. Nothing contained in any Loan Document and no action taken by any Agent or Purchaser pursuant hereto or thereto shall be deemed to constitute Purchasers to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Purchaser shall be a separate and independent debt, and, provided Agents fail or refuse to exercise any remedies against the Issuers after receiving the direction of the Purchasers, each Purchaser shall be entitled to protect and enforce its rights arising out of this Agreement and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

Section 11.7 *Integration*. This Agreement and the other Loan Documents contain and constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior negotiations, agreements and understandings, whether written or oral, of the parties hereto. It is understood and agreed that all agreements and understandings heretofore had

between the parties hereto are merged into the Loan Documents, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation, neither party relying upon any statement or representation not embodied in the Loan Documents.

Section 11.8 *No Waiver; Remedies*. No failure or delay by any party in exercising any right, power or privilege under this Agreement or any of the other Loan Documents will operate as a waiver of such right, power or privilege. A single or partial exercise of any right, power or privilege will not preclude any other or further exercise of the right, power or privilege or the exercise of any other right, power or privilege. The rights and remedies provided in the Loan Documents will be cumulative and not exclusive of any rights or remedies provided by law.

Section 11.9 *Arbitration; Waiver Of Jury Trial*. Except as otherwise provided in this Agreement, any controversy between the parties arising out of or related to this Agreement or the parties' obligations hereunder (including, without limitation, disputes arising out of any public policy or any federal, state or local laws, regulations or statutes prohibiting employment discrimination or harassment) shall be resolved through binding arbitration before the Judicial Arbitration and Mediation Services, Inc. ("*JAMS*") in Chicago, Illinois pursuant to the terms of the Federal Arbitration Act. The costs of the arbitration, including any JAMS administration fee, the arbitrator's fee, and costs for the use of facilities during the hearings, shall be borne equally by the parties to the arbitration. THE PARTIES UNDERSTAND THAT BY AGREEING TO SUCH BINDING ARBITRATION THEY ARE HEREBY WAIVING THEIR RIGHT TO A JURY TRIAL AND THE PARTIES HERETO HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.9. The arbitrator shall not have any power to alter, amend, modify or change any of the terms of this Agreement nor to grant any remedy which is either prohibited by the terms of this Agreement, or not available in a court of law. The arbitration will be conducted in accordance with the rules of JAMS streamlined arbitration except that the arbitrator shall be mutually acceptable to both parties, both parties shall be entitled to conduct discovery pursuant to the Federal Rules of Civil Procedure, and the hearing on the arbitration must occur by no later than one hundred twenty (120) days after the demand for arbitration is filed, unless otherwise agreed by the parties or ordered by the arbitrator. Each party will pay for the fees and expenses of its own attorneys, experts, witnesses, transcripts and other expenses related to such claims unless the party prevails on a claim for which attorneys' fees and costs are otherwise recoverable by statute. Except as otherwise required by law, rule, regulation or judicial authority, the parties agree to maintain the subject matter of any arbitration as confidential. Notwithstanding the foregoing, (i) the parties

may seek emergency injunctive relief in a court of competent jurisdiction, and (ii) judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

Section 11.10 *Execution in Counterparts*. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile or a scanned copy by electronic mail shall be equally as effective as delivery of an original executed counterpart of this Agreement.

Section 11.11 *Governing Law*. This Agreement and the other Loan Documents, and all claims, disputes and matters arising hereunder or thereunder or related hereto or thereto, will be governed by, and construed in accordance with, the laws of the State of Illinois applicable to contracts executed in and to be performed entirely within that state, without reference to conflicts of laws provisions.

Section 11.12 *Severability*. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 11.13 *Survival*. All representations, warranties, covenants, agreements, and conditions contained in or made pursuant to this Agreement or the other Loan Documents shall survive (a) the making of the Loan(s) and the payment of the Obligations and (b) the performance, observance and compliance with the covenants, terms and conditions, express or implied, of all Loan Documents, until the due and punctual (i) indefeasible payment of the Obligations and (ii) performance, observance and compliance with the covenants, terms and conditions, express or implied, of this Agreement and all of the other Loan Documents.

Section 11.14 *Maximum Lawful Interest*. Notwithstanding anything to the contrary contained herein, in no event shall the amount of interest and other charges for the use of money payable under this Agreement or any other Loan Document exceed the maximum amounts permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. The Issuers and the Purchasers, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and other charges for the use of money and manner of payment stated within it; *provided, however*, that, anything contained herein to the contrary notwithstanding, if the amount of such interest and other charges for the use of money or manner of payment exceeds the maximum amount allowable under applicable law, then, ipso facto as of the Closing Date, the Issuers are and shall be liable only for the payment of such maximum as allowed by law, and payment received from the Issuers in excess of such legal

maximum, whenever received, shall be applied to reduce the principal balance of the Loans to the extent of such excess.

Section 11.15 *Interpretation*. As used in this Agreement, references to the singular will include the plural and vice versa and references to the masculine gender will include the feminine and neuter genders and vice versa, as appropriate. Unless otherwise expressly provided in this Agreement (a) the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement and (b) article, section, subsection, schedule and exhibit references are references with respect to this Agreement unless otherwise specified. Unless the context otherwise requires, the term "including" will mean "including, without limitation." The headings in this Agreement and in the Schedules are included for convenience of reference only and will not affect in any way the meaning or interpretation of this Agreement.

Section 11.16 *Ambiguities*. This Agreement and the other Loan Documents were negotiated between legal counsel for the parties and any ambiguity in this Agreement or the other Loan Documents shall not be construed against the party who drafted this Agreement or such other Loan Documents.

Section 11.17 *Relationship of the Parties*. Notwithstanding any provision of this Agreement or the Loan Documents, and notwithstanding any acts or omissions on the part of the Purchasers, the Issuers hereby stipulate and agree, for themselves and Guarantor and Additional Guarantors, that: (a) the relationship between the Purchasers, on the one hand, and the Loan Parties, on the other hand, is and shall solely be that of creditors and debtors in commercial loan transactions; (b) the Purchasers are not and shall not be construed as partners, tenants in common, joint tenants, joint ventures, alter egos, aiders and abettors, managers, principals, actors in concert, co-owners, controlling persons or other business associates or participants of any kind in the business and affairs of the Loan Parties and neither the Purchasers nor any of the Loan Parties intends for the Purchasers to assume any such status; and (c) the Purchasers shall not be deemed responsible for or a participant in any acts, omissions, or decisions of any of the Loan Parties. The Purchasers shall not have any obligation to pay or withhold Taxes, assessments, insurance premiums, fees or charges arising from the ownership, operation, or occupancy of the properties or assets of any the Loan Parties.

Section 11.18 *Patriot Act*. The parties hereto acknowledge that in accordance with Section 326 of the Patriot, the Agents, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each Person that establishes a relationship or opens an account with any Agent. The parties to this Agreement agree that they will provide the Agents with such information as they may request in order for the Agents to satisfy the requirements of the Patriot Act.

[SIGNATURE PAGE FOLLOWS ON NEXT PAGE]

ISSUERS:

VCP23, LLC

By: _____
Name: _____
Title: _____

VCP REAL ESTATE HOLDINGS, LLC

By: _____
Name: _____
Title: _____

VISION MANAGEMENT SERVICES, LLC

By: _____
Name: _____
Title: _____

GTI23, INC.

By: _____
Name: _____
Title: _____

GTI CORE, LLC

By: _____
Name: _____
Title: _____

VCP IP HOLDINGS, LLC

By: _____
Name: _____
Title: _____

TWD18, LLC

By: _____
Name: _____
Title: _____

FOR SUCCESS HOLDINGS COMPANY

By: _____
Name: _____
Title: _____

Administrative Agent:

GLAS USA LLC, as Administrative Agent

By: _____
Name: _____
Title: _____

Collateral Agent:

GLAS Americas LLC, as Collateral Agent

By: _____
Name: _____
Title: _____

## SCHEDULE 2
## PURCHASERS AND LOAN AMOUNTS

[***]

**SCHEDULE 5.17**
**LABOR CONTROVERSIES**

[***]

**SCHEDULE 6.10**
**FINANCIAL COVENANT CALCULATION**

[***]

ANNEX B

Amended and Restated
Exhibit D
(Form of Compliance Certificate)

(see attached)

**Exhibit D**
**FORM OF COMPLIANCE CERTIFICATE**

**COMPLIANCE CERTIFICATE**
GREEN THUMB INDUSTRIES INC., a British Columbia corporation

Date:_____, 20__

This Compliance Certificate (this "**Certificate**") is given by Green Thumb Industries Inc., a British Columbia corporation ("**GTI**"), as Guarantor, pursuant to Section 6.1(d) of that certain Note Purchase Agreement, dated as of May , 2019, to which this Certificate is an Exhibit (as such agreement may have been and hereafter is amended, restated, supplemented or otherwise modified from time to time, the "**NPA**"). Capitalized terms used herein without definition shall have the meanings set forth in the NPA.

The officer executing this Certificate is duly authorized to execute and deliver this Certificate on behalf of GTI. By executing this Certificate, such officer hereby certifies to the Administrative Agent and the Purchasers that:

(a) except if and as set forth in Schedule 6 hereto, no Default or Event of Default exists, which schedule includes a description of the nature and period of existence of such Default or Event of Default, if any, and what action the Loan Parties have taken, are taking and propose to take with respect thereto; and

(b) the Loan Parties are in compliance with the financial covenants contained in Section 6.10 of the NPA, as demonstrated by the calculation of such covenants attached hereto, except as set forth below.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the undersigned Authorized Officer has executed and delivered this Certificate on behalf of the Guarantor as of the date first set forth above.

**GREEN THUMB INDUSTRIES INC.**

By: _____
Name: _____
Title: _____

Unless otherwise indicated, all calculations are without duplication and made with respect to GTI and its Subsidiaries on a consolidated basis and are as of [Date].

Exhibit D

Schedule 1 to Compliance Certificate

**CALCULATION OF LIQUIDITY**
**(Section 6.10(a))**

| | |
|---|---|
| Unrestricted cash and cash equivalents | _____ |
| Less: Aggregate amount of interest that is scheduled to become due and payable during the 365-day period following the date hereof on Indebtedness for borrowed money | _____ |
| Net unrestricted cash and cash equivalents | _____ |
| In Compliance | [Yes/No] |

Exhibit D

Schedule 2 to Compliance Certificate

**NET DEBT TO EBITDA RATIO**
**(Section 6.10(b))**

Net Debt to EBITDA Ratio:

Net Debt as of the last day of the applicable measurement period (the "**Measurement Period**")
$_____

Divided by: EBITDA for the Measurement Period (except as otherwise provided in Section

6.10(b)). $_____ Ratio _____

In Compliance [Yes/No]

Exhibit D

Schedule 3 to Compliance Certificate

**NET DEBT TO STOCKHOLDER EQUITY RATIO**
**(Section 6.10(c))**

| | |
|---|---|
| Net Debt to Stockholder Equity Ratio: | |
| Net Debt as of the last day of the applicable measurement period (the "**Measurement Period**") | $_____ |
| Divided by: Stockholder Equity as of the last day of the Measurement Period | $_____ |
| Ratio | _____ |
| In Compliance | [Yes/No] |

Exhibit D

Schedule 4 to Compliance Certificate

**INTEREST COVERAGE RATIO**
**(Section 6.10(d))**

Interest Coverage Ratio:

After Tax EBITDA for the last four fiscal quarters (except as otherwise described in Section 6.10(d)),

$_____

Divided by: Cash-Only Interest Expense for the last four fiscal quarters

$_____

Ratio

In Compliance
[Yes/No]

Exhibit D

Schedule 5 to Compliance Certificate

**FIXED CHARGE COVERAGE RATIO**
**(Section 6.10(c))**

Fixed Charge Coverage Ratio:

After Tax EBITDA plus the aggregate amount of lease expense associated with Sale and Leaseback Transactions
$_____

Divided by: Cash-Only Interest Expense plus the aggregate amount of lease expense associated with Sale and Leaseback Transactions, in each case for the four Fiscal Quarters ending on such date of determination (except as otherwise provided in Section 6.10(e)) $_____

Ratio _____

In Compliance [Yes/No]

Exhibit D

Schedule 6 to Compliance Certificate

**[Guarantor to list any existing Defaults or Events of Default, specifying the nature and period of existence of each, and the actions the Loan Parties have taken, are undertaking and propose to take in respect thereof. If no Defaults and no Events of Default are then in existence, such schedule should read "None".]**

ANNEX C

Exhibit H
(Additional Guaranty Agreement)

(see attached)

**Guaranty Agreement**

This Guaranty Agreement (this "*Guaranty*") is made and entered into as of the 9th day of November, 2019 by GTI Pennsylvania, LLC, a Pennsylvania limited liability company (hereinafter, "*Guarantor*") in favor of the Administrative Agent (as defined below) for the sole benefit of the Collateral Agent (as defined below), the Administrative Agent and the Purchasers (as defined below), and the respective successors and assigns of the Collateral Agent, Administrative Agent and Purchasers.

For value received and in consideration of loans made or to be made, credit given or to be given, and other financial accommodation afforded or to be afforded to certain subsidiaries of Guarantor by the Purchasers under that certain Note Purchase Agreement dated as of May 22, 2019, as amended, including by the First Amendment thereto dated the date hereof (as amended, the "*Note Purchase Agreement*") by and among VCP23, LLC, a Delaware limited liability company ("*VCP23*"), VCP Real Estate Holdings, LLC, a Delaware limited liability company ("*VCP Real Estate*"), Vision Management Services, LLC, a Delaware limited liability company ("*VMS*"), GTI23, Inc., a Delaware corporation ("*GTI23*"), GTI Core, LLC, a Delaware limited liability company ("*GTI Core*"), VCP IP Holdings, LLC, a Delaware limited liability company ("*VCP IP*"), TWD18, LLC, a Delaware limited liability company ("*TWD18*") and For Success Holding Company, a Delaware corporation ("*FSH*" and, together with VCP23, VCP Real Estate, VMS, GTI23, GTI Core, VCP IP and TWD18, the "*Initial Issuers*" and each, individually, an "*Initial Issuer*"), each purchaser party listed on the signature page of the Note Purchase Agreement (together with their successors and assigns, each an "*Initial Purchaser*" and collectively, the "*Initial Purchasers*", and together with any additional Purchasers under the Note Purchase Agreement, the "*Purchasers*"), GLAS Americas LLC, a New York limited liability company, as collateral agent for the sole benefit of itself, the Administrative Agent and the Purchasers (in such capacity, together with its successors and assigns, the "*Collateral Agent*") and GLAS USA LLC, a New Jersey limited liability company, as administrative agent for the sole benefit of itself, the Collateral Agent and the Purchasers (in such capacity, together with its successors and assigns, the "*Administrative Agent*" and together with the Collateral Agent, each an "*Agent*" and collectively, the "*Agents*"), from time to time, Guarantor hereby fully, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, to each Purchaser and to the Agents the full and punctual payment when due, whether at maturity, by acceleration, by prepayment or otherwise, of the principal of (and premium, if any) and interest on the Loans and all other Obligations of the Issuers. Guarantor further agrees (to the full extent permitted by law) that the Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it shall remain bound under this Guaranty Agreement notwithstanding any extension or renewal of any Obligation.

Guarantor further acknowledges and agrees that:

1. Guarantor waives presentation to, demand of payment from and protest to any of the Loan Parties of any of the Obligations and also waives notice of protest for nonpayment. Guarantor waives notice of any default under the Loans or the Obligations. The obligations of Guarantor hereunder shall not be affected by (a) the failure of any Purchaser or Agent (collectively, the "*Beneficiaries*" and each a "*Beneficiary*") to assert any claim or demand or to enforce any right or remedy against any of the Issuers or any other Person under this Guaranty Agreement, the Loans or any other agreement or otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Guaranty Agreement, the Loans or any other agreement or otherwise; (d) the release of any security for the Obligations granted in favor of the Collateral Agent for the Beneficiaries; or (e) any change in the ownership of any of the Issuers.

2. Guarantor further agrees that the guaranty herein constitutes a guaranty of payment when due (and not a guaranty of collection) and waives any right to require that any resort be had by any Beneficiary to any Collateral or security held for payment of the Obligations.

3. The obligations of Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than indefeasible payment of the Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any of the Beneficiaries to assert any claim or demand or to enforce any remedy under this Guaranty Agreement, the Loans or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of Guarantor or would otherwise operate as a discharge of the Guarantor as a matter of law or equity.

4. Guarantor further agrees that the guaranty herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of (and premium, if any) or interest, if any, on any of the Obligations is rescinded or must otherwise be restored by any Beneficiary upon the bankruptcy or reorganization of any of the Issuers or otherwise.

5. In furtherance of the foregoing and not in limitation of any other right which any Beneficiary has at law or in equity against Guarantor by virtue hereof, upon the failure of any of the Issuers to pay any of the Obligations when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, Guarantor hereby promises to and shall, upon receipt of written demand by any of the Beneficiaries forthwith pay, or cause to be paid, in cash, to the Beneficiaries, in accordance with the Note Purchase Agreement, an amount equal to

the sum of (i) the unpaid amount of such Obligations then due and owing and (ii) accrued and unpaid interest on such Obligations then due and owing (but only to the extent not prohibited by law).

6. Guarantor further agrees that (x) the maturity of the Obligations may be accelerated as provided in the Note Purchase Agreement for the purposes of the guaranty herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby and (y) in the event of any such declaration of acceleration of such Obligations, such Obligations (whether or not due and payable) shall forthwith become due and payable by Guarantor for the purposes of this Guaranty Agreement.

7. Guarantor also agrees to pay any and all reasonable costs and expenses (including reasonable attorneys' fees) as provided in the Note Purchase Agreement.

8. Notwithstanding any payment or payments made by Guarantor hereunder, Guarantor shall not be entitled to be subrogated to any of the rights of any Beneficiary against any of the Issuers or any Collateral or guaranty or right of offset held by any of the Beneficiaries for the payment of the Obligations, nor shall Guarantor seek or be entitled to seek any contribution or reimbursement from any of the Issuers in respect of payments made by Guarantor hereunder, until all amounts owing to all of the Beneficiaries under the Note Purchase Agreement and on account of the Obligations are indefeasibly paid in full. If any amount shall be paid to Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by Guarantor in trust for the Beneficiaries, segregated from other funds of Guarantor, and shall, forthwith upon receipt by Guarantor, be turned over to the Agent for the sole benefit of the Beneficiaries in the exact form received by Guarantor, to be applied against the Obligations.

9. Guarantor has received direct and indirect benefits from the execution of this Guaranty Agreement.

10. Notwithstanding anything in this Guaranty Agreement to the contrary, the right of recovery against Guarantor under this Guaranty Agreement shall not exceed $1.00 less than the lowest amount which would render Guarantor's obligations under this Guaranty Agreement void or voidable under applicable law, including fraudulent conveyance law

11. This guaranty and every part thereof shall be effective upon delivery to the Collateral Agent, without further act, condition or acceptance by any of the Beneficiaries, shall be binding upon Guarantor, and upon the heirs, legal representatives, successors and assigns of Guarantor, and shall inure to the sole benefit of the Beneficiaries and their respective successors, assigns and legal representatives. Guarantor waives notice of the Beneficiaries' acceptance hereof.

12. Terms used herein as defined terms and not otherwise defined herein have the meanings assigned to them in the Note Purchase Agreement. The provisions of Section 11 of the Note Purchase Agreement are incorporated herein *mutatis mutandis*.

*[Signature Page to Follow]*

**IN WITNESS WHEREOF,** the undersigned Guarantor has executed this Guaranty Agreement as of the date first set forth above.

GTI PENNSYLVANIA, LLC
By: GTI Core, LLC, its Managing Member

By: /s/ Benjamin Kovler
Name: Benjamin Kovler
Title: Authorized Manager

**Acknowledged and Accepted** for sole benefit of itself, the Collateral Agent and the Purchasers:

GLAS USA LLC

By: _____
Name:
Title:

*[Signature Page GTI Pennsylvania Guaranty]*

**IN WITNESS WHEREOF,** the undersigned Guarantor has executed this Guaranty Agreement as of the date first set forth above.

GTI PENNSYLVANIA, LLC
By: GTI Core, LLC, its Managing Member

By: _____
Name: Benjamin Kovler
Title: Authorized Manager

**Acknowledged and Accepted** for sole benefit of itself, the Collateral Agent and the Purchasers:

GLAS USA LLC

By: /s/ Yana Kislenko
Name: Yana Kislenko
Title: Vice President

*[Signature Page GTI Pennsylvania Guaranty]*

# GREEN THUMB INDUSTRIES INC.
# 2018 STOCK AND INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: June 11, 2018
APPROVED BY THE COMPANY'S SHAREHOLDERS: June 11, 2018

## Section 1. Purpose

The purpose of the Plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and Non-Employee Directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Company, thereby aligning the interests of such persons with the Company's shareholders.

## Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "*Affiliate*" shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company.

(b) "*Award*" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award or Dividend Equivalent granted under the Plan.

(c) "*Award Agreement*" shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 10(b).

(d) "*Board*" shall mean the Board of Directors of the Company.

(e) "*Code*" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

(f) "*Committee*" shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan. At any time that the Company is an SEC registrant and is not a "foreign private issuer" for purposes of the Securities Act and the Exchange Act, the Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3.

(g) "*Company*" shall mean Green Thumb Industries Inc., a British Columbia corporation, and any successor corporation.

(h) "*Consultant*" means, in relation to the Company, an individual or a Consultant Company, other than an Employee, Director or Officer of the Company, that:

(i) is engaged to provide on a continuous bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution;

(ii) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company;

(iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and

(iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

(i) "*Consultant Company*" means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner.

(j) "*CSE"* means the Canadian Securities Exchange"

(k) "*Director*" shall mean a member of the Board.

(l) "*Dividend Equivalent*" shall mean any right granted under Section 6(e) of the Plan.

(m) "*Effective Date*" shall mean the date the Plan is adopted by the Board, as set forth in Section 11.

(n) "*Eligible Person*" shall mean any employee, officer, Non-Employee Director, or Consultant providing services to the Company or any Affiliate, or any such person to whom an offer of employment or engagement with the Company or any Affiliate is extended.

(o) "*Exchange Act*" shall mean the U.S. Securities Exchange Act of 1934, as amended.

(p) "*Fair Market Value*" with respect to one Share as of any date shall mean (a) if the Shares are listed on the CSE or any established stock exchange, the price of one Share at the close of the regular trading session of such market or exchange on the last trading day prior to such date, and if no sale of Shares shall have occurred on such date, on the next preceding date on which there was a sale of Shares. Notwithstanding the foregoing, in the event that the Shares are listed on the CSE, for the purposes of establishing the exercise price of any Options, the Fair Market Value shall not be lower than the greater of the closing market price of the Shares on the CSE on (i) the trading day prior to the date of grant of the Options, and (ii) the date of grant of the Options; (b) if the Shares are not so listed on the CSE or any established stock exchange, the average of the closing "bid" and "asked" prices quoted by the OTC Bulletin Board, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted

"bid" and "asked" prices on such date, on the next preceding date for which there are such quotes for a Share; or (c) if the Shares are not publicly traded as of such date, the per share value of one Share, as determined by the Board, or any duly authorized Committee of the Board, in its sole discretion, by applying principles of valuation with respect thereto.

(q) "*Incentive Stock Option*" shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.

(r) "*Multiple Voting Shares"* shall mean the mulitple voting shares of the Company, each of which carries 100 votes and is convertible, in certain limited circumstances, into 100 Subordinate Voting Shares.

(s) "*Non-Employee Director*" shall mean a Director who is not also an employee of the Company or any Affiliate.

(t) "*Non-Qualified Stock Option*" shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

(u) "*Option*" shall mean an Incentive Stock Option or a Non-Qualified Stock Option to purchase shares of the Company.

(v) "*Participant*" shall mean an Eligible Person designated to be granted an Award under the Plan.

(w) "*Performance Award*" shall mean any right granted under Section 6(d) of the Plan.

(x) "*Person*" shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.

(y) "*Plan*" shall mean the Company's 2018 Stock and Incentive Plan, as amended from time to time.

(z) "*Restricted Stock*" shall mean any Share granted under Section 6(c) of the Plan.

(aa) "*Restricted Stock Unit*" shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date, provided that in the case of Participants who are liable to taxation under the Tax Act in respect of amounts payable under this Plan, that such date shall not be later than December 31 of the third calendar year following the year services were performed in respect of the corresponding Restricted Stock Unit awarded.

(bb) "*Section 409A*" shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.

(cc) "*Securities Act*" shall mean the U.S. Securities Act of 1933, as amended.

(dd) "*Share" or "Shares*" shall mean Subordinate Voting Shares of the Company (or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan).

(ee) "*Specified Employee"* shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Company and applied uniformly with respect to all plans maintained by the Company that are subject to Section 409A.

(ff) "*Stock Appreciation Right"* shall mean any right granted under Section 6(b) of the Plan.

(gg) "*Super Voting Shares"* shall mean the super voting shares of the Company, each of which carries 1000 votes and is convertible, in limited circumstances, into a Multiple Voting Share.

(hh) "*Tax Act*" means the *Income Tax Act* (Canada).

(ii) "*U.S. Award Holder"* shall mean any holder of an Award who is a "U.S. person" (as defined in Rule 902(k) of Regulation S under the Securities Act) or who is holding or exercising Awards in the United States.

**Section 3. Administration**

(a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement, including any terms relating to the forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award; (v) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Section 7; (vi) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations in Section 7, (vii) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property (excluding promissory notes), or canceled, forfeited or suspended, subject to the limitations in Section 7; (viii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A; (ix) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (xii) adopt such modifications, rules, procedures and subplans as may be necessary or

desirable to comply with provisions of the laws of the jurisdictions in which the Company or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants located in such non-United States jurisdictions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Company or any Affiliate.

(b) Delegation. The Committee may delegate to one or more officers or Directors of the Company, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; *provided*, *however*, that the Committee shall not delegate such authority in such a manner as would cause the Plan not to comply with applicable exchange rules or applicable corporate law.

(c) Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, (i) the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of all applicable securities rules and (ii) only the Committee (or another committee of the Board comprised of directors who qualify as independent directors within the meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant Awards to Directors who are not also employees of the Company or an Affiliate.

(d) Indemnification. To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board, the Committee and each person to whom the Committee delegates authority under the Plan shall be entitled to indemnification by the Company with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board, the Committee or any other person may have by virtue of such person's position with the Company.

**Section 4. Shares Available for Awards**

(a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be 10% of the number of Shares outstanding, and for clarity, including the number of Shares issuable on conversion of the Super Voting Shares and the Multiple Voting Shares. The aggregate number of Shares that may be issued under all Awards under the Plan shall be reduced by Shares subject to Awards issued under the Plan in accordance with the Share counting rules described in Section 4(b) below.

(b) Counting Shares. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which

such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.

(i) Shares Added Back to Reserve. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Company (including any Shares withheld by the Company or Shares tendered to satisfy any tax withholding obligation on Awards or Shares covered by an Award that are settled in cash), or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, reacquisition by the Company, termination or cancellation, shall again be available for granting Awards under the Plan.

(ii) Cash-Only Awards. Awards that do not entitle the holder thereof to receive or purchase Shares shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(iii) Substitute Awards Relating to Acquired Entities. Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Company or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(c) Adjustments. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, (iii) the purchase price or exercise price with respect to any Award and (iv) the limitation contained in Section 4(d) below; *provided, however*, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.

(d) Director Award Limitations. The limitation contained in this Section 4(d) shall apply only with respect to any Award or Awards granted under this Plan, and limitations on awards granted under any other shareholder-approved incentive plan maintained by the Company will be governed solely by the terms of such other plan.

No Non-Employee Director may be granted any Award or Awards denominated in Shares that exceed in the aggregate $1,500,000 (such value computed as of the date of grant in accordance with applicable financial accounting rules) in any calendar year. The foregoing limit shall not apply to any Award made pursuant to any election by the Director to receive an Award in lieu of all or a portion of annual and committee retainers and meeting fees.

(e) Additional Award Limitations. If, and so long as, the Company is listed on the CSE, the aggregate number of Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of Shares then outstanding.

**Section 5. Eligibility**

Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company and/or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term, as used herein, includes, without limitation, officers and Directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision.

**Section 6. Awards**

(a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan, as the Committee shall determine:

(i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; *provided*, *however,* that the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an Affiliate.

(ii) Option Term. The term of each Option shall be fixed by the Committee at the date of grant but shall not be longer than 10 years from the date of grant. Notwithstanding the foregoing, in the event that the expiry date of an Option held by a non-U.S. Award Holder falls within a trading blackout period imposed by the Company (a "**Blackout Period**"), and neither the Company nor the individual in possession of the Options is subject to a cease trade order in respect of the Company's securities, then the expiry date of such Option shall be automatically extended to the 10th business day following the end of the Blackout Period.

(iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms, including, but not limited to, cash, Shares (actually or by attestation), other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price, in which payment of the exercise price with respect thereto may be made or deemed to have been made.

(A) Promissory Notes. Notwithstanding the foregoing, the Committee may not permit payment of the exercise price, either in whole or in part, with a promissory note.

(B) Net Exercises. The Committee may, in its discretion, permit an Option to be exercised by delivering to the Participant a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such Shares.

(iv) Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:

(A) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its Affiliates) shall exceed $100,000.

(B) Subject to adjustment pursuant to Section 4(c), the maximum number of Shares that may be issued pursuant to Incentive Stock Options shall not exceed 20,000,000 Shares.

(C) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the shareholders of the Company.

(D) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; *provided*, *however*, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting

power of all classes of stock of the Company or of its Affiliates, such Incentive Stock Option shall expire and no longer be exercisable no later than five years from the date of grant.

(E) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; *provided*, *however*, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliates, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.

(F) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(b) Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right; *provided, however,* that, subject to applicable law and stock exchange rules, the Committee may designate a grant price below Fair Market Value on the date of grant if the Stock Appreciation Right is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Company or an Affiliate. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee (except that the term of each Stock Appreciation Right shall be subject to the same limitations in Section 6(a)(ii) applicable to Options). The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units. The Committee is hereby authorized to grant an Award of Restricted Stock and Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Restrictions. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including,

without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. Notwithstanding the foregoing, rights to dividend or Dividend Equivalent payments shall be subject to the limitations described in Section 6(e).

(ii) Issuance and Delivery of Shares. Any Restricted Stock granted under the Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company or held in nominee name by the stock transfer agent or brokerage service selected by the Company to provide such services for the Plan. Such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock. Shares representing Restricted Stock that are no longer subject to restrictions shall be delivered (including by updating the book-entry registration) to the Participant promptly after the applicable restrictions lapse or are waived. In the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holder of the Restricted Stock Units.

(iii) Forfeiture. Except as otherwise determined by the Committee or as provided in an Award Agreement, upon a Participant's termination of employment or service or resignation or removal as a Director (in either case, as determined under criteria established by the Committee) during the applicable restriction period, all Shares of Restricted Stock and all Restricted Stock Units held by such Participant at such time shall be forfeited and reacquired by the Company for cancellation at no cost to the Company; *provided*, *however*, that the Committee may waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.

(d) Performance Awards. The Committee is hereby authorized to grant Performance Awards to Eligible Persons. A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of one or more objective performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance

Award and any other terms and conditions of any Performance Award shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, such Dividend Equivalents may have such terms and conditions as the Committee shall determine. Notwithstanding the foregoing, (i) the Committee may not grant Dividend Equivalents to Eligible Persons in connection with grants of Options, Stock Appreciation Rights or other Awards the value of which is based solely on an increase in the value of the Shares after the date of grant of such Award, and (ii) dividend and Dividend Equivalent amounts may be accrued but shall not be paid unless and until the date on which all conditions or restrictions relating to such Award have been satisfied, waived or lapsed.

(f) General

(i) Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.

(ii) Limits on Transfer of Awards. Except as otherwise provided by the Committee in its discretion and subject to such additional terms and conditions as it determines, no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall be transferable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. Where the Committee does permit the transfer of an Award other than a fully vested and unrestricted Share, such permitted transfer shall be for no value and in accordance with all applicable securities rules. The Committee may also establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death.

(iii) Restrictions; Securities Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates for, such

Shares or other securities to reflect such restrictions. The Company shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(iv) Prohibition on Option and Stock Appreciation Right Repricing. Except as provided in Section 4(c) hereof, the Committee may not, without prior approval of the Company's shareholders and applicable stock exchange approval, seek to effect any repricing of any previously granted, "underwater" Option or Stock Appreciation Right by: (i) amending or modifying the terms of the Option or Stock Appreciation Right to lower the exercise price; (ii) canceling the underwater Option or Stock Appreciation Right and granting either (A) replacement Options or Stock Appreciation Rights having a lower exercise price; or (B) Restricted Stock, Restricted Stock Units, Performance Award or Other Stock-Based Award in exchange; or (iii) cancelling or repurchasing the underwater Option or Stock Appreciation Right for cash or other securities. An Option or Stock Appreciation Right will be deemed to be "underwater" at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

(v) Section 409A Provisions. Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes "deferred compensation" to a Participant under Section 409A and applicable guidance thereunder is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee's separation from service (or if earlier, upon the Specified Employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.

(vi) Acceleration of Vesting or Exercisability. No Award Agreement shall accelerate the exercisability of any Award or the lapse of restrictions relating to any Award in connection with a change-in-control event, unless such acceleration occurs upon the consummation of (or effective immediately prior to the consummation of, *provided that* the consummation subsequently occurs) such change-in-control event.

**Section 7. Amendment and Termination; Corrections**

(a) Amendments to the Plan and Awards. The Board may from time to time amend, suspend or terminate this Plan, and the Committee may amend the terms of any previously granted Award, *provided that* no amendment to the terms of any previously granted Award may (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under this Plan without the written consent of the Participant or holder thereof. Any amendment to this Plan, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or stock exchange, and any such amendment, alteration, suspension, discontinuation or termination of an Award will be in compliance with CSE Policies. For greater certainty and without limiting the foregoing, the Board may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of shareholders of the Company in order to:

(i) amend the eligibility for, and limitations or conditions imposed upon, participation in the Plan;

(ii) amend any terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively;

(iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or

(iv) amend any terms relating to the administration of the Plan, including the terms of any administrative guidelines or other rules related to the Plan.

Notwithstanding the foregoing and for greater certainty, prior approval of the shareholders of the Company shall be required for any amendment to the Plan or an Award that would:

(i) require shareholder approval under the rules or regulations of securities exchange that is applicable to the Company;

(ii) increase the number of shares authorized under the Plan as specified in Section 4 of the Plan;

(iii) permit repricing of Options or Stock Appreciation Rights, which is currently prohibited by Section 6(f)(iv) of the Plan;

(iv) permit the award of Options or Stock Appreciation Rights at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right, contrary to the provisions of Section 6(a)(i) and Section 6(b) of the Plan;

(v) permit Options to be transferable other than as provided in Section 6(f)(ii);

(vi) amend this Section 7(a); or

(vii) increase the maximum term permitted for Options and Stock Appreciation Rights as specified in Section 6(a) and Section 6(b) or extend the terms of any Options beyond their original expiry date.

(b) Corporate Transactions. In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, *provided that* the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof:

(i) either (A) termination of the Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(i)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Company without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;

(ii) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor

corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) that, subject to Section 6(f)(vi), the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or

(iv) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

(c) Correction of Defects, Omissions and Inconsistencies. The Committee may, without prior approval of the shareholders of the Company, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan.

**Section 8. Income Tax Withholding**

In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. Without limiting the foregoing, in order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes (subject to any applicable limitations under ASC Topic 718 to avoid adverse accounting treatment) or (b) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

**Section 9. U.S. Securities Laws**

Neither the Awards nor the securities which may be acquired pursuant to the exercise of the Awards have been registered under the Securities Act or under any securities law of any state of the United States of America and are considered “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act and any Shares shall be affixed with an applicable restrictive legend as set forth in the Award Agreement. The Awards may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the U.S. Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Awards or the securities underlying the Awards, which could result in such U.S. Award Holder not being able to dispose of any Shares issued on exercise of Awards for a considerable length of time. Each U.S. Award

Holder or anyone who becomes a U.S. Award Holder, who is granted an Award in the United States, who is a resident of the United States or who is otherwise subject to the Securities Act or the securities laws of any state of the United States will be required to complete an Award Agreement which sets out the applicable United States restrictions.

**Section 10. General Provisions**

(a) No Rights to Awards. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) Award Agreements. No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Company), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established by the Company. An Award Agreement need not be signed by a representative of the Company unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(c) Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(d) No Rights of Shareholders. Except with respect to Shares issued under Awards (and subject to such conditions as the Committee may impose on such Awards pursuant to Section 6(c)(i) or Section 6(e)), neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a shareholder of the Company with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.

(e) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.

(f) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate a Participant's employment at any time, with or without cause, in accordance with applicable law. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. Under no circumstances

shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

(g) Governing Law. The internal law, and not the law of conflicts, of Delaware shall govern all questions concerning the validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award.

(h) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(i) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(j) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.

(k) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.

(l) Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

**Section 11. Clawback or Recoupment**

All Awards under this Plan shall be subject to recovery or other penalties pursuant to (i) any Company clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable stock exchange rule.

**Section 12. Effective Date of the Plan**

The Plan was adopted by the Board on June 11, 2018. The Plan shall be subject to approval by the shareholders of the Company which approval will be within 12 months after the date the Plan is adopted by the Board.

**Section 13. Term of the Plan**

No Award shall be granted under the Plan, and the Plan shall terminate, on the earlier of (i) June 10, 2028 or the tenth anniversary of the date the Plan is approved by the shareholders of the Company, or any earlier date of discontinuation or termination established pursuant to Section 7(a) of the Plan. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, shall extend beyond the termination of the Plan.

**Exhibit 10.9**

AMENDMENT NO. 1 TO
THE GREEN THUMB INDUSTRIES INC.
2018 STOCK AND INCENTIVE PLAN

Effective August 30, 2019, the Green Thumb Industries Inc. 2018 Stock and Incentive Plan (the "Plan") is amended as follows:

Section 2(f) shall be deleted and replaced in its entirety with the following:

> *"Committee"* shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan, provided that, for the avoidance of doubt, the Board may act as the Committee at any time. At any time that the Company is an SEC registrant and is not a "foreign private issuer" for purposes of the Securities Act and the Exchange Act, either (i) the Board shall act as the Committee or (ii) the Committee shall be comprised of two or more "non-employee directors" within the meaning of Rule 16b-3.

**Exhibit 10.10**

Form of Notice of Option Grant

**GREEN THUMB INDUSTRIES INC.**
**2018 STOCK AND INCENTIVE PLAN**
**NOTICE OF STOCK OPTION GRANT**

You have been granted the following option to purchase Subordinate Voting Shares of Green Thumb Industries Inc. (the "Company"):

| | |
|---|---|
| Name of Optionee: | _____ |
| Total Number of Shares Granted: | _____ |
| Type of Option: | Non-Qualified Stock Option |
| Exercise Price Per Share: | CDN$_____ |
| Date of Grant: | _____ |
| Vesting Terms: | _____ |
| Expiration Date: | _____ |

By your signature and the signature of the Company's representative below, you and the Company agree that this option is granted under and governed by the terms and conditions of the Company's 2018 Stock and Incentive Plan and the attached Stock Option Agreement, both of which are made a part of this document.

OPTIONEE:

_____

_____
Print Name

GREEN THUMB INDUSTRIES INC.

By: _____

Title: _____

Form of Option Agreement

**GREEN THUMB INDUSTRIES INC.**
**2018 STOCK AND INCENTIVE PLAN**
**STOCK OPTION AGREEMENT**

**SECTION 1. GRANT OF OPTION.**

(a) **Option.** On the terms and conditions set forth in the Notice of Stock Option Grant and this Agreement, the Company grants to the Optionee on the Date of Grant the option to purchase at the Exercise Price the number of Shares set forth in the Notice of Stock Option Grant. This option is intended to be a Non-Qualified Stock Option (NSO), as provided in the Notice of Stock Option Grant.

(b) **Stock Plan and Defined Terms.** This option is granted pursuant to the 2018 Stock and Incentive Plan (the "Plan"), a copy of which the Optionee acknowledges having received. The provisions of the Plan are incorporated into this Agreement by this reference. Capitalized terms are defined in Section 9 of this Agreement, unless otherwise defined in Section 2 of the Plan.

**SECTION 2. RIGHT TO EXERCISE.**

(a) **In General.** Except as set forth below and subject to any other conditions of this Agreement, all or part of this option may be exercised prior to its expiration at the time or times set forth in the Notice of Stock Option Grant.

(b) **Change in Control.** If within 12 months following a Change in Control, the Company terminates the Optionee's service with the Company for reasons other than for Cause, then the option shall become immediately exercisable in full on the date of such termination, and the Optionee may exercise all or part of this option at any time before its expiration.

**SECTION 3. NO TRANSFER OR ASSIGNMENT OF OPTION.**

Except as otherwise provided in this Agreement, this option and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process.

**SECTION 4. EXERCISE PROCEDURES.**

(a) **Notice of Exercise.** The Optionee or the Optionee's representative may exercise this option by giving written notice to the Company. The notice shall specify the election to exercise this option, the number of Shares for which it is being exercised and the form of payment. The notice shall be signed by the person exercising this option. In the event that this option is being exercised by the representative of the Optionee, the notice shall be accompanied by proof (satisfactory to the Company) of the representative's right to exercise this option. The Optionee or the Optionee's representative shall deliver to the Company, at the time of giving the notice, payment in a form permissible under Section 5 of this Agreement for the full amount of the Purchase Price.

(b) **Issuance of Shares.** After receiving a proper notice of exercise, the Company shall cause to be issued Shares (either in certificate or book entry form, as determined by the Company) as to which this option has been exercised, registered in the name of the person exercising this option (or in the names of such person and his or her spouse as community property or as joint tenants with right of survivorship). If the Optionee is a resident of the United States, the Optionee acknowledges that any securities (the "Securities") issued hereunder will be "restricted securities", as such term is defined under Rule 144 under the Securities Act of 1933, as amended, (the "U.S. Securities Act) and the Optionee agrees that if it decides to offer, sell or otherwise transfer, pledge or hypothecate all or any part of the Securities, it will not offer, sell or otherwise transfer, pledge or hypothecate any or any part of the Securities (other than pursuant to an effective registration statement under the U.S. Securities Act), directly or indirectly, except:

(i) to the Corporation; or

(ii) outside the United States in accordance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local rules and regulations; or

(iii) in accordance with the exemptions from registration under the U.S. Securities Act provided by Rule 144 or Rule 144A thereunder, if available, and in accordance with applicable state securities laws of the United States; or

(iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable United States state laws and regulations governing the offer and sale of securities; provided, however, that prior to any offer, sale or other transfer, pledge or hypothecation, the Optionee has furnished to the Corporation an opinion of counsel of recognized standing or other evidence of exemption, in either case reasonably satisfactory to the Corporation,

and further, acknowledges that a legend to the foregoing effect will be affixed to any certificates representing the Securities.

(c) **Withholding Taxes**. In the event that the Company determines that it is required to withhold any tax as a result of the exercise of this option, the Optionee, as a condition to the exercise of this option, shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements. The Optionee shall also make arrangements satisfactory to the Company to enable it to satisfy any withholding requirements that may arise in connection with the vesting or disposition of Shares purchased by exercising this option.

**SECTION 5. PAYMENT FOR STOCK.**

(a) **Cash.** All or part of the Purchase Price may be paid in cash or cash equivalents.

(b) **Surrender of Stock**. Subject to applicable corporate and securities laws, and stock exchange requirements, all or any part of the Purchase Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. Such Shares shall be surrendered to the Company in good form for cancellation and shall be valued at their Fair Market Value on the date when this option is exercised. The Optionee shall not surrender, or attest to the ownership of, Shares in payment of the Purchase Price if such action would cause the Company to recognize compensation expense (or additional compensation expense) with respect to this option for financial reporting purposes.

(c) **Exercise/Sale**. If Shares are publicly traded, all or part of the Purchase Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company.

(d) **Net Exercise**. The Company may, in its discretion, permit an Option to be exercised by delivering to the Optionee a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised on the date of exercise, over the Purchase Price of the Option for such Shares.

**SECTION 6. TERM AND EXPIRATION.**

(a) **Basic Term.** This option shall in any event expire on the expiration date set forth in the Notice of Stock Option Grant, which date shall not exceed ten years after the Date of Grant (five years after the Date of Grant if this option is designated as an ISO in the Notice of Stock Option Grant, and the Optionee is a 10% owner as described in Section 6 of the Plan).

(b) **Termination of Service (Except by Death)**. If the Optionee's service terminates for any reason other than death, then this option shall expire on the earliest of the following occasions:

(i) The expiration date determined pursuant to Subsection (a) above;

(ii) The date three months after the termination of the Optionee's service for any reason other than Cause; or

(iii) The date of termination of the Optionee's service for Cause.

The Optionee may exercise all or part of this option at any time before its expiration under the preceding sentence, but only to the extent that this option is then exercisable. In the event that the Optionee dies after termination of service but before the expiration of this option, all or part of this option may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option had become exercisable before the Optionee's death. For avoidance of doubt, if the Optionee is employed by an Affiliate that is sold or otherwise ceases to be an Affiliate of the Company, the Optionee shall incur a termination of service.

(c) **Death of the Optionee.** If the Optionee dies while in service, then this option shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (a) above; or

(ii) The date 12 months after the Optionee's death.

All or part of this option may be exercised at any time before its expiration under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option had become exercisable before the Optionee's death.

(d) **Leaves of Absence.** For any purpose under this Agreement, service shall be deemed to continue while the Optionee is on a bona fide leave of absence, if such leave was approved by the Company in writing and if continued crediting of service for such purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company).

**SECTION 7. ADJUSTMENT OF SHARES.**

In the event of any transaction described in Section 4(c) of the Plan, the terms of this option (including, without limitation, the number and kind of Shares subject to this option and the Exercise Price) shall be adjusted as set forth in Section 4(c) of the Plan. In the event that the Company is a party to any corporate transaction, this option shall be subject to amendment as provided in Section 7(b) of the Plan.

**SECTION 8. MISCELLANEOUS PROVISIONS.**

(a) **Rights as a Shareholder.** Neither the Optionee nor the Optionee's representative shall have any rights as a shareholder with respect to any Shares subject to this option until the Optionee or the Optionee's representative becomes entitled to receive such Shares by filing a notice of exercise and paying the Purchase Price pursuant to Sections 4 and 5 of this Agreement.

(b) **Compliance Matters.** The Company may require from the Optionee such investment representation, undertaking or agreement, if any, as the Company may consider necessary in order to comply with applicable laws and policies of any applicable exchange. The Optionee understands and acknowledges that Shares to be issued upon exercise of this option may be issued subject to any restrictive legend or other transfer restrictions as may be required by applicable securities laws and stock exchange requirements.

(c) **No Retention Rights.** Nothing in this option or in the Plan shall confer upon the Optionee any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Affiliate employing or retaining the Optionee) or of the Optionee, which rights are hereby expressly reserved by each, to terminate his or her service at any time and for any reason, with or without Cause.

(d) **Notice.** Any notice required by the terms of this Agreement shall be given in writing and notice to the Company shall be deemed effective upon receipt by the Company (i) upon personal delivery, (ii) through registered or certified mail with postage and fees prepaid; or (iii) through electronic notification using a form and

process approved by the Company. If mailed or delivered, notice to the Company shall be addressed to the Company at its principal executive office and notice to the Optionee shall be addressed to the address that he or she most recently provided to the Company.

(e) **Entire Agreement**. The Notice of Stock Option Grant, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

(f) **Choice of Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

**SECTION 9. DEFINITIONS.**

In addition to the definitions set forth in the Plan, the following terms shall have the meanings ascribed herein (in the event a conflict exists, the meaning set forth in this Agreement shall prevail):

(a) "**Agreement**" shall mean this Stock Option Agreement.

(b) "**Cause**" shall mean a (i) willful and repeated failure to perform duties or contravention in any material respect of specific written lawful directions related to a material duty or responsibility which is directed to be undertaken by the Board (other than due to physical or mental illness); (ii) conviction of guilty or *nolo contendere plea* to, a misdemeanor which is materially and demonstrably injurious to the Company or any of its subsidiaries or any felony; (iii) commission of an act, or a failure to act, that constitutes fraud, gross negligence or willful misconduct (including without limitation, embezzlement, misappropriation or breach of fiduciary duty resulting or intending to result in personal gain at the expense of the Company or any of its subsidiaries); and (iv) violation of any applicable laws, rules or regulations or failure to comply with applicable confidentiality, non-solicitation and non-competition obligations to the Company or any of its subsidiaries, corporate code of business conduct or other material policies of the Company or any of its subsidiaries in connection with or during performance of the Optionee's duties to the Company or any of its subsidiaries that could, in the Board's opinion, cause material injury to the Company or any of its subsidiaries; and (v) failure to maintain applicable professional licenses or certifications. In the case of a violation or failure under (iv) or (v), if such violation or failure is curable, such violation or failure shall only constitute "Cause" if it is not cured within thirty (30) days after notice thereof to the Optionee.

(c) "**Change in Control**" shall mean:

(i) the occurrence of any of the following events (each, a "Business Combination"): (a) the sale of more than 50% of the outstanding equity securities of the Company in a single transaction or in a series of transactions occurring during a period of not more than twelve months; (b) the Company is merged, amalgamated or consolidated with another corporation; or (c) a sale of substantially all of the assets of the Company to another entity, unless, following any of the foregoing Business Combinations in (a) through (c) above, all or substantially all of the individuals and entities that were the beneficial owners of the Company's outstanding voting securities immediately prior to such Business Combination beneficially own immediately after the transaction or transactions, directly or indirectly, 50% or more of the combined voting power of the then outstanding voting securities (or comparable interests) of the entity resulting from such Business Combination (including an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more affiliates) in substantially the same proportions as their ownership of the Company's voting securities immediately prior to such Business Combination; or

(ii) in any twelve (12) month period, the individuals who, as of the beginning of the 12-month period, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the Effective Date whose election or appointment, or nomination for election by Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but

excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

(d) "**Date of Grant**" shall mean the date specified in the Notice of Stock Option Grant.

(e) "**Exercise Price**" shall mean the amount for which one Share may be purchased upon exercise of this option, as specified in the Notice of Stock Option Grant.

(f) "**Notice of Stock Option Grant**" shall mean the document so entitled to which this Agreement is attached.

(g) "**Optionee**" shall mean the individual named in the Notice of Stock Option Grant.

(h) "**Purchase Price**" shall mean the Exercise Price multiplied by the number of Shares with respect to which this option is being exercised.

Form of Notice of RSU Grant and Agreement

**THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR APPLICABLE STATE SECURITIES LAWS. THE HOLDER HEREOF, BY HOLDING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ALL APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS. PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER SHALL FURNISH TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE, IN EACH CASE REASONABLY SATISFACTORY TO THE COMPANY, AS TO COMPLIANCE WITH APPLICABLE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.**

**GREEN THUMB INDUSTRIES INC.**
**2018 STOCK AND INCENTIVE PLAN**
**RESTRICTED STOCK UNIT AWARD AGREEMENT**

This **RESTRICTED STOCK UNIT AWARD AGREEMENT** (the *"Agreement"*) is made this __ day of _____, 2018 (the *"Effective Date"),* by and between **Green Thumb Industries Inc.**, a Delaware corporation (the *"Company")* and_____ (*"Participant"*).

1, Award. The Company hereby grants to Participant a restricted stock unit award covering Subordinate Voting Shares (the *"Shares")* of the Company according to the terms and conditions set forth herein and in the Green Thumb Industries, Inc. 2018 Stock and Incentive Plan (the *"Plan"*). Each restricted stock unit (a *"Unit"*) represents the right to receive one Subordinate Voting Share, subject to the vesting requirements of this Agreement and the terms of the Plan. The Units are granted under Section 6(c) of the Plan. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Plan. A copy of the Plan will be furnished upon request of Participant.

2. Vesting. Except as otherwise provided in this Agreement, the Units shall vest in accordance with the following schedule:

| On or after each of the following dates | Number of Units Vested |
|---|---|
| | |
| | |

3. Restrictions on Transfer. The Units may not be sold, assigned, transferred or pledged, other than by will or the laws of descent and distribution, and any such attempted transfer shall be void.

4. Forfeiture; Early Vesting. If Participant ceases to perform services for the Company or any Affiliate, whether or not terminated for cause, prior to vesting of the Units pursuant to Section 2 or Section 4 hereof, all of Participant's rights to all of the unvested Units shall be immediately and irrevocably forfeited, except that if within 12 months following a Change in Control (as defined below), the Company terminates the Participant's service with the Company for reasons other than for Cause (as defined below), all Units granted hereunder not already forfeited under operation of this Section 4 shall become fully vested with all restrictions lifted, and be issued pursuant to Section 5(a) hereof. Upon forfeiture, Participant will no longer have any rights relating to the unvested Units. For purposes of this Agreement:

(a) "*Cause*" shall mean a (i) repeated failure to competently and diligently perform duties of Participant's position with the Company (other than due to physical or mental illness); (ii) conviction of guilty or nolo contendere plea to, a misdemeanor which is materially and demonstrably injurious to the Company or any of its subsidiaries or any felony; (iii) commission of an act, or a failure to act, that constitutes fraud, gross negligence or willful misconduct (including without limitation, embezzlement, misappropriation or breach of fiduciary duty resulting or intending to result in personal gain at the expense of the Company or any of its subsidiaries); and (iv) violation of any applicable laws, rules or regulations or failure to comply with applicable confidentiality, non solicitation and non competition obligations to the Company or any of its subsidiaries, corporate code of business conduct or other material policies of the Company or any of its subsidiaries in connection with or during performance of the Participant's duties to the Company or any of its subsidiaries that could, in the Board's opinion, cause material injury to the Company or any of its subsidiaries; and (v) failure to maintain applicable professional licenses or certifications. In the case of a violation or failure under (i), (iv) or (v), if such violation or failure is curable, such violation or failure shall only constitute "Cause" if it is not cured within thirty (30) days after notice thereof to the Participant; and

(b) "*Change in Control"* shall mean the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

i. the occurrence of any of the following events (each, a "Business Combination"): (a) the sale of more than 50% of the outstanding equity securities of the Company in a single transaction or in a series of transactions occurring during a period of not more than twelve months; (b) the Company is merged, amalgamated or consolidated with another corporation; or (c) a sale of substantially all of the assets of the Company to another entity, unless, following any of the foregoing Business Combinations in (a) through (c) above, all or substantially all of the individuals and entities that were the beneficial owners of the Company's outstanding voting securities immediately prior to such Business Combination beneficially own immediately after the transaction or transactions, directly or indirectly, 50% or more of the combined voting power of the then outstanding voting securities (or comparable interests) of the entity resulting from such Business Combination (including an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more affiliates) in substantially the same proportions as their ownership of the Company's voting securities immediately prior to such Business Combination; or

ii. in any twelve (12) month period, the individuals who, as of the beginning of the 12-month period, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the Effective Date whose election or appointment, or nomination for election by Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

Notwithstanding the foregoing Change in Control definition or any other provision of this Agreement or the Plan, the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company.

5. Miscellaneous»

(a) Issuance of Shares. As soon as administratively practicable following the Participant's vesting date under Section 2 or Section 4 hereof, as applicable, and the Participant's satisfaction of any required tax withholding obligations (but in no event later than 60 days following the vesting date), the Company shall cause to be issued and delivered to the Participant a certificate or certificates evidencing Shares registered in the name of the Participant (or in the name of the Participant's legal representatives, beneficiaries or heirs, as the case may be) or to instruct the Company's transfer agent to electronically deliver such shares to the respective Participant. The number of Shares issued shall equal the number of Units vested, reduced as necessary to cover applicable withholding obligations in accordance with Section 5(c) hereof. If it is administratively impracticable to issue Shares within the time frame described above

because issuances of Shares are prohibited or restricted pursuant to the policies of the Company that are reasonably designed to ensure compliance with applicable securities laws or stock exchange rules, then such issuance shall be delayed until such prohibitions or restrictions lapse.

(b) Rights as Shareholder. Units are not actual Shares, but rather, represent a right to receive Shares according to the terms and conditions set forth herein and the terms of the Plan. Accordingly, the issuance of a Unit shall not entitle the Participant to any of the rights or benefits generally accorded to stockholders unless and until a Share is actually issued under Section 5(a) hereof.

(c) Taxes. The Participant hereby agrees to make adequate provision for any sums required to satisfy the applicable federal, state, local or foreign employment, social insurance, payroll, income or other tax withholding obligations (the "Withholding Obligations") that arise in connection with this Agreement. The Company may establish procedures to ensure satisfaction of all applicable Withholding Obligations arising in connection with this Agreement, including any means permitted in Section 8 of the Plan. The Participant hereby authorizes the Company, at its sole discretion and subject to any limitations under applicable law, to satisfy any such Tax Obligations by (1) withholding a portion of the Shares otherwise to be issued in payment of the Units having a value equal to the amount of Withholding Obligation in accordance with such rules as the Company may from time to time establish; provided, however, that the amount of the Shares so withheld shall not exceed the amount necessary to satisfy the required Withholding Obligations using applicable minimum statutory withholding rates; (2) withholding from the wages and other cash compensation payable to the Participant or by causing the Participant to tender a cash payment or other Shares to the Company; or (3) selling on the Participant's behalf (using any brokerage firm determined acceptable to the Company for such purpose) a portion of the Shares issued in payment of the Units as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Withholding Obligations. The Participant shall be responsible for all brokerage fees and other costs of sale, and the Participant further agrees to indemnify and hold the Company harmless from any losses, costs, damages or expenses relating to any such sale. The Company may refuse to deliver Shares if the Participant fails to comply with the Participant's obligations in connection with the Withholding Obligations described in this paragraph.

(d) Subject to Plan. This Award is subject to the terms and conditions of the Plan, but the terms of the Plan shall not be considered an enlargement of any benefits under this Agreement. In addition, this Award is subject to the rules and regulations promulgated pursuant to the Plan, now or hereafter in effect. A copy of the Plan will be furnished upon request of the Participant.

(e) No Right to Continued Service. This Agreement shall not confer on the Participant any right with respect to continuance of service to the Company, nor will it interfere in any way with the right of the Company to terminate such service at any time.

(f) Governing Law. The validity, construction and effect of the Plan and the Agreement, and any rules and regulations relating to the Plan and the Agreement, shall be determined in accordance with the internal laws, and not the law of conflicts, of the State of Delaware.

(g) Severability. If any provision of the Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Agreement under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Agreement, such provision shall be stricken as to such jurisdiction or the Agreement, and the remainder of the Agreement shall remain in full force and effect.

(h) No Trust or Fund Created. Neither the Plan nor the Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and Participant or any other person.

(i) Section 409A Provisions. The payment of Shares under this Agreement are intended to be exempt from the application of section 409A of the Internal Revenue Code, as amended (*"Section 409A"*) by reason of the short-term deferral exemption set forth in Treasury Regulation § 1.409A-1(b)(4). Notwithstanding anything in the Plan or this Agreement to the contrary, to the extent that any amount or benefit hereunder that constitutes "deferred compensation" to the Participant under section 409A of the Internal Revenue Code, as amended (*"Section 409A"*) and applicable guidance thereunder is otherwise payable or distributable to the Participant under the Plan or this Agreement solely by reason of the occurrence of a Change in Control or due to the Participant's Disability or termination of employment, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such Change in Control, Disability or separation from service meet the definition of a change in ownership or control, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise (including, but not limited to, a payment made pursuant to an involuntary separation arrangement that is exempt from Section 409A under the "short-term deferral" exception). Any payment or distribution that otherwise would be made to a Participant who is a specified employee as defined in Section 409A(a)(2)(B) of the Code on account of separation from service may not be made before the date which is six months after the date of the specified employee's separation from service (or if earlier, upon the specified employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short term deferral exemption or otherwise.

(j) Headings. Headings are given to the Sections and subsections of the Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Agreement or any provision thereof.

**IN WITNESS WHEREOF,** the Company and Participant have executed this Agreement on the date set forth in the first paragraph.

**GREEN THUMB INDUSTRIES, INC.**

By: _____

[NAME]
[TITLE]

**PARTICIPANT**

_____

Print Name: _____

**Exhibit 16.1**

December 20, 2019

Securities and Exchange Commission

Washington, D.C. 20549

Ladies and Gentlemen:

We, MNP LLP ("**MNP**"), were previously the auditor for Green Thumb Industries Inc. ("**GTI**") and, under the date of April 30, 2019, we reported on the consolidated financial statements of GTI as of and for the year ended December 31, 2018. MNP resigned as GTI's auditor effective October 15, 2019.

We have read GTI's statements included in Item 14 of its Form 10 under the heading "Prior Independent Registered Accounting Firm" dated December 20, 2019, and we agree with such statements.

Very truly yours,

MNP LLP

MNP LLP

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KINCENTRIC Best Employer CANADA 2019

ACCOUNTING › CONSULTING › TAX
SUITE 300, 111 RICHMOND STREET W, TORONTO ON, M5H 2G4
1.877.251.2922 T: 416.596.1711 F: 416.596.7 894 MNP.ca

**Exhibit 21.1**

**List of Subsidiaries of Green Thumb Industries Inc.**

| Entity Name | Formation | Formation Date | Corporate Structure | GTI Ownership |
|---|---|---|---|---|
| Green Thumb Industries Inc. | British Columbia, Canada | June 26, 1979 | GTI Parent Company | N/A |
| GTI23, Inc. | Delaware, USA | May 10, 2018 | U.S. Parent Company | 100% |
| VCP23, LLC | Delaware, USA | November 27, 2017 | Owns GTI Core, LLC | 100% |
| Vision Management Services, LLC | Delaware, USA | November 11, 2016 | Provides Management Services to GTI-Related Businesses | 100% |
| VCP Real Estate Holdings, LLC | Delaware, USA | December 4, 2017 | Holds Certain GTI-Owned Real Estate | 100% |
| VCP IP Holdings, LLC | Delaware, USA | December 4, 2017 | Holds Certain GTI-Owned Intellectual Property | 100% |
| TWD18, LLC | Delaware, USA | June 1, 2018 | Holds Certain GTI Investments | 100% |
| GTI Core, LLC | Delaware, USA | February 21, 2017 | Owns GTI's Interest in State-Licensed Businesses | 100% |
| GTI-Clinic Illinois Holdings, LLC | Illinois, USA | June 26, 2014 | Owns GTI's Illinois Licensed Entities | 100% |
| GTI Maryland, LLC | Maryland, USA | April 30, 2015 | Holds Maryland Licenses | 100% |
| JB17, LLC | Delaware, USA | July 26, 2017 | Management Services Company | 100% |
| GTI Pennsylvania, LLC | Pennsylvania, USA | August 30, 2016 | Holds Pennsylvania Licenses | 100% |
| GTI Nevada, LLC | Nevada, USA | January 21, 2016 | Holds Nevada Licenses | 100% |
| RISE Holdings, Inc. | Massachusetts, USA | April 25, 2018 (Converted from Massachusetts Non-Profit) | Holds Massachusetts Licenses | 100% |
| Ohio Investors 2017, LLC | Ohio, USA | June 22, 2017 | Ohio Joint Venture Entity | 99% Class A Units; 40% Class G Units |
| GTI Ohio, LLC | Ohio, USA | April 7, 2017 | Holds Ohio Licenses | 100% |

| | | | | |
|---|---|---|---|---|
| GTI New Jersey, LLC | New Jersey, USA | April 19, 2018 | Holds New Jersey Licenses | 100% |
| Advanced Grow Labs, LLC | Connecticut, USA | July 31, 2012 | Holds Connecticut Licenses | 100% |
| Bluepoint Apothecary, LLC | Connecticut, USA | July 26, 2013 | Holds Connecticut Bluepoint License | 100% |
| Integral Associates, LLC | Nevada, USA | April 9, 2014 | Holds Integral Nevada Licenses | 100% |
| Integral Associates CA, LLC | California, USA | May 3, 2018 | Holds Integral California Licenses | 100% |
| For Success Holdings Company | Delaware, USA | April 20, 2015 | Holds Beboe-Related Companies | 100% |
| GTI Florida, LLC | Florida, USA | July 26, 2017 | Florida Holding Company | 100% |
| KSGNF, LLC | Florida, USA | August 9, 2012 | Holds Florida License | 100% |
| Fiorello Pharmaceuticals, Inc. | New York, USA | May 27, 2014 | Holds New York Licenses | 100% |